

# State Shareholdings in Finland

2002







MINISTRY OF  
TRADE AND INDUSTRY



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## Review by the Minister of Trade and Industry

Economic growth was slow in 2002 and the total production volume increased by 1.7% in Finland. This growth was based on consumption and net imports in a very evenly balanced proportion. In spring 2003 the economic outlook is still weak, and while there is no certainty about an upturn of international economy, production growth is expected to remain sluggish this year.

When measured with the general index, the share prices in 2002 fell by a third in Finland and the market capitalisation was reduced. Like in Finland, also in the other industrialised countries the lowering of the share prices continued in the early months of 2003, thus reflecting the growth of risks and the uncertain prospects of world economy.

The State continued its active and pragmatic ownership policy in 2002. The aim of the State as an owner is that the state-owned companies and associated companies would be as efficient and profitable as possible, as well as attractive objects of investments, for private investors as well. The investments made in the companies must yield good profits and a rise in value in the long term.

Based on company-specific considerations, the State's shareholdings have gradually been reduced by extending the ownership base of companies and by ownership arrangements. During 1993–2002 the State's revenue from these totalled more than € 10

billion, of which last year accounted for € 1.3 billion. The sales revenue has mainly been allocated for objects of industrial and business environment policies, for promoting education and training and for the State debt redemption. As a result of the arrangements, the companies have acquired venture capital from the market for the worth of c. € 1.5 billion. The venture capital obtained by the companies has strengthened their strategic position, as well as improved their development conditions and their capacity to create new jobs. The purpose of the Government of Prime Minister Jäätteenmäki, which was appointed this spring, is to continue the development of the State's corporate shareholdings and the controlled expansion of the ownership base of the companies.

Strengthening the position of the Boards of Directors of companies and developing the work by the Boards have already for some time been among the priorities of the State's corporate governance. Of the Boards of Directors, the State as an owner requires strong strategic insight and active input in steering the company's activities according to the interests of the shareholders. At the annual general meetings this spring more women have been appointed as Members of the Boards of Directors, so that more versatile expertise in business economy and business management could be brought to the Boards

of Directors. The aim is to increase the number of women at the Boards of Directors of companies in the future, too.

The differences that have emerged in the ways of the various ministries of practising corporate governance in the companies under their administrative branch and the public debate on the State's ownership policy have contributed to the objective of the new Government of examining how the management of ownership policy and the possible centralisation of the ownership steering of companies operating on market terms into one responsible unit could be implemented in an appropriate manner. The aim is to take the new arrangement into use as from the beginning of 2005. The ownership management of companies tending to special functions of the State are to be retained in the various responsible ministries so that the new ownership unit would provide each responsible ministry with the necessary services according to the cooperation and responsibility agreements in force. This will enhance the possibilities of increasing the consistency, predictability and transparency of the State's ownership policy.

*Minister of Trade and Industry  
Mauri Pekkarinen  
22.5.2003*

## State-owned Companies and Associated Companies

The State has shareholdings in nearly 50 major companies, of which 11 are listed companies (cf. Table on p. 34). At the end of 2002, the value of the State's holdings in listed companies totalled € 10.8 billion.

### Ownership policy decisions

In the autumn of 2002, Parliament had an extensive debate on the Government statement concerning the State's ownership policy and Sonera. The statement recommended, inter alia, that the State's shareholder administration should be centralised, and Parliament approved this position.

The programme of the Government appointed in spring 2003 states that the Government will find out which would be the most appropriate means to implement the possible centralisation of the ownership steering of state-owned companies and associated companies operating on market terms.

In the spring of 2002, the Ministry of Trade and Industry decided, in the case of the state-owned companies under the administrative branch of the Ministry, to gradually shift over to external Boards of Directors in which no member would be the company's Managing Director or executive. To further strengthen the expertise of the Boards of Directors of the state-owned companies and in the name of equality, an increasing number of highly skilled and qualified women have been appointed to the Boards of Directors during 2002–2003.

According to the Government Decision-in-Principle, the duties and powers of the Supervisory Boards have been reduced in many companies. In addition, the Supervisory Board of Sonera Corporation was abolished in 2002, and that of Finnair Oyj in spring 2003.

### Measures broadening the ownership base

In 2002 a number of restructuring and ownership arrangements were carried out in both the state-owned companies and in the associated companies (with the State's holding below 50%), which led to extending the ownership base of these companies. These arrangements added a little more than € 1.3 billion to the State Treasury. The selling of shares is based on the powers granted by Parliament to the Government.

In March Sonera Corporation and the Swedish Telia AB decided to merge. The arrangement was implemented towards the end of the year. The portion of the holdings

of the Finnish Government in TeliaSonera AB was set at a little more than 19%.

In April 2002 the Ministry of Trade and Industry signed a deal in which 33.34% of the shares of Vapo Oy were transferred to Metsäliitto Cooperative. The State's holding in Vapo was cut to 66.66%.

In May the Government approved the tender of Kone Corporation to buy all the state-owned shares of Partek Corporation. They represented around 30.2% of Partek's share capital and voting rights. As part of the price of the deal, the State subscribed to 4.7% of shares of Series B of Kone Corporation.

The Ministry of Trade and Industry sold a total of 40 million state-owned shares of Series R in Stora Enso Oyj to institutional investors in international equity offerings held in March and June. As a result of the sales, the State's direct holdings in Stora Enso reduced to 10.8% and the votes to 23.4 %.

In June the State sold 84,268,000 of its shares in Fortum Corporation to domestic and international institutional investors as well as to Finnish private persons in a public offering. The State's holdings in Fortum decreased from 70.7% to 60.8%.

In October the State sold the entire share capital of Inspecta Oy, providing technical inspection, measurement and certification services, to a newly established limited company, whose majority owner is the Finnish private capital investment company MB Funds.

In November the Ministry of Trade and Industry completed a restructuring in which the State sold the shares of Avena Ltd to Lännen Tehtaat plc. In the arrangement, the state-owned Avena Ltd was divided into two new companies, Avena Ltd and Suomen Viljava Ltd (former Avena Siilot Ltd). Avena Ltd was wholly transferred to Lännen Tehtaat ownership.

To develop its corporate holdings, the State also invests new resources in such justified projects that further strengthen the companies and that are expected to give good returns. On these bases the State participated, in relation to its holdings, with € 120 million in the share issue of Outokumpu Oyj, which was to provide the finance for the acquisition of the entire share capital of AvestaPolarit Oyj to become part of Outokumpu Oyj's holdings.

In December the State sold its shares in the Finnish Credit Insurance Company Ltd to the company's two other shareholders, Her-

mes Versicherungseteiligungen GmbH and If Skadeförsäkring Holding AB (publ), half to each shareholder. Up to that date, each of the shareholders owned one third of the company.

In March 2003 the State sold the share capital of Suomen Autokatsastus Oy to a limited company to be established, whose majority owner will be MB Funds.

The corporatisation of the state enterprises was continued in September 2002, when HAUS, The Finnish Institute of Public Management, was converted into a limited company from the former state enterprise by a decision of the Government.

### Key figures summed up

The net sales of the 10 state-owned companies presented in this publication totalled € 19.7 billion in 2002, when the corresponding figure was € 18.6 billion the previous year. The profit after the financial items rose to € 1.3 billion (€ 1.0 billion in 2001). The gross investments amounted to € 5.1 billion (€ 1.7 billion). The average equity ratio of the companies fell by 5 percentage units to 45%. The total number of personnel was 79,400 (80,900).

The net sales of the associated companies in this publication, excluding Sampo plc and TeliaSonera AB, totalled € 26.0 billion (€ 26.2 billion in 2001), the profit after the financial items € 25 million (€ 1.7 billion) and the gross investments € 3.4 billion (€ 3.0 billion). The total number of clerical personnel and employees was 106,700 (102,600).

### State's dividend yield

In 2002 all state-owned companies and associated companies paid dividend to the State for the worth of € 669 million on the basis of the results of the previous financial year.

The total sum of the dividends of the state-owned companies and associated companies presented in this publication that were to be distributed in 2003 on the basis of the returns of 2002 was € 1,467 million. Of this, the share of the state-owned companies was € 455 million and that of the listed associated companies € 1,012 million. The dividends paid to the State from the total dividend sum amounted to € 557 million; the sum accrued from the state-owned companies was € 325 million and that from the listed associated companies € 232 million.

## Assessment of the Return on the State's Shareholdings

Among the prime goals of the State's ownership steering are to obtain an optimum dividend yield on the shareholdings and to raise the shareholder value. Achieving these calls for both short- and long-term measures, which improve and/or maintain the companies' profitability, competitiveness and capacity for making profit.

Measures belonging to an active shareholder role are e.g. ownership arrangements and restructurings, which are used to strengthen the preconditions of the companies to compete in an international market environment. The State monitors continuously the economic development of its companies and assesses their strategies and risk level.

### How does the State as an owner monitor and assess?

The State as an owner analyses and assesses the results and profitability of companies, the development of the sector and competitors, as well as the general market and sectoral conditions.

Active follow-up and assessment require that the State has sufficient and competent resources for these tasks and that it is consistent in its actions.

In the Ministry of Trade and Industry's State Shareholdings Unit, sector specialists monitor the companies in their sector and are responsible, for their part, for the assessment of these companies. They draw up analyses together with the Unit's market analyst, who is responsible for the monitoring of all listed companies and stock markets from the investor's point of view.

The State Shareholdings Unit also utilises the services of external experts, but the main responsibility of the monitoring of the companies lies in the Unit's own investment research. As a major owner, the State needs to independently form a view of its own of the strategic position and economic development of its companies. In this way the State can carry out successful ownership steering.

In the Table on the next page, the indicators of the state-owned companies and associated companies at the stock exchange are compared to the indicators of the Helsinki Exchanges as a whole (excl. banks, insurance) and to the indicators of the stock exchange excluding Nokia. In the follow-up, the companies are usually compared by busi-

ness sector, as many of the competitors selected to the reference groups are foreign-based. In the following, the comparison is presented in relation to the stock exchange only due to lack of space. When interpreting the figures, it must be taken into account that many of the state-owned companies are the largest ones in the stock exchange, which is why they are highly important for the indicators of the stock exchange as a whole.

The Table shows that the figures of state-owned companies and associated companies are very near the average figures of the stock exchange, when the Nokia effect is levelled down. The average operating income of the past six years and the net profit proportioned to the net sales are on the same level as the rest of the stock exchange. When measured with the equity ratio, the balance sheet structure of the companies does not essentially differ from the overall level of the stock exchange, either.

The market value of the state-owned companies and associated companies at the stock exchange in relation to the equity of the balance sheet (P/B ratio) is on the same level as the average of listed companies, excluding Nokia. In the dividend yield the state-owned companies and associated companies remain slightly below the stock exchange's average excluding Nokia, which can be explained with the important weight of TeliaSonera (Sonera) in the State's portfolio and its dividend yield, which is lower than the average.

### Monitoring the value of shareholdings

The development of the market values of listed companies is continuously monitored. When calculating the total return of a shareholder, dividends are also included. The return on the holding is monitored both on the annual level and in a longer term.

Furthermore, the development of the value of the holding is monitored based on the economic value added, or the so-called EVA calculations. Economic value added (EVA) is the after-tax operating profit minus the total cost of the capital deployed. The costs of both equity and debt are taken into account as capital expenditure. Considering the requirement for the return on equity is a special feature of EVA. The EVA thus calculated is examined both as absolute and in

proportion to the net sales. The relative value is compared e.g. to the values of other listed companies.

The aim is to apply economic value-added to the extent possible in sectoral assessments as well. All calculation work is based on public material, so that calculation of, for example, companies' EVA by business sector is difficult. However, EVA is at best a good instrument of corporate governance.

### Ownership and sectoral arrangements

Since the beginning of the last decade and particularly in recent years the Ministry of Trade and Industry has implemented a number of ownership arrangements and restructurings aiming to strengthen the competitive position of our industry and the other corporate sector. Thus many Finnish companies, ranking on the world's top in their sector, have been established. At the same time, better conditions have been provided for the rise of the value of the shareholdings, which the State as an owner is monitoring closely. Two cases, Stora Enso Oyj and Metso Corporation, will be examined in the following.

### From Enso-Gutzeit and Veitsiluoto to Stora Enso

At the beginning of the last decade, the State was the majority owner of Enso-Gutzeit Ltd (50.3% of the shares and 66.1% of the votes) and of Veitsiluoto Ltd (88.8% of the shares and votes). Veitsiluoto was felt to be a very small and vulnerable actor facing the tightening competition. A concrete demonstration of this vulnerability was experienced when the company fell into a difficult financial crisis after having invested in a big fine paper machine in Oulu during 1991–1992.

After Veitsiluoto had recovered from this crisis and after the company's economic outlook had improved, the Ministry of Trade and Industry organised an invitation to tender, in which a third of the state-owned shares in Veitsiluoto were offered to Finnish competitors. The winner of the invitation to tender was Enso-Gutzeit Ltd with a tender that included not only the best price but also the essential synergy benefits that come with the shareholding. Thus Enso-Gutzeit became an important owner and a cooperation partner of Veitsiluoto in 1994.



## Profitability and returns of listed companies

<b>Growth of net sales %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	15.9	13.1	13.7	31.9	6.1	4.7	14.2
Entire stock exchange excl. Nokia	13.7	7.1	6.0	25.7	7.1	6.8	11.0
Listed state-owned companies and associated companies	13.8	0.0	-0.4	20.3	9.3	6.8	8.3
<b>Operating margin %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	8.5	9.2	10.0	11.1	9.5	8.6	9.5
Entire stock exchange excl. Nokia	7.5	7.7	7.8	8.7	7.5	6.2	7.6
Listed state-owned companies and associated companies	7.0	6.7	8.6	10.1	7.5	6.9	7.8
<b>Net profit margin %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	5.2	5.3	5.8	6.9	5.8	5.6	5.8
Entire stock exchange excl. Nokia	4.4	4.1	4.2	5.1	4.0	3.6	4.3
Listed state-owned companies and associated companies	4.1	3.0	4.7	5.8	4.0	4.7	4.4
<b>Return on equity ratio %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	14.5	13.8	13.9	17.2	12.7	11.3	13.9
Entire stock exchange excl. Nokia	12.3	10.5	9.6	11.9	8.4	7.2	10.0
Listed state-owned companies and associated companies	11.2	7.8	9.6	11.4	6.8	7.7	9.1
<b>Equity ratio %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	41.8	43.6	43.7	43.4	45.2	46.3	44.0
Entire stock exchange excl. Nokia	40.7	42.7	42.3	41.5	43.4	43.7	42.4
Listed state-owned companies and associated companies	40.3	39.2	39.8	40.4	43.9	43.7	41.2
<b>EVA per sales %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	4.5	1.6	1.8	3.5	1.3	-0.5	2.0
Entire stock exchange excl. Nokia	3.9	0.2	-0.3	1.1	-1.0	-2.9	0.2
Listed state-owned companies and associated companies	5.2	-1.6	-1.1	1.1	-2.6	-5.4	-0.7
<b>P/B ratio</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	1.7	2.7	6.8	5.0	2.7	1.8	3.5
Entire stock exchange excl. Nokia	1.3	1.5	3.0	1.6	1.3	1.1	1.6
Listed state-owned companies and associated companies	1.0	1.5	3.9	1.4	1.1	1.1	1.7
<b>P/E ratio</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	13.4	22.4	52.5	32.0	22.8	16.9	26.7
Entire stock exchange excl. Nokia	11.8	15.9	33.0	14.7	16.0	16.3	18.0
Listed state-owned companies and associated companies	9.7	24.3	42.9	13.9	16.3	15.4	20.4
<b>Dividend yield %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	3.1	2.1	1.0	1.2	2.1	2.9	2.1
Entire stock exchange excl. Nokia	3.8	3.3	1.8	3.1	3.7	3.9	3.3
Listed state-owned companies and associated companies	3.9	2.5	1.0	2.8	3.0	3.3	2.7
<b>Payout ratio %</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Average</b>
Entire stock exchange	42.2	46.2	50.7	39.6	47.4	49.4	45.9
Entire stock exchange excl. Nokia	44.6	52.8	60.6	44.8	58.9	63.8	54.3
Listed state-owned companies and associated companies	37.5	59.6	43.5	39.7	49.4	50.0	46.6

This solution between Enso-Gutzeit and Veitsiluoto was the first step in the process which was to later aim to the establishment of an increasingly competitive forest products company. As the majority owner of both companies, the State played a key role in initiating the restructuring of the Finnish forest industry. It became gradually evident that the achievement of the synergy benefits in full between the companies called for their merger. Parliament approved this merger in 1996, and the new company was named Enso Ltd. The State's direct shareholding in it was 44.1% and its portion of the votes 61%.

In 1998 a negotiating result on a merger was reached between the representative of the main owner of Enso Ltd, the Ministry of Trade and Industry and Investor AB, the biggest owner of the Swedish Stora AB, which the Finnish Government and Parliament and the other owners of both companies approved. This is how the Finnish Stora Enso Oyj, which is today one of the world's leading companies in this sector, was established.

The ownership arrangements and restructurings implemented in the forest industry have successfully led to a development where the shareholder value has multiplied compared to the situation of more than ten years ago. When the value of the State's shareholdings in Enso-Gutzeit totalled € 220 million in 1991, the corresponding figure in Stora Enso was around € 1,950 million in 2001. When considering the value of the State's holdings in Veitsiluoto and when its portion is deducted, we find that the value of the State's shareholding has nominally become nearly 7.5-fold and has become about fivefold in real terms. At the same time, the State's direct shareholding was reduced from 50.3% in Enso-Gutzeit to 15.1% in Stora Enso. Considering the share price (R-shares) only, the nominal average return of the State on its holdings was around 20% and in real terms over 17% per year during the period 1992–2001.

Part of this rise in value was realised, when the Ministry of Trade and Industry sold in spring 2002 a total of 40 million R-shares of Stora Enso in two accelerated equity offerings. The selling revenue to the State amount-

ed to more than € 573 million and the State's shareholding fell to 11% of the number of shares and to 23% of the voting rights.

### From Valmet to Metso

In 1993 the Ministry of Trade and Industry drafted the State's shareholder strategy concerning Valmet Ltd. The conclusion was that at the first stage Valmet was to streamline its business structure by relinquishing its non-core operations at the time, agricultural tractors and transport machinery (terminal tractors and forest equipment) and to concentrate on its core business, the manufacture of paper and board machines.

At the same time, the State's ownership strategy concerning the 100% state-owned Oyj Sisu-Auto Ab stated that the above-mentioned business units to be detached from Valmet would suit to Sisu-Auto's strategy and essentially strengthen its business structure.

Towards the beginning of 1994, a solution was reached, led by the Ministry of Trade and Industry, following lengthy and difficult negotiations. A new Valmet was created, which focused on its core business, paper and board machines, as well as a new Sisu Group, which was, besides manufacture of lorries and military vehicles, engaged in the manufacture of agricultural tractors, terminal tractors and forest equipment. This solution provided a favourable framework for the development of Valmet's productivity and thereby good pre-conditions for the privatisation of the company, which was started in 1996. As a result, Sisu-Auto became a major manufacturer of rubber-wheeled transportation equipment.

In 1998 the Ministry of Trade and Industry and UPM-Kymmene Oyj, which had a major shareholding in Rauma Oyj, entered into negotiations on the merger of Valmet and Rauma. As a result of these negotiations, the present Metso Corporation was established in 1999.

After having acquired in 2001 the Swedish Svedala Ab, Metso has become a group that has a leading position on the global markets in both fibre and paper technology products and in rock and mineral processing products.

The ownership arrangements and restructuring aimed at Metso were also successful in making the shareholder value rise. While the State's shareholder value in Valmet was less than € 100 million in 1991, it was in Metso in 2001 a little less than € 200 million, i.e. the double. In reality the value of the State's shareholdings have become six-fold during the last ten years, when considering that in connection with the privatisation of the year 1996 the State already realised a total of € 430 million of the rise in value by selling shares. The State's shareholding has decreased from the 73.0% in Valmet to the 11.5% in Metso.

Considering the share price only, the State's return on its shareholdings was nominally nearly 24% per year during the period 1992–2001. The corresponding real return is about 20% on average.

### Summary

This is a description of how the Ministry of Trade and Industry monitors and assesses the returns on the State's investments in shares, and the objectives and results of ownership arrangements and restructurings are illustrated with a few cases. Based on this and the Table above, it can be concluded that

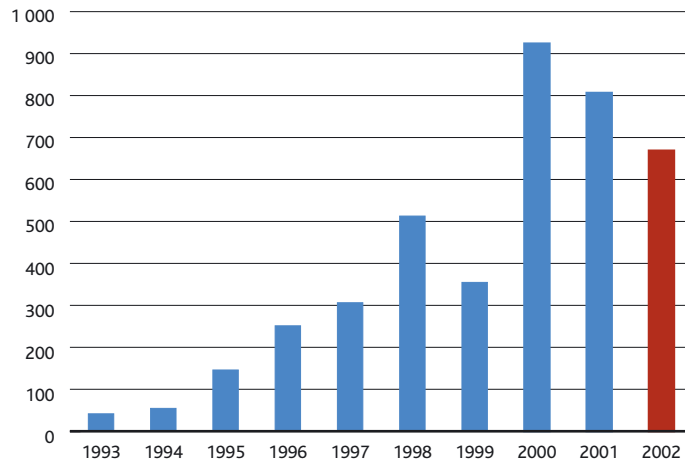
- The state-owned listed companies are comparable on average to other listed companies in terms of their profitability and yield, and thereby they are also quite as good investment objects, and
- Ownership arrangements and restructurings have been used to establish companies with higher competitiveness, opening up better conditions for the rise in value of the shareholdings.

*Markku Tapio*  
*Director General*

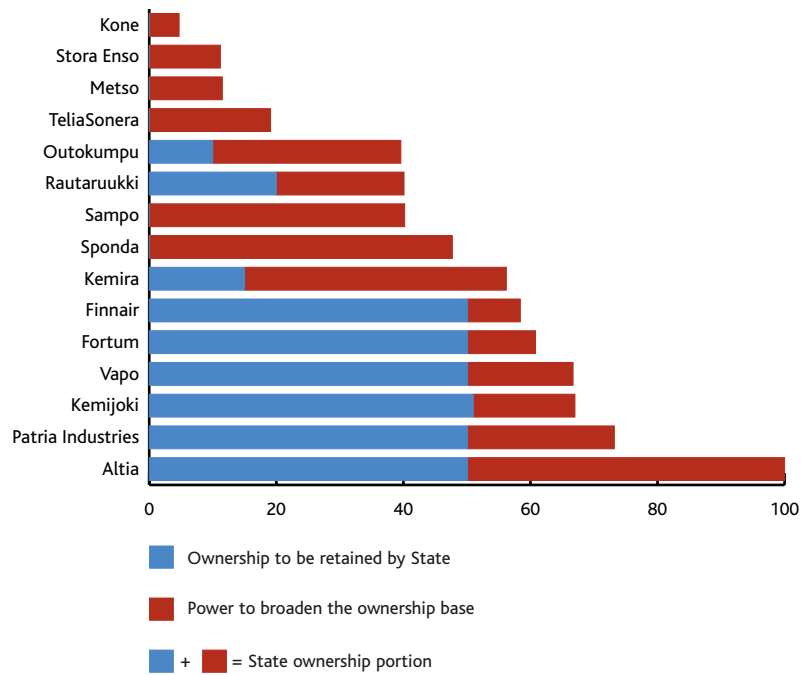
*Jukka Ohtola*  
*Senior Adviser*

*Ministry of Trade and Industry*  
*State Shareholdings Unit*

Dividend yield to the State Treasury 1993–2002, M€



Expansion of the ownership base on 15 April 2003, %





# Publicly Quoted State-owned Companies



*Finnair is a travel industry group offering scheduled passenger flight, leisure flight, travel agency and cargo services in Finland and abroad. Scheduled passenger traffic operations represent 80 per cent of the Group's external turnover. Half of Finnair's scheduled passenger traffic revenue comes from European routes and around a quarter from domestic routes. The significance of Asia in long-haul traffic has increased and is continuing to grow. Finnair has a competitive advantage granted by geographical location in traffic between Europe and the Far East. Annually Finnair carries over seven million passengers and more than 80 million kilos of cargo. This year, Finnair celebrates the 80th anniversary of its founding.*

The airline industry is going through an exceptionally profound upheaval, the like of which it has never experienced before. The uncertainty characterizing the global political situation is reflected in the economy, which in turn has an impact on air traffic. Finnair is financially one of the healthiest and in terms of quality one of the best airlines in Europe.

The recovery in economy and demand that emerged in spring 2002 did not continue in the latter part of the year. The improvement in Finnair's profitability was due to cost-cutting measures and successful adjustment of capacity. European, domestic and leisure traffic capacity was reduced while capacity was increased in the growing Asian market, which resulted in an improvement in load factor.

Unit costs have fallen in recent years. On the other hand, unit revenues have also contracted due to the decline in business travel. Furthermore, price competition intensified sharply in the second half of 2002 and this trend has continued in 2003.

Turnover in 2002 remained at the previous year's level, but the operational result excluding capital gains improved by more than 30 million euros. Behind the improved financial performance was a 115 million euro cost-cutting programme, implemented within the organization. Half of the savings came in personnel costs.

The investment programme was reshaped to achieve financing flexibility in the exceptional economic climate that followed September 2001. Airbus A320 aircraft that the company had planned to purchase were acquired for the Finnair fleet through low-cost lease agreements. The renewal of the fleet therefore proceeded according to plan. During the last three years, Finnair has renewed one-third of its fleet, which consists of 60 aircraft.

Structural reform was taken a step further when the company's IT functions and ground equipment were transferred to be handled by partners. Structural development is continuing in order to safeguard the company's viability in an industry gripped by crisis.



Consolidated		1999/2000	2000*	2001	2002
Net sales	M€	1,593	1,658	1,631	1,640
Operating income	M€	50	111	13	60
Income after financial items	M€	85	149	9	54
Return on investment	%	9.1	15.3	2.9	7.6
Equity ratio	%	41.7	42.2	41.3	44.3
Balance sheet total	M€	1,396	1,539	1,508	1,480
Gross investments	M€	252	247	281	102
Personnel, average		11,462	11,051	10,847	10,476
<b>Parent company</b>					
Share capital	M€	71.3	72.0	72.0	72.0
Dividends	M€	21.4	33.9	5.9	12.7

\*Pro forma figures calendar year 2000

#### Distribution of shares in Finnair Oyj

State of Finland 58.4%  
Others 41,6%

#### President and CEO

Keijo Suila

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#### Board of Directors (as from 9 April 2003)

Christoffer Taxell, Chairman  
Kari Jordan, Vice Chairman  
Samuli Haapasalo  
Markku Hyvärinen  
Helena Terho  
Kaisa Viikula



President and CEO Keijo Suila

Key share figures		1998/99	1999/2000	2000*	2001	2002
Price/earnings (P/E ratio)		7.43	10.71	4.71	44.52	8.63
Earnings/share (EPS)	€	0.65	0.37	0.95	0.08	0.43
Equity/share	€	6.29	6.74	7.60	7.22	7.58
Dividend/share	€	0.25	0.25	0.40	0.07	0.15
Dividend/earnings	%	38.6	68.4	42.2	83.1	34.5
Effective dividend yield	%	5.2	6.4	9.0	1.9	4.0

#### Market value of the company

Dec 31, 2002	M€	318
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Types and quantities of shares		1998/99	1999/2000	2000*	2001	2002
Average number of shares adjusted by issue		84,739,098	84,739,098	84,739,098	84,739,098	84,736,655
Average number of shares adjusted by issue, Dec 31		84,739,098	84,739,098	84,739,098	84,739,098	84,743,163
Number of shares, Dec 31		84,739,098	84,739,098	84,739,098	84,739,098	84,743,163

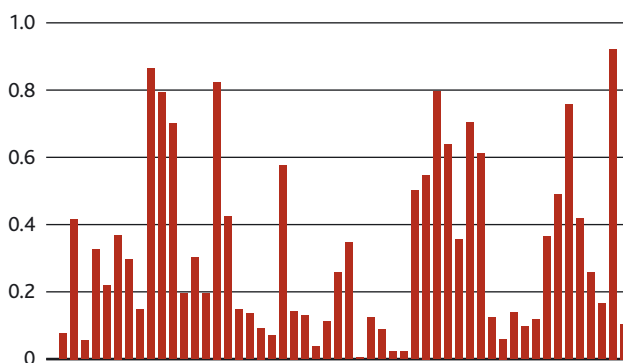
Shares traded and price trend		1998/99	1999/2000	2000*	2001	2002
Shares traded	Mill.	19.9	17.6	8.1	10.9	16.7
Shares traded	M€	129.0	81.0	34.7	47.9	72.3
Average share price	€	4.73	4.27	4.27	4.40	4.33
Lowest share price	€	4.44	3.95	3.65	3.48	3.70
Highest share price	€	10.00	5.49	4.99	5.20	5.10
Share price on closing of books	€	4.85	3.95	4.47	3.75	3.75

#### State ownership

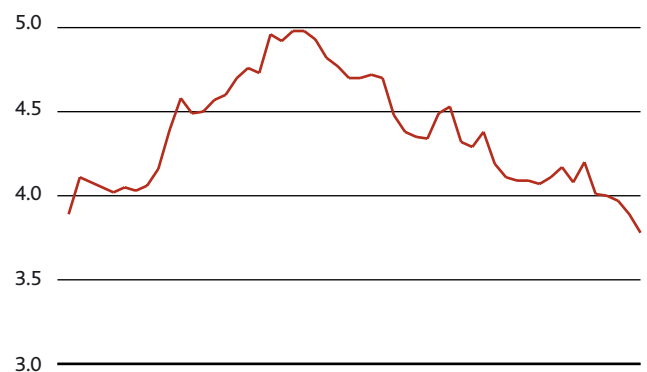
Dec 31, 2002	58.4%
Limit to which the Government has been authorised to decrease the State's holding	50.1%

\*Pro forma figures calendar year 2000

Shares traded in 2002, Mill. shares



Share price performance in 2002, €





# Fortum

Fortum is a leading energy company in the Nordic countries and other parts of the Baltic Rim. Fortum's activities cover the generation, distribution and sale of electricity and heat, the production, refining and marketing of oil, the operation and maintenance of power plants as well as energy-related services. The main products are electricity, heat and steam, traffic fuels and heating oils.

Fortum's competitiveness in the power and heat business is based on a pan-Nordic concept, which is characterised by a high level of operational efficiency and a broad customer base. As an oil refiner, Fortum is the leading manufacturer of environmentally benign petroleum products.

Fortum aims at becoming the leading power and heat company in the Nordic countries, strengthening its position as the leading clean fuels refining company, and becoming the most attractive energy supplier.

In 2002, Fortum implemented its strategic agenda through major restructuring, including the acquisition of the remaining 50% of Swedish Birka Energi AB, and Finnish Elnova Group with electricity sales and distribution business. During the year, Fortum divested major part of its electricity business in Germany and the oil field assets in Oman, and signed a contract on the sale of its oil and gas business in Norway. The restructuring of the power plant engineering business was also completed.

Fortum made a decision to focus its oil exploration and production on Russia, where the start of production is scheduled for late 2003. In oil refining, Fortum now has the full ability to produce sulphur-free fuels. During the year, Fortum launched an ethanol-based gasoline on the Finnish market.

In January 2003, Fortum agreed with the German company E.ON on a power asset swap. The transactions strengthen Fortum's position in its focal area, the Nordic countries and elsewhere in the Baltic Rim. By February 2003, Fortum had agreed on strategically important acquisitions worth EUR 6.5 billion and divested non-core assets worth EUR 2.5 billion.



Fortum transports crude oil and petroleum products in the Baltic Sea, the North Sea and the North Atlantic. For oil transport, only tankers fitted with a double hull or double bottom are used. In 2002, one new super ice class 106,000 tonne crude oil carrier as well as two new escort tugs were taken into bareboat charter. Another similar crude carrier was bareboat chartered in January 2003. Fortum's fleet comprises some 30 vessels.

Consolidated		1999	2000	2001	2002
Net sales	M€	8,232	10,614	10,410	11,148
Operating income	M€	705	906	914	1,289
Income after financial items	M€	494	633	702	1,008
Return on investment	%	8.4	9.4	8.7	11.1
Equity ratio	%	39	43	48	41
Balance sheet total	M€	12,539	14,828	14,294	17,960
Gross investments	M€	1,059	3,131	713	4,381
Personnel, average		17,461	16,220	14,803	14,053
<b>Parent company</b>					
Share capital	M€	2,640	2,875	2,875	2,876
Dividends	M€	141	194	220	262

## Distribution of shares in Fortum Corporation

General government 68.28%  
Households 5.65%  
Outside Finland and nominee registrations 20.27%  
Financial and insurance institutions 3.54%  
Private non-financial corporations 1.18%  
Public non-financial corporations 0.02%  
Non-profit organisations 1.06%

## President and CEO

Mikael Lilius

## Head office

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Espoo  
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Fax +358 10 45 24447  
www.fortum.com

## Board of Directors (as from 1 January 2003)

Matti Vuoria, Chairman  
Heikki Pentti, Deputy Chairman  
Birgitta Kantola  
Lasse Kurkilahti  
Antti Lagerroos  
Hans von Uthmann  
Erkki Virtanen



President and CEO Mikael Lilius



Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)		18.5	10.9	7.9	8.3	7.5
Earnings/share (EPS)	€	0.27	0.41	0.55	0.57	0.79
Equity/share	€	5.06	6.00	6.32	6.49	6.97
Dividend/share	€	0.13	0.18	0.23	0.26	0.31
Dividend/earnings	%	46.3	43.4	41.9	45.6	39.3
Effective dividend yield	%	2.5	4.0	5.3	5.5	5.3

#### Market value of the company

Dec 31, 2002	M€	5,286
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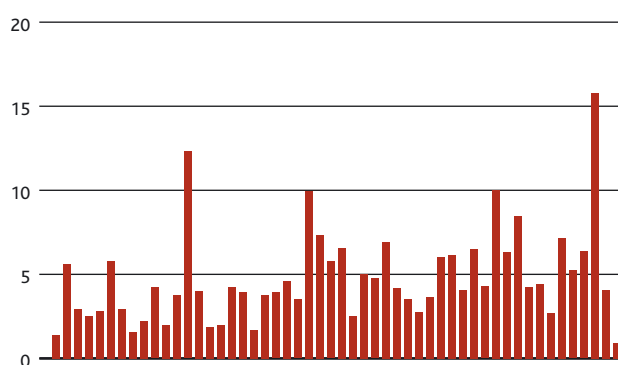
Amount of shares		1998	1999	2000	2001	2002
Number of shares, Dec 31		784,782,635	784,782,635	845,608,575	845,608,575	845,775,555
Number of own shares, Dec 31		–	–	51,037,520	–	845,759,955

Shares traded and price trend		1998	1999	2000	2001	2002
Shares traded	Number	17,642,594	112,397,961	93,900,112	134,498,556	251,216,856
Shares traded	M€	593	535.5	392.2	644.7	1,475
Average share price	€	5.66	4.76	4.18	4.79	5.87
Lowest share price	€	4.86	4.24	3.50	4.05	4.75
Highest share price	€	6.05	5.80	4.94	5.70	6.52
Share price on closing of books	€	5.03	4.50	4.35	4.75	6.25

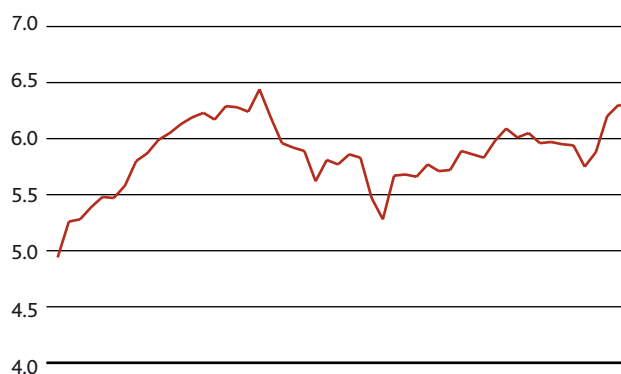
#### State ownership

Dec 31, 2002	60.77%
Limit to which the Government has been authorised to decrease the State's holding	50.1%

Shares traded in 2002, Mill. shares



Share price performance in 2002, €



Despite the slowdown in economic growth that was witnessed in 2002, Kemira succeeded in improving its operative result in its growth areas, i.e. pulp and paper chemicals, water treatment chemicals, and paints and coatings. Industrial chemicals and plant nutrients are further areas of focus in Kemira's operations. Kemira GrowHow (the former Agro), which provides services to the food chain and will be strongly integrated into it, will be developed as an independent part of the group.

Kemira's net sales grew by 6% from the previous year, totalling EUR 2,612 million. Operating income amounted to EUR 45 million, and was burdened by GrowHow's one-time impairment loss which totalled EUR 78 million, as well as by the contributions to Finnish pension funds, which grew further from the previous year.

The group's investments amounted to EUR 243 million. Kemira spent around EUR 46 million on research and development, which represents about 2% of net sales.

The year 2003 has begun in line with expectations. The demand for pulp and paper chemicals has shown slight signals of an upward trend in the customer industry, although the depressed phase in the cycle is most likely to continue. The operating income of pulp and paper chemicals for the full year should improve from the previous year.

Demand is expected to continue to develop favourably in water treatment chemicals, and operating income should remain at a good level.

The outlook in industrial chemicals continues to be positive. New capacity has been brought on stream, e.g. in sodium percarbonate in Helsingborg, Sweden, formic acid in Oulu, Finland, and titanium dioxide pigments in Pori, Finland. The result should improve from the previous year.

The demand for paints and coatings seems to be reasonably good at the beginning of the summer high season. The general slowdown in the economy should not dampen demand to any significant degree. Growth will be strongest in Russia and in the Baltic states. Synergy benefits arising from combining the Swedish Alcro-Beckers with the Kemira Paints and Coatings business will further improve operating income in the paint and coatings business for the financial year.

It has not been possible to fully start up the new production of potassium nitrate in Jordan because of the war in Iraq. As the year progresses, the restructuring in the European fertilizer industry should have a stabilizing effect on the business prospects of Kemira GrowHow as well. Grain stocks are at an exceptionally low level globally, which should raise the price of grain and also have a positive effect on fertilizer prices. GrowHow's operating income for the whole year will most likely be somewhat lower than last year.

As a whole, Kemira estimates that its operating income for the full year will show an improvement over the previous year.



Kemira seeks growth in pulp and paper chemicals, water treatment chemicals, and paints and coatings. The company has production sites in over 30 countries. The picture shows Kemira's plant in Oulu, where the main products are hydrogen peroxide and formic acid.

Consolidated		1999	2000	2001	2002
Net sales	M€	2,526	2,486	2,454	2,612
Operating income	M€	111	175	144	45
Income after financial items	M€	59	144	113	16
Return on investment	%	5.9	10.1	8.1	3.4
Equity ratio	%	38.0	47.5	46.5	43.3
Balance sheet total	M€	2,603	2,408	2,450	2,491
Gross investments	M€	168	218	298	243
Personnel, average		10,743	9,644	10,207	10,377
<b>Parent company</b>					
Share capital	M€	217	217	217	217
Dividends	M€	30	37	36	35

#### Distribution of shares in Kemira Oyj

State of Finland 56.2%  
 Finnish institutional investors 29.1%  
 International institutional investors 4.6%  
 Private investors 6.7%  
 Kemira 3.4%

#### Chief Executive Officer

Tauno Pihlava  
**Kemira Group**

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 Fax + 358 10 862 1119  
 firstname.surname@kemira.com  
 www.kemira.com

#### Board of Directors (as from 8 April 2003)

Anssi Soila, Chairman  
 Eija Malmivirta, Vice Chairman  
 Elizabeth Armstrong  
 Ove Mattsson  
 Matti Packalén  
 Markku Tapio



CEO Tauno Pihlava

Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio) <sup>1)</sup>		10.30	26.57	7.34	11.50	94.14
Earnings/share (EPS) <sup>1)3)</sup>	€	0.61	0.23	0.73	0.58	0.61
Equity/share <sup>1)</sup>	€	7.27	7.57	9.08	9.35	8.94
Dividend/share	€	0.29	0.23	0.30	0.30	0.30
Dividend/earnings	%	47.2	100.0	18.2	51.7	428.6
Effective dividend yield	%	4.6	3.8	5.6	4.5	4.6

Market value of the company		1998	1999	2000	2001	2002
Dec 31, 2002	M€	804	781	663	795	779

Amount of shares		1998	1999	2000	2001	2002
Average number of shares (1000) <sup>2)</sup>		128,800	128,318	126,623	121,075	118,171
Number of shares, Dec 31 (1000) <sup>2)</sup>		128,800	127,800	123,645	119,208	118,170

Shares traded and price trend		1998	1999	2000	2001	2002
Shares traded	(1,000)	30,277	20,703	17,366	72,176	24,606
Shares traded	M€	244	121	98	532	178
Average share price	€	8.06	5.85	5.67	7.36	7.22
Lowest share price	€	5.21	5.20	4.92	5.30	5.75
Highest share price	€	10.60	6.90	6.80	8.75	8.50
Share price on closing of books	€	6.24	6.11	5.36	6.67	6.59

<sup>1)</sup> The change in accounting practice (IAS 12) reduced 1998 taxes by EUR 14.0 million.

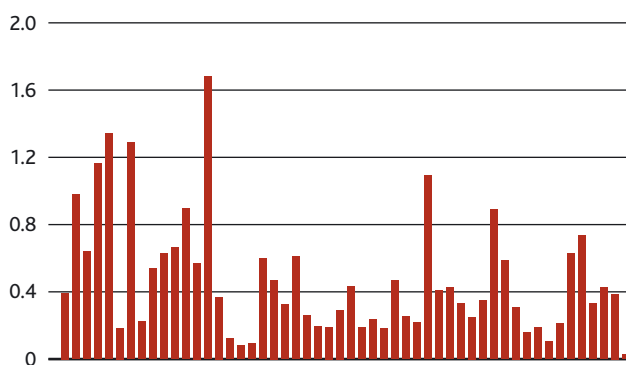
<sup>2)</sup> Weighted average number of shares outstanding, adjusted by the number of shares bought back.

<sup>3)</sup> Net income before gain/loss on discontinuing operations.

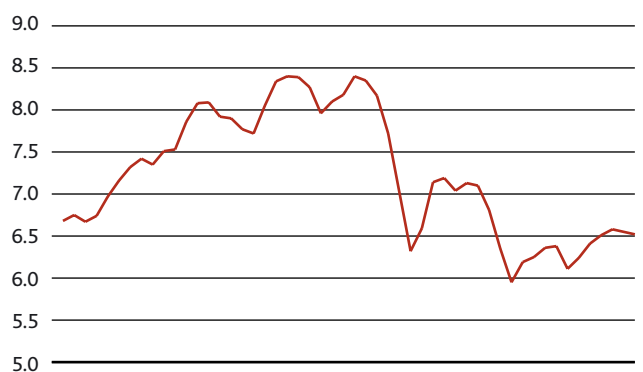
#### State ownership

Dec 31, 2002	56.2%
Limit to which the Government has been authorised to decrease the State's holding	15.0%

Shares traded in 2002, Mill. shares



Share price performance in 2002, €





## Other State-owned Companies





*Alko is a trading chain specialising in alcoholic beverages. The company's basic function is the retail sale of alcoholic beverages and it also aims to prevent the harmful effect of alcohol consumption. As the sole alcohol company referred to in the Alcohol Act, Alko plays a central role in the Finnish alcohol system: that of promoting alcohol use with minimal harmful effects.*

The Alcohol Act gives Alko a monopoly over the retail sale of all beverages containing alcohol, apart from fermented beverages containing up to 4.7% alcohol by volume and wines sold by Finnish farm wineries containing up to 13% alcohol by volume.

By virtue of its monopoly status, Alko maintains a high standard of customer service and responsible control over sales in its shops.

Alko publishes a booklet called Listing Procedure and Retail Sale of Alcoholic Beverages, stating the principles governing relations between Alko and its suppliers.

At the end of 2002, the general selection included over 1,800 products from about 50 different countries. A further 670 or so products were offered in the sale-to-order selection. Customers may also order through Alko products that are not in the company's product range.

At the end of 2002, Alko had 299 shops and 141 order points.

Alko's sales increased about six per cent on the previous year, totalling 103,3 million litres. In 100% alcohol the total was 16.5 million litres, up by 5.6 per cent on the previous year. In 100% alcohol, mild beverages (maximum 22% alcohol by volume) accounted for almost half on Alko sales. In 2002 their share of sales grew by about 1.4 percentage points to 47.2 per cent.

Alko's Alcohol Control Laboratory (ACL) checks the quality and safety of products sold by Alko. Products in the standard range are tested at regular intervals for the properties that the authorities require to be tested in the EU area. The subjects of the Laboratory's special research projects change yearly. In 2002, the focus was on wine colours, the quality of bag-in-box wines and the product safety and authenticity of beers, wines and spirits.

With respect to environmental protection, Alko subscribes for example to the Business Charter for Sustainable Development of the International Chamber of Commerce. The principle of rational use of natural resources and environmental protection demands are observed in detail. A detailed company environmental programme is applied in planning day-to-day operations.



*Alko is a responsible and service-oriented retailer of alcoholic beverages.*

Consolidated		1999	2000	2001	2002
Net sales	M€	590	962.8	1,029.5	1,091.5
Operating income	M€	43	44.4	32.6	-1.1
Income after financial items	M€	45.8	47.1	36.5	0.7
Return on investment	%	63.0	54.8	42.9	1.2
Equity ratio	%	36.2	37.4	34.1	20.0
Balance sheet total	M€	234.2	237.7	238.2	232.9
Gross investments	M€	9	6.7	8.9	8.3
Personnel, average		2,086	2,142	2,209	2,508
<b>Parent company</b>					
Share capital	M€	17	17	17	17
Dividends	M€	21.9	33.6	35.0	20.0

#### Distribution and shares in Alko Inc

State of Finland 100%

#### President and CEO

Jaakko Uotila

#### Head Office

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#### Board of Directors (as from 7 May 2003)

Jussi Huttunen, Chairman

Matti Elovaara, Vice Chairman

Raija Koskinen

Tiina Oksala-Leino

Jussi Simpura

Reijo Väärälä



*President and CEO Jaakko Uotila*

*Altia Corporation is a reliable Finnish wine and spirits house operating in international markets, with traditions reaching back to its origins in Rajamäki in 1888. The Corporation manufactures, imports and markets strong alcoholic beverages and wines. Altia represents many well-known international brands in Finland and the Baltic region.*

In 2002, the net sales of Altia Group totaled EUR 248.1 million and the operating profit was EUR 28.1 million. Profit before taxes was EUR 101.6 million. Exports and international operations accounted for 41% of net sales. The number of personnel during the year was 699 on average.

Altia's business areas are Domestic Spirits, Domestic Wines, Finlandia Vodka, Baltic Operations and Grain Processing.

Domestic Spirits is responsible for Altia's spirits business in Finland as well as tax-free sales in neighboring regions. Altia's own top brands include Koskenkorva Viina, Jaloviina and Monopol Cognac. The company also represents several international brands in Finland.

The product range of the Domestic Wines business contains wines bottled by Altia as well as international brands.

In 2002 Altia acquired the entire stock of Uneco Beverage Ltd, an importer and supplier of alcoholic beverages. At the beginning of 2003 Altia Corporation and Finnair Plc signed an agreement to establish SkyCellar, a company specializing in top quality wines.

Altia sold a further 35% of the shares of Finlandia Vodka Worldwide Ltd to Brown-Forman Corporation in the USA in 2002. Brown-Forman now owns 80% of the company and Altia 20%. Altia retains the exclusive right to produce Finlandia Vodka until 2017. The shipments of Finlandia Vodka increased to 15.1 million liters in 2002.

Business operations in the Baltic Countries are handled from Estonia. Altia's subsidiary, AS Ofelia, manufactures alcoholic beverages in Estonia, while another subsidiary, Havistra Eesti AS, imports and markets alcoholic beverages in Estonia and exports them to Latvia, Lithuania and the Ukraine.

The Grain Processing Industry consists of the production of grain spirits, barley starch and animal feeds at Koskenkorva, Finland, and of the technical ethanol and food operations at Rajamäki, Finland. The Koskenkorva plant processed 155 million kg of Finnish barley, while the Rajamäki plant produced 50 million liters of spirits in 2002.



*Altia bottles its wines in Finland using environmentally-friendly, refillable glass bottles. The Bordeaux style wine bottle with a modern screw cap was introduced in 2002.*

Consolidated		1999	2000	2001	2002
Net sales	M€	218.8	221.1	227.1	248.1
Operating income	M€	6.8	110.2	32.6	102.3
Income after financial items	M€	9.4	115.3	35.0	103.4
Return on investment	%	6.2	54.9	22.0	61.0
Equity ratio	%	60.6	59.3	58.0	60.8
Balance sheet total	M€	290.0	381.4	256.2	306.7
Gross investments	M€	7.1	6.6	9.3	28.0
Personnel, average		900	827	726	699
<b>Parent company</b>					
Share capital	M€	60.5	60.5	60.5	60.5
Dividends	M€	44.6	112.7	25.0	66.0

#### Distribution of shares in Altia Corporation

State of Finland 100%

#### President and CEO

Veikko Kasurinen

#### Head Office

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#### Board of Directors (as from 18 March 2003)

Markku Tapio, Chairman

Leif Ekström, Vice Chairman

Heikki Hakala

Pentti Hautala

Soili Suonoja

Riitta Vermas



*President and CEO Veikko Kasurinen*



*Kemijoki Oy is a mutual company founded in 1954, aiming to develop into the most prominent producer of hydropower and expert in hydropower-related operations in Finland. The company owns sixteen hydropower plants in the waterway of the Kemijoki River. In addition, it regulates the artificial lakes of Lokka and Porttipahta, as well as Lake Kemijärvi and Lake Olkkajärvi.*

Kemijoki Oy is the Group's parent company. The other companies of the Group include subsidiaries that generate electricity with hydropower in the Rivers Kymijoki and Lieksanjoki, carry out electric network activities and sell services and products related to wind power operations and other technology. In 2002 the parent company bought the entire share capital of the company Vesivoimalaitosten Konehuolto Oy.

In 2002 the hydropower plants belonging to the Kemijoki Group produced a total of 3,942 million kilowatt hours of electric power, which corresponded to over 38 per cent of all indigenous electricity produced with hydropower. The total power plant uptime was a remarkable 97.7 per cent.

The company continued its investment programme by implementing the refurbishment and upgrading of the capacity of Unit 2 of the Valajaskoski power plant. The permit process before the Water Rights Court concerning the Vuotos artificial lake and power plant ended in December 2002, when the Supreme Administrative Court dismissed the company's appeal on the matter and kept in force the negative decision of the Vaasa Administrative Court.

Despite the losses imputable on the Vuotos project, the economic status of Kemijoki Oy remained stable. The company's equity ratio was 36.6 per cent and the balance sheet totalled € 438.2 million. At the end of the year, the company's loan portfolio stood at € 217.6 million. The company paid € 7.8 million as real estate tax to the municipalities within its operating area. Kemijoki Oy's net sales amounted to € 46.1 million, while the losses totalled € 2.2 million during the financial year.

During the year under review, the possibilities of improving and monitoring the cost efficiency of the company's activities were developed by introducing new financial and maintenance software. Moreover, the company and its hydropower shareholders agreed on a new operating rule according to which the company's production was divided as from the beginning of 2003. In the future, the overall economy of operations will be further improved by raising productivity and by examining new external business opportunities.



<b>Consolidated</b>		<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Net sales	M€	41.4	48.0	52.6	48.3
Operating income	M€	2.4	8.7	10.8	-8.0
Income after financial items	M€	-1.1	1.2	1.3	-16.6
Return on investment	%	1.6	2.0	3.0	-2.3
Equity ratio	%	51.7	39.2	39.2	36.9
Balance sheet total	M€	335.8	439.2	441.1	433.2
Gross investments	M€	8.5	143.6	20.5	10.7
Personnel, average		410	412	416	356
<b>Parent company</b>					
Share capital	M€	41.1	41.1	41.3	41.3
Dividends	M€	0.4	0.2	0.21	0.0

#### **Distribution of shares in Kemijoki Oy**

State of Finland 66.99%  
 Fortum Power and Heat Oy 17.50%  
 Lapin Sähkövoima Oy 9.34%  
 UPM-Kymmene Oyj 4.13%  
 City of Helsinki 0.94%  
 Rovakairan Tuotanto Oy 0.70%  
 Rovaniemen Energia Oy 0.40%

#### **President and CEO**

Markku Autti

#### **Head Office**

Street address  
 Valtakatu 9-11, Rovaniemi  
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 info@kemijoki.fi  
 www.kemijoki.fi

#### **Board of Directors** (as from 1 January 2003)

Tapio Kuula, Chairman  
 Heikki Sara, Vice Chairman  
 Hannu Haase  
 Paula Nybergh  
 Marjut Ontnonen  
 Pekka Päättiläinen  
 Seppo Ruohonen



*President and CEO Markku Autti*



# Patria

*The Nordic countries as the homemarket, Patria's operations will grow more and more international and the significance of business partners will increase even more in the future. Networking in its different forms, both in Finland and abroad, is an essential part of Patria's strategy.*

Patria is a technology group focusing on defence, aviation and aerospace industries. Its customer base includes defence forces, public authorities and enterprises in Finland and abroad. The history of Patria's Business Units dates back over 80 years. Patria was founded in 1997 and current Patria results from subsequent restructuring of the Group.

Consolidated net sales for 2002 totalled EUR 232.5 million, up 6% on the previous year. Defence materiel and maintenance accounted for 71% and civilian products for 29% of the net sales. The value of new orders received during the financial period was EUR 184.1 million.

Continued and well-functioning cooperation with various branches of the Finnish Defence Forces, with Universities of Technology and research institutes has helped Patria create solutions that are internationally competitive (AMV, AMOS, Airbus A380). Sharing of working roles is an essential part of fruitful cooperation allowing the parties focus on their particular core competencies. Furthermore Patria Häggglunds (jointly owned by Patria of Finland and Alvis Häggglunds of Sweden) has granted a technology license for AMOS (Advanced MOrtar System) to a US company, the AAI Corporation, Maryland. AAI will offer AMOS as the mortar element of the Future Combat System (FCS) program in the United States.

Patria has continued its close cooperation with EADS in the NH90 transport helicopter program and the Airbus A380 project. Patria has also started to actively map fresh business opportunities in defence electronics, aerospace industry and marketing. Cooperation with EADS has opened new perspectives for developing the defence, aviation and aerospace industries and made Patria an integral part of the European industry in this field.

The objectives important to Patria in 2003 include continuous improvement of profitability, internationalisation, further development of key customer relations and success factors, and progress of the value management process.



*The AMOS (Advanced Mortar System) and the Patria AMV 8x8, armoured modular vehicle, represent the latest development of their field of technology.*

<b>Consolidated</b>		<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Net sales	M€	192.9	208.5	218.7	232.5
Operating income	M€	2.8	9.7	1.6	7.0
Income after financial items	M€	2.7	10.2	4.4	9.5
Return on investment	%	2.5	7.8	3.3	5.7
Equity ratio	%	65.5	61.6	75.4	68.5
Balance sheet total	M€	205.3	293.3	318.1	333.8
Gross investments <sup>1)</sup>	M€	9.4	14.7	7.8	14.9
Personnel, average		2,033	2,214	2,257	2,117
<b>Parent company</b>					
Share capital	M€	29.9	29.9	38.0	38.0
Dividends	M€	1.0	0.0	2.3	2.3

<sup>1)</sup> Not incl. investments in shares of subsidiary or affiliated companies.

## **Distribution of shares in Patria Industries Oyj**

State of Finland 73.2%  
European Aeronautic Defence and Space Company EADS N.V. 26.8%

### **President and CEO**

Jorma Wiitakorpi

### **Group administration**

Kaivokatu 10 A  
00100 Helsinki  
Tel. +358 9 020 4691  
Fax +358 9 0204 691 2022  
www.patria.fi

### **Board of Directors** (as from 27 March 2003)

Björn Mattsson, Chairman  
Eero Rantala, Vice-Chairman  
Matti Ahola  
Friedrich Dörhöfer  
Hervé Garnier  
Ritva Hainari  
Jussi Itävuori  
Carl G. Nordman  
Tuija Soanjärvi



*President and CEO Jorma Wiitakorpi*

As the leading company providing messaging and logistics services in Finland and in selected markets in the Baltic Rim, Finland Post Group is seeking the most vigorous business growth in corporate logistics and electronic messaging, and through well managed internationalisation. It aims to develop its business towards integrated information and materials flow management.

### Three Core Businesses

Finland Post Group runs three business units: Messaging, Electronic Messaging and Logistics.

**Messaging** is responsible for letter, magazine, newspaper and direct mail delivery services in Finland, while also being engaged in the provision of such services abroad. **Electronic Messaging** is responsible for providing electronic document management and printing services as well as EDI services in Finland and the Baltic Rim countries.

**Logistics** provides solutions for materials management, warehouse and terminal operations, and logistics management for business customers and other organisations in Finland and the neighbouring region. In addition, it provides both domestic and international parcel services to business customers, other organisations and consumer customers.

### Strategy: Profitable Growth

As the leading and efficient provider of messaging and logistics solutions, Finland Post Group focuses on business areas in which it operates on a competitive basis, with demand providing scope for profitable growth. Its core competencies include the management of information and material flows, and the provision of related value-added services.

Finland Post Group aims to maintain its overall profitability and strong market position by enhancing its cost-efficiency, upgrading its service offerings, improving outlet network profitability, and intensifying its sales and customer services.

In Finland, the Group aims to seek growth by strengthening its market position in comprehensive corporate logistics solutions and electronic messaging services, as well as distribution services.

On an international scale, the Group aims to expand its electronic data and document management services business, related to corporate financial management processes, in the Baltic Rim. In addition it aims expand its warehouse and terminal services business in the neighbouring region.

### Net Turnover and Operating Profit 2002

Finland Post Group recorded a net turnover of EUR 1,112.1 million (EUR 1,046.1 million) in 2002, showing a year-on-year improvement of 6.3 per cent. Operating profit rose to EUR 55.6 million (EUR 32.0 million), accounting for 5.0 per cent (3.1 per cent) of net turnover. Profit totalled EUR 36.6 million.



Finland Post Group was the third largest employer in Finland in 2002. It had a staff of 22,544 at the end of the year.

Consolidated		1999	2000	2001	2002
Net sales	M€	1,013.8	1,068.9	1,046.1	1,112.1
Operating income	M€	74.7	92.0	32.0	55.6
Income after financial items	M€	77.4	97.9	32.9	58.3
Return on investment	%	15.8	20.4	6.5	10.5
Equity ratio	%	60.3	65.2	63.0	62.3
Balance sheet total	M€	713.1	767.0	801.1	853.0
Gross investments	M€	77.4	85.3	160.8	98.3
Personnel, average		26,097	25,543	23,304	23,077
<b>Parent company</b>					
Share capital	M€	67.3	67.3	70.0	70.0
Dividends	M€	0	11.8	8.0	15.0

### Distribution of shares in Finland Post Corporation

State of Finland 100%

#### President and CEO

Jukka Alho

#### Head Office

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Mannerheiminaukio 1 A, Helsinki

Postal address

P.O. Box 1, FIN-00011 POSTI, Finland

Tel. +358 204 511

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Call Centre: + 358 200 27100

(from Finland 0200 27100)

www.posti.fi

#### Board of Directors

Matti Elovaara, Chairman

Kari Haavisto, Deputy Chairman

Samuli Haapasalo

Erkki Helaniemi

Mikko Kosonen

Antti Palkinen

Antero Palmolahti

Soili Suonoja



President and CEO Jukka Alho

The Vapo Group consists of the parent company Vapo Oy, which comprises Vapo Oy Energia's production of biofuels, heat, electricity, wind power and environmental peat, as well as Vapo Oy Biotech's environment-related business. The subsidiary Group Vapo Timber Oy processes wood and Kekkilä Oyj markets growing media and fertilisers.

The year 2002 was an economic success for the Vapo Group. The net sales totalled € 434 million, which was the second best result in the company's history. In early 2002 the lengthy ownership arrangement in which Metsäliitto became the holder of one third of shares in Vapo was concluded.

During the year under review, a new strategy was drafted for the Vapo Group. In the future Vapo will especially invest in local biofuels, bioelectricity and heat as well as in waste management and its technology. In terms of extending business, the most important event was Vapo's establishment in Estonia, where the country's biggest peat producer Tootsi Turvas A/S was acquired.

Business in the energy sector fluctuated to a great extent during the year 2002. The first and second quarter of the year were exceptionally slow, but the dry summer and autumn and the cold beginning of winter increased the consumption of local fuels, which resulted in a rise in the profitability of the energy sector. The peat and wood fuel supplied by Vapo Oy Energia amounted to 22 TWh. Refined fuels constituted a dynamically growing product group in which the demand for pellets went up well over 60 per cent. The sales of electricity and heat totalled 1357 GWh.

Vapo Timber Oy's year was satisfactory and the result positive. Production and the supply volume exceeded the level of the previous year. Deliveries of sawn goods rose to 732 000 cubic metres and production increased to 721 000 cubic metres.

Vapo Oy Biotech is Finland's leading supplier of composting plants. During 2002 the development inputs mainly focused on dry waste management technology and gasification of recycled fuels.

Vapo's subsidiary Kekkilä Oyj continued to develop the brands of Kekkilä and Hasselfors. In substrates the growth was faster than the general development of the market. This was achieved by investing in country-specific brands and by boosting both sales and production activities.



Vapo Energia's Lieksa power plant uses 4-6 truck loads of peat per day during winter.

Consolidated		1999	2000	2001	2002
Net sales	M€	333	381	412	434
Operating income	M€	26	32	31	38
Income after financial items	M€	23	27	28	34
Return on investment	%	8.4	9.0	8.7	9.5
Equity ratio	%	57.7	53.9	56.2	53
Balance sheet total	M€	436	482	471	525
Gross investments	M€	88	58	26	62
Personnel, average		1,162	1,289	1,209	1,311
<b>Parent company</b>					
Share capital	M€	50	50	50	50
Dividends	M€	10	11	10	12

#### Distribution of shares in Vapo Oy

State of Finland 66.66%  
Metsäliitto Cooperative 33.34%

#### Managing Director

Matti Hilli

#### Group administration

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Yrjönkatu 42, Jyväskylä

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info@vapo.fi

www.vapo.fi

#### Board of Directors (as from 13 March 2003)

Aarno Heinonen, Chairman

Leif Ekström, Vice-Chairman

Ritva Hainari

Eeva Hellström

Mauri Jaakonaho

Matti Packalén



Managing Director Matti Hilli



VR's core businesses are transport and track maintenance services. VR provides safe, high-standard and environmentally friendly transport and related services for freight customers and passengers. For the Finnish state, other public bodies and industrial corporations, VR provides professional track design, construction and maintenance services.

VR Group's net profit in 2002 totalled EUR 21.7 million compared with EUR 42.0 million one year earlier. The result was depressed by increased depreciation and higher pension costs. The reduction in net turnover was due to the divestment of Avarra-Asunnot Oy, the subsidiary responsible for VR's state-financed housing units.

VR Ltd, the Group's largest company, is responsible for rail transport. In 2002 VR Ltd carried altogether 41.7 million tonnes of freight. This comprised domestic carryings of 24.7 million tonnes and international carryings of 17.0 million tonnes. Domestic traffic increased by 3% whereas international traffic declined by 4%. Transit traffic via Finland to third countries totalled 3.5 million tonnes, which was 14% less than one year earlier. VR Cargo's net turnover for the year was EUR 332.2 (337.7) million.

In passenger services 57.7 million journeys were made during the year. Most of this growth came from commuter traffic in the zone administered by the Helsinki Metropolitan Area Council (Helsinki, Vantaa, Espoo, Kauniainen), where the volume of commuter traffic rose by almost 10%. Long-distance traffic increased by one per cent to 11.6 million journeys. Net turnover from passenger services totalled EUR 288.7 (282.2) million.

VR-Track Ltd is responsible for providing track engineering, construction and maintenance services for the Finnish government, local authorities and also companies that use rail services. The company's net turnover was EUR 239.8 (243.6) million. Slightly over 90% of this total was commissioned by the Finnish Rail Administration, the government body responsible for maintaining the Finnish rail network.

Pohjolan Liikenne, a subgroup of the VR Group, carried a total of 8.2 million tonnes of freight in 2002, which was roughly the same as in the previous year. Pohjolan Liikenne buses and coaches carried 14.7 million passengers, down roughly 4% on the previous year. Net turnover of the Pohjolan Liikenne companies was EUR 196.7 (196.4) million.

The Group's capital expenditure totalled EUR 143.9 (177.7) million, which included EUR 98.4 million covering rolling stock for VR Ltd. The principal items were spent on Pendolino trains and on Sr2 locomotives.



The number of daily long-distance departures increased in 2002 and today total more than 260.

Consolidated		1999	2000	2001	2002
Net sales	M€	1,139	1,143	1,151	1,140
Operating income	M€	72	65	49	27
Profit before extraordinary items and taxes	M€	83	76	61	37
Return on investment	%	7.2	6.5	5.2	3.2
Equity ratio	%	79.0	78.5	79.1	82.9
Balance sheet total	M€	1,460	1,499	1,515	1,450
Gross investments	M€	215	152	178	144
Personnel, average		16,075	15,405	14,913	14,401
<b>Parent company</b>					
Share capital	M€	370	370	370	370
Dividends	M€	22	20	17	30

**Distribution of shares in VR-Group Ltd**

State of Finland 100%

**President and CEO**

Henri Kuitunen

**Head Office**

Vilhonkatu 13

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Fax +358 307 21 700

www.vr.fi

**Board of Directors** (as from 26 March 2003)

Vesa Puttonen, Chairman

Kalevi Alestalo

Kari Kallio

Kirsti Lehtovaara-Kolu

Hannele Ranta-Lassila

Jukka Ruuska



President and CEO Henri Kuitunen

## Associated Companies







Metso Corporation is a global supplier of process industry machinery and systems and also know-how and aftermarket services. We are expanding to become a comprehensive supplier of services and customer core processes – the world-acknowledged pacesetter in our industry.

Metso's core businesses are fiber and paper technology (Metso Paper), rock and minerals processing (Metso Minerals) and automation and control technology (Metso Automation). Metso is listed on the Helsinki and New York Stock Exchanges.

#### Shareholders of Metso Corporation

UPM-Kymmene Corporation 14.6%  
 State of Finland 11.5%  
 Nominee-registered and foreign ownership 46,1%  
 Finnish private investors 6,3%  
 Others 21,5%

#### President and CEO

Tor Bergman

#### Corporate Headquarters

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 Fabianinkatu 9 A  
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 Fax +358 20 484 101  
 metso.info@metso.com  
 www.metso.com

#### Board of Directors (as of April 16, 2003)

Matti Kavetvuo, Chairman  
 Mikko Kivimäki, Vice Chairman  
 Maija-Liisa Friman  
 Heikki Hakala  
 Juhani Kuusi  
 Pentti Mäkinen  
 Jaakko Rauramo

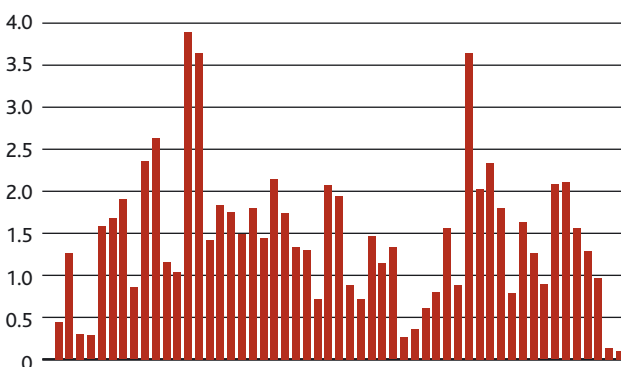
Consolidated		1999	2000	2001	2002
Net sales	M€	3,387	3,891	4,343	4,691
Operating profit (loss)	M€	-10	200	246	167
Income (loss) before extraordinary items and income taxes	M€	-28	180	222	93
Return on capital employed	%	1.6	12.2	12.3	6.4
Equity to assets ratio	%	37.3	45.4	31.1	33.3
Balance sheet total	M€	3,169	3,564	5,042	4,399
Gross capital expenditure	M€	237	313	982	194
Personnel, average		22,965	22,372	25,613	29,258
<b>Parent company</b>					
Share capital	M€	228	230	232	232
Dividends	M€	54	81	82	82

Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)		8.34	neg.	13.00	10.62	21.54
Earnings/share (EPS)	€	1.37	-0.22	0.90	1.09	0.48
Equity/share	€	8.88	7.98	10.51	10.78	10.12
Dividend/share	€	0.59	0.40	0.60	0.60	0.60
Dividend/earnings	%	43	neg.	67	55	126
Effective dividend yield	%	5.1	3.0	5.2	5.2	5.8

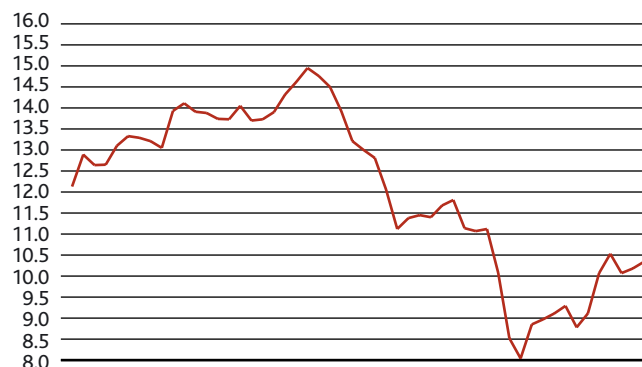
#### State ownership

Dec 31, 2002	11.5%
Limit to which the Government has been authorised to decrease the State's holding	0%

Shares traded in 2002, Mill. shares



Share price performance in 2002, €



Outokumpu, a metals and technology Group, is specialized in stainless steel, fabricated copper products, copper and zinc metals production and related technology development and sales. In 2002 the Group's net sales amounted to EUR 5.6 billion and it employs 21 000 people in more than 40 countries.

Consolidated		1999	2000	2001	2002
Net sales	M€	2,909	3,693	5,324	5,558
Operating income	M€	174	427	183	267
Income after financial items	M€	120	372	147	213
Return on investment	%	8.7	19.8	6.7	7.0
Equity ratio	%	43.8	50.6	41.6	31.1
Balance sheet total	M€	3,121	3,222	5,401	6,327
Gross investments	M€	153	242	914	2,042
Personnel, average		12,724	12,193	19,010	20,196
Parent company					
Share capital	M€	212	212	212	294
Dividends	M€	31.1	99.6	75.2	68.6

Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)		142.4	17.9	3.4	19.4	7.2
Earnings/share (EPS)	€	0.05	0.71	2.29	0.55	1.15
Equity/share	€	9.11	9.85	11.70	11.37	11.14
Dividend/share	€	0.07	0.23	0.72	0.55	0.40
Dividend/earnings	%	140.0	32.4	33.5	100.0	43.5
Effective dividend yield	%	1.0	1.8	9.9	5.1	4.8

#### State ownership

Dec 31, 2002	39.6%
Limit to which the Government has been authorised to decrease the State's holding	10%

#### Distribution of shares in Outokumpu Oyj

State of Finland 39.6%  
The Finnish Social Insurance Institution 12.2%  
Other Finnish organizations 16.8%  
Private Finnish investors 7.5%  
International shareholders 23.9%

#### Chief Executive

Jyrki Juusela

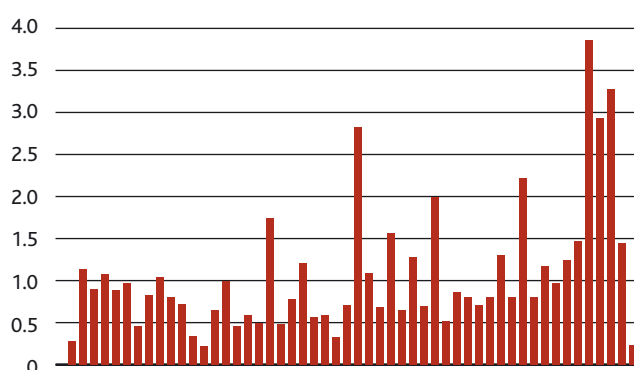
#### Head Office

Street address  
Riihitontuntie 7 B, Espoo  
Postal address  
P.O. Box 140, FIN-02201 Espoo, Finland  
Tel. +358 9 4211  
Fax +358 9 421 3888  
www.outokumpu.com

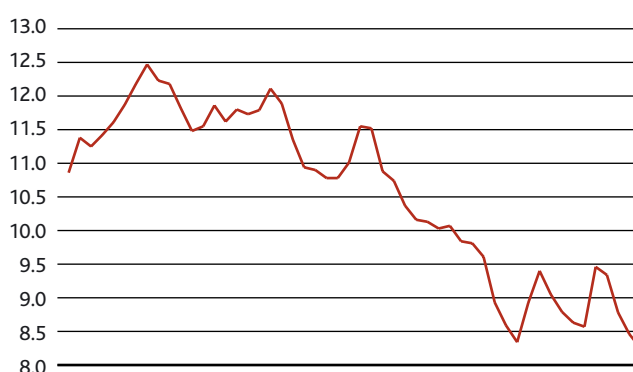
#### Board of Directors (as from 3 April 2003)

Heimo Karinen, Chairman  
Juha Rantanen, Vice Chairman  
Evert Henkes  
Arto Honkaniemi  
Jorma Huuhtanen  
Ole Johansson  
Matti Puhakka  
Leena Saarinen  
Soili Suonoja  
Seppo Ukskoski

Shares traded in 2002, Mill. shares



Share price performance in 2002, €



Rautaruukki is a listed company with comprehensive expertise in steel and its many applications. Rautaruukki has production plants in 17 countries and has a strong market position in the Nordic countries and in the Baltic Sea area.

Consolidated		1999	2000	2001	2002
Net sales	M€	2,388	2,708	2,906	2,884
Operating income	M€	57	156	93	6
Income after financial items	M€	-6	106	41	-46
Return on investment	%	3.3	8.7	5.0	0.6
Equity ratio	%	34.6	34.1	33.3	31.1
Balance sheet total	M€	2,432	2,523	2,559	2,561
Gross investments	M€	197	176	162	142
Personnel, average		13,219	13,176	13,678	13,325
Parent company					
Share capital	M€	234	236	236	236
Dividends	M€	28	34	27	0

Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)		8.6	-53.7	7.6	18.8	-13.2
Earnings/share (EPS)	€	0.64	-0.13	0.51	0.22	-0.26
Equity/share	€	6.44	6.02	6.23	6.21	5.81
Dividend/share	€	0.3	0.2	0.25	0.20	0
Dividend/earnings	%	47.3	-154.6	49.4	91.9	0
Effective dividend yield	%	5.5	2.9	6.5	4.9	0

#### State ownership

Dec 31, 2002	40.1%
Limit to which the Government has been authorised to decrease the State's holding	20%

#### Distribution of shares in Rautaruukki Corporation

State of Finland 40.1%  
Private households 13.3%  
Other Finnish owners 33.8%  
Foreign owners 12.8%

#### Managing director

Mikko Kivimäki

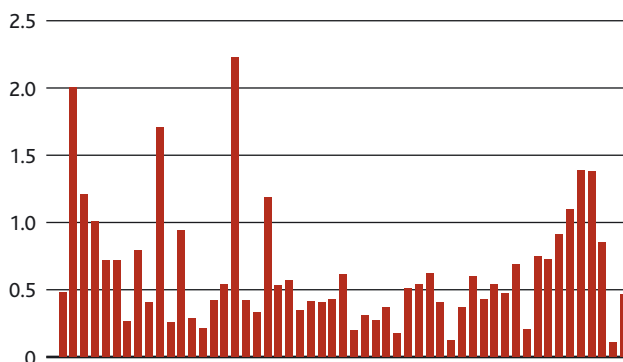
#### Head office

Street address  
Fredrikinkatu 51-53, Helsinki  
Postal address  
P.O. Box 860  
FIN-00101 Helsinki, Finland  
Tel +358 9 41 77 11  
Fax +358 9 4177 6288  
www.rautaruukki.com

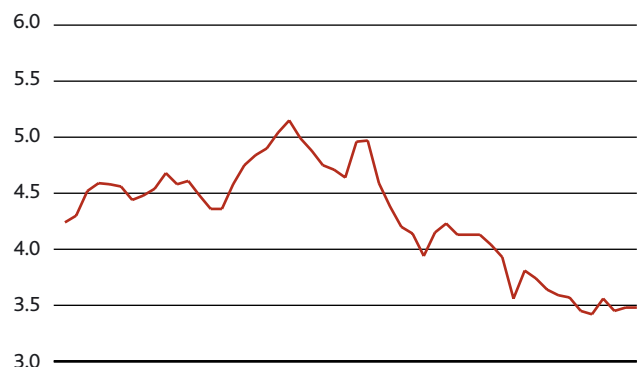
#### Board of Directors (as from 3 April 2003)

Jukka Viinanen, Chairman  
Georg Ehmrooth, Deputy Chairman  
Maija-Liisa Friman  
Christer Granskog  
Pirkko Juntti  
Pekka Timonen  
Maarit Toivanen-Koivisto

Shares traded in 2002, Mill. shares



Share price performance in 2002, €





Sampo offers a wide range of investment, savings and traditional banking services to retail, corporate and institutional customers. The financial group started operations at the beginning of 2001, when Finland's leading insurance group Sampo and one of the leading banking groups Leonia joined forces. In February 2001, Mandatum joined the Group, the brand is still used for Sampo Group's private banking, asset management, investment banking and in mutual funds. At the beginning of 2002 Sampo's P&C insurance companies were integrated with the Nordic P&C group – If – with Sampo plc as the largest shareholder. Sampo Group has 1.2 million retail customers and 80,000 active corporate and institutional customers in Finland.

Consolidated		1999	2000	2001	2002
Net sales	M€	2,719	3,581	3,572	2,877
Operating income	M€	674	1,375	1,104	542
Net income from financial operations	M€	392	426	469	448
Premiums written	M€	686	769	755	613
Deposits <sup>1)</sup>	M€	9,094	8,855	9,062	9,230
Loans <sup>1)</sup>	M€	13,894	14,471	13,597	12,490
Mutual funds <sup>1)</sup>	M€	1,383	2,002	2,675	3,858
Balance sheet total	M€	35,211	32,795	27,157	25,094
Personnel, average		8,630	9,184	10,162	5,977
<b>Parent company</b>					
Share capital	M€	52	87	93	94
Dividends	M€	145	889	417	194

Sampo-Leonia pro forma 1999 and 2000

<sup>1)</sup> Including Mandatum in 2000

Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)		13.5	7.4	6.5	5.9	11.6
Earnings/share (EPS)	€	0.48	0.94	1.78	1.50	0.63
Equity/share	€	2.49	4.91	5.52	5.18	5.15
Dividend/share	€	0.16	0.48	1.60	0.75	0.35
Dividend/earnings	%	33.4	50.6	89.8	50.0	56.0
Effective dividend yield	%	2.5	6.9	13.9	8.5	4.8

#### State ownership

Dec 31, 2002	40.20%
Limit to which the Government has been authorised to decrease the State's holding	0%

#### Distribution of shares in Sampo plc

State of Finland 40.20 %  
 Varma-Sampo Mutual Pension Insurance Company 8.06 %  
 Wahlroos Björn 2.13%  
 Kaleva Mutual Insurance Company 2.07 %  
 Stora Enso Oyj 1.57%  
 Ilmarinen Mutual Pension Insurance Company 1.52 %

#### Chief Executive Officer

Björn Wahlroos

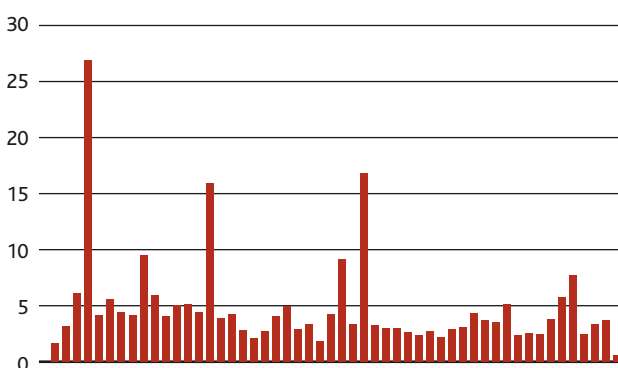
#### Contact information

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 Unioninkatu 22, Helsinki  
 Postal address:  
 FIN-00075 SAMPO, Finland  
 Tel. +358 10 515 15  
 Fax +358 10 516 0051  
 firstname.lastname@sampo.fi  
 www.sampo.com

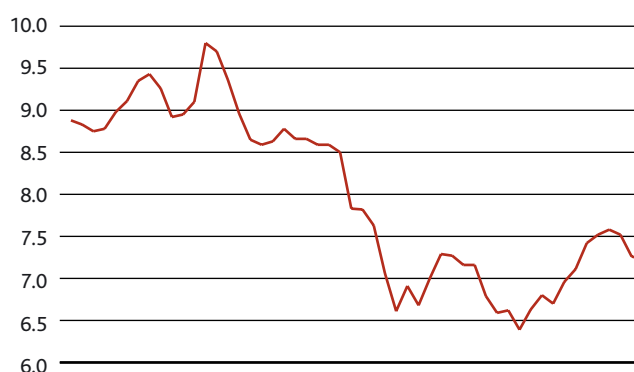
#### Board of Directors (as from 9 April 2003)

Olli-Pekka Kallasvuo, Chairman  
 Jyrki Juusela, Vice Chairman  
 Tom Berglund  
 Anne Brunila  
 Georg Ehrnrooth  
 Paavo Pitkänen  
 Christoffer Taxell  
 Björn Wahlroos

Shares traded in 2002, Mill. shares



Share price performance in 2002, €



# Sponda

Sponda Plc is the biggest real estate investment company at the Helsinki Exchanges. Sponda owns and leases high-quality office, business and logistics premises in the prime business locations in the Helsinki Metropolitan Area. Sponda aims to focus its properties on large entities that allow synergy benefits. The market value of Sponda's property portfolio amounts to € 1.2 billion and the leasable surface area to around 830 000 m<sup>2</sup>.

Sponda's result for the year 2002 was excellent, which is partly due to the sale of the commercial centre Itäkeskus in January to a foreign real estate investment company. The most important development object is the City-Centre located at the heart of Helsinki. Its modernisation and extension costs are expected to take € 100 million. The project will be constructed during the period 2004–2007 and it will be part of the pedestrian street project at Keskuskatu.

Consolidated		1999	2000	2001	2002
Net sales	M€	74.2	109.4	122.2	100.7
Operating income	M€	47.3	69.1	77.7	125.3
Income after financial items	M€	31.3	36.8	41.9	108.2
Return on investment	%	6.0	6.5	6.7	12.4
Equity ratio	%	46.3	41.6	41.6	52.9
Balance sheet total	M€	949.6	1,185.1	1,198.7	1,038.9
Gross investments	M€	367.5	80.8	62.1	94.4
Personnel, average		32	49	54	50
Parent company					
Share capital	M€	61.1	68.9	81.9	81.2
Dividends	M€	12.0	20.7	24.3	70.3

Key share figures		1999	2000	2001	2002
Price/earnings (P/E ratio)		9.6	10.9	12.0	5.6
Earnings/share (EPS)	€	0.41	0.36	0.39	0.97
Equity/share	€	5.85	5.97	6.12	6.81
Dividend/share	€	0.17	0.25	0.30	0.90
Dividend/earnings	%	41.5	69.4	76.6	92.8
Effective dividend yield	%	4.32	6.39	6.41	16.51

## State ownership

Dec 31, 2002	47.7%
Limit to which the Government has been authorised to decrease the State's holding	0%

## Distribution of shares in Sponda Plc

State of Finland 47.7%  
 Fidelity International Ltd 12.9%  
 Nordea Bank Finland plc 12.1%  
 Sampo Life Insurance 3.2%  
 Nokia Corporation's Pension Foundation 1.3%  
 SITRA, the Finnish National Fund for Research and Development 1.2%

## President and CEO

Kari Kolu

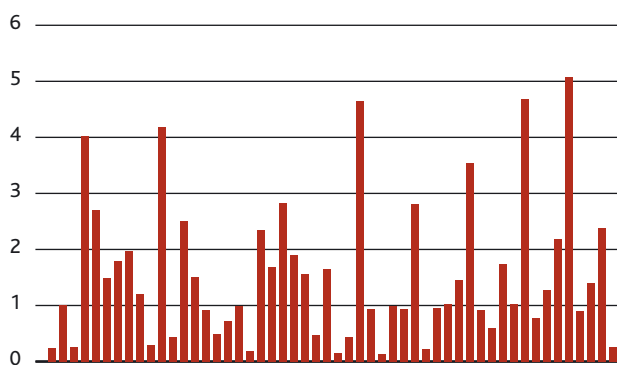
## Head office

Street address  
 Fabianinkatu 23, Helsinki  
 Postal address  
 P.O. Box 940, FIN-00101 Helsinki  
 Tel. +358 9 680 581  
 Fax +358 9 6805 8222  
 firstname.lastname@sponda.fi  
 www.sponda.fi

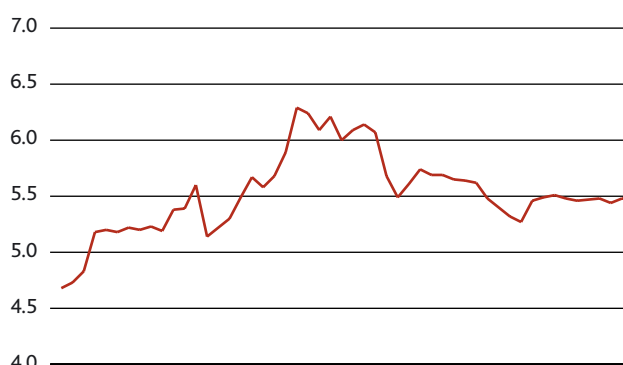
## Board of Directors (as from 8 April 2003)

Anssi Soila, Chairman  
 Jarmo Väisänen, Vice-Chairman  
 Heikki Bergholm,  
 Maija-Liisa Friman  
 Jarmo Laiho  
 Harri Pynnä

Shares traded in 2002, hundreds of thousands pcs.



Share price performance in 2002, €



Stora Enso is an integrated forest products company producing magazine papers, newsprint, fine papers, packaging boards and wood products, areas in which the Group is a global market leader. Stora Enso's sales total EUR 12.8 billion. The Group has some 42,500 employees in more than 40 countries in five continents and about 15 million tonnes of annual paper and board production capacity. Stora Enso's shares are listed in Helsinki, Stockholm and New York.

Consolidated		1999	2000	2001	2002
Sales	M€	10,636	13,017	13,509	12,783
Operating profit*	M€	1,297	1,926	1,495	927
Profit after financial items*	M€	1,040	1,654	1,231	735
Return on investment*	%	12.1	16.8	10.8	7.1
Equity ratio	%	38.4	40.9	44.0	45.0
Balance sheet total	M€	16,038	21,323	20,558	18,214
Capital expenditure	M€	740	769	857	878
Personnel, average		40,226	41,785	44,275	43,853

#### Parent company

Share capital	M€	1,278	1,576	1,542	1,530
Dividend	M€	304	407	409	392

\* Excl. non-recurring items

Key share figures		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)						
(Series R)		13.0	19.4	9.5	15.3	17.6
Earnings/share (EPS)*	€	0.59	0.89	1.32	0.94	0.57
Equity/share	€	6.94	7.84	9.41	10.03	9.36
Dividend/share	€	0.35	0.40	0.45	0.45	0.45
Payout ratio*	%	59	45	34	48	79
Effective dividend yield						
(Series R)	%	4.6	2.3	3.6	3.1	4.5

\* Excl. non-recurring items

#### State ownership

Dec 31, 2002	10.8%
Limit to which the Government has been authorised to decrease the State's holding	0%

#### Distribution of shares

in Stora Enso Oyj (as per 31 March 2003)

State of Finland 11.2%  
Knut and Alice Wallenberg Foundation 6.8%  
Social Insurance Institution of Finland 3.2%  
AMF Pensionsförsäkrings AB 1.4%  
Robur 1.1%

#### CEO

Jukka Härmälä

#### Addresses

##### Stora Enso Oyj

P.O. Box 309  
FIN-00101 Helsinki, Finland  
Calling address: Kanavaranta 1  
Tel. +358 2046 131  
Fax +358 2046 21471

##### Stora Enso AB

P.O. Box 70395  
SE-107 24 Stockholm, Sweden  
Calling address: World Trade Center,  
Klarabergsviadukten 70  
Tel. +46 8 613 66 00  
Fax +46 8 10 60 20

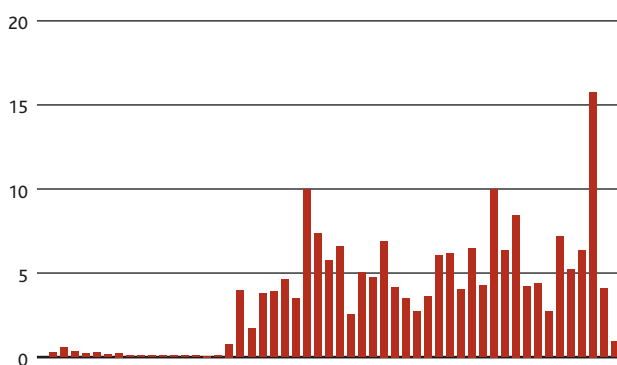
##### Stora Enso International Office

9 South Street  
London W1K 2XA, UK  
Tel. +44 20 7016 3100  
Fax +44 20 7016 3200  
www.storaenso.com  
corporate.communications@storaenso.com

#### Board of Directors (as from 20 March 2003)

Claes Dahlbäck, Chairman  
Krister Ahlström, Vice Chairman  
Harald Einsmann  
Björn Hägglund  
Jukka Härmälä  
Barbara Kux  
George W. Mead  
Ilkka Niemi  
Paavo Pitkänen  
Jan Sjöqvist  
Marcus Wallenberg

Shares traded in Helsinki in 2002, Series R, Mill. shares



Share price performance in Helsinki in 2002, Series R, €



# TeliaSonera

*TeliaSonera Finland (Sonera Corporation), the Finnish profit centre of TeliaSonera, offers products and services under the Sonera brand. TeliaSonera, formed through a merger of Telia and Sonera in December 2002, is the leading telecommunications group in the Nordic and Baltic regions. TeliaSonera's overall focus is on best serving its customers in its core business and creating value for shareholders through stronger profits and cash flows.*

*TeliaSonera is listed on the Stockholm Exchange, the Helsinki Exchanges and Nasdaq Stock Market in the USA. Pro forma Net sales 2002 amounted to EUR 8.8 billion. The number of employees was 29,000.*

Consolidated*		1999	2000	2001	2002
Net sales	M€	n/a	8,057	8,803	8,809
Operating income	M€	n/a	2,268	1,043	-5,000
Income after financial items	M€	n/a	2,217	571	-5,090
Return on investment	%	n/a	n/a	n/a	neg.
Equity ratio	%	n/a	n/a	n/a	55.5
Balance sheet total	M€	n/a	n/a	n/a	22,340
Capital expenditures	M€	n/a	2,232	2,305	1,246
Personnel, average		n/a	n/a	17,149	29,173
<b>Parent company</b>					
Share capital	M€	957	1,045	1,045	1,603
Dividends	M€	246	230	65	203

\* Pro forma

Key share figures*		1998	1999	2000	2001	2002
Price/earnings (P/E ratio)		n/a	n/a	15.19	100.42	-4.59
Earnings/share (EPS)	€	n/a	n/a	0.36	0.05	-0.78
Equity/share	€	n/a	n/a	n/a	n/a	2.57
Dividend/share	€	0.03	0.05	0.05	0.01	0.04
Dividend/earnings	%	n/a	n/a	13.9	27.9	neg.
Effective dividend yield	%	n/a	n/a	0.91	0.20	1.12

\* Pro forma

## State ownership

Dec 31, 2002	19.4%
Limit to which the Government has been authorised to decrease the State's holding	0%

## Distribution of shares in TeliaSonera AB

State of Sweden 46.0%  
 State of Finland 19.4%  
 Robur-Fonder 2.3%  
 SEB fonder 1.0%  
 Fjärde AP-Fonden 0.9%  
 Skandia 0.9%  
 AMF Pension 0.9%

## President and CEO

Anders Igel

## Head Office

Street Address

Mårbackagatan 11, Farsta, Sweden

Postal address

TeliaSonera AB, SE-123 86 Farsta, Sweden

Tel. +46 8 713 10 00

Fax +46 8 713 69 47

firstname.lastname@teliasonera.com

www.teliasonera.com

## Board of Directors (as from 9 December 2002)

Tapio Hintikka, Chairman

Lars-Eric Petersson, Vice Chairman

Carl Bennet

Ingvar Carlsson

Eva Liljebloom

Caroline Sundewall

Roger Talermo

Tom von Weymarn

Employee representatives:

Berith Westman

Yvonne Karlsson

Elof Isaksson



## State-owned Companies and Associated Companies, 31 December 2002 (Group Data)

Branch	Net sales 2002 M€	Personnel 2002	State Share %	Supervising Ministry	
<b>State-owned companies</b>					
Alko Inc.	Alcoholic beverage retail trade	1,091	2,508	100.0	STM
Altia Corporation	Alcoholic beverage production and wholesale trade	248	699	100.0	KTM
OHY Arsenal Plc	Property management	11	53	100.0	VM
Boreal Plant Breeding Ltd	Breeding and marketing of field crop varieties	6	64	65.0	MMM
CSC Scientific Computing Ltd	ADP services related to computational engineering	13	124	100.0	OPM
Edita Plc	Printing and publishing	160	1,352	100.0	VM
Finland Post Corporation	Postal service	1,112	23,077	100.0	LVM
Finnair Oyj	Air transport	1,640	10,476	58.4	LVM
Finnish Export Credit Plc	Export financing	14	4	100.0	VM
Finnish Fund for Industrial Cooperation Ltd	Special financing	..	26	79.9	UM
Finnish Industry Investment Ltd	Capital investment	..	7	100.0	KTM
Finnish Motor Vehicle Inspection Ltd <sup>1)</sup>	Technical inspections of vehicles	62	1,063	100.0	LVM
Finnvera plc	Special financing	153	397	100.0	KTM
Fortum Corporation	Energy production and oil refining	11,148	14,053	60.8	KTM
Hansel Oy <sup>2)</sup>	Procurement services	138	85	100.0	VM
Haus Kehittämiskeskus Oy <sup>3)</sup>	Domestic public administration development and training	7	70	60.0	VM
Kapiteeli Oy	Property and share management	334	151	100.0	VM
Kemijoki Oy	Energy production	48	356	67.0	KTM
Kemira Oyj	Chemicals	2,612	10,377	56.2	KTM
Mint of Finland Ltd	Metals	97	144	100.0	VM
Motiva Oy	Promotion of efficient use of energy	3	24	100.0	KTM
Patria Industries Oyj	Defence materiel and technology	233	2,117	73.2	KTM
Raskone Oy	Heavy-duty machinery repair and service operations	32	350	90.0	LVM
Solidium Oy	Investment company	45	1	100.0	VM
Suomen Erillisverkot Oy	Telecommunications	21	39	60.0	LVM
Suomen Vlljava Oy	Grain warehousing, handling and processing services	15	105	100.0	MMM
Tietokarhu Oy <sup>4)</sup>	ADP services for tax authorities	26	238	20.0	VM
Vapo Oy	Peat and timber industry	434	1,311	66.7	KTM
Oy Veikkaus Ab	Football pools and lottery	1,090	347	99.6	OPM
VPU Garment Factory Ltd	Clothing	8	128	100.0	PLM
VR-Group Ltd	Rail transport	1,140	14,401	100.0	LVM
Yleisradio Oy	Broadcasting	374	4,431	99.98	LVM

Branch		Net sales 2002 M€	Personnel 2002	State Share %	Supervising Ministry
<b>Associated Companies</b>					
Ekokem Oy Ab	Hazardous waste handling	55	310	34.1	YM
Engel Group Ltd	Property management and cleaning	182	6,858	43.0	VM
Fingrid Oyj	Electric power transmission	273	211	12.3	KTM
Gasum Corporation	Natural gas wholesale trade	587	205	24.0	KTM
Kone Corporation	Elevators and escalators	4,342	35,864	4.7	KTM
Licentia Ltd	Licensing and commercialisation of scientific findings	6	13	37.5	KTM
Metso Corporation	Metal engineering	4,691	29,258	11.5	KTM
Outokumpu Oyj	Metals and technology	5,558	20,196	39.6	KTM
Rautaruukki Corporation	Metal engineering	2,884	13,325	40.1	KTM
Sampo plc	Banking and insurance	2,877	5,977	40.2	VM
Santapark Ltd	Tourism and theme park	1	10	31.5	KTM
Silta Oy	Outsourcing of personnel services	13	200	10.2	VM
Sponda Plc	Property investment	101	50	47.7	VM
Stora Enso Oyj	Forest products industry	12,783	43,853	10.8	KTM
TeliaSonera AB	Telecommunications	8,809	29,173	19.4	VM
Vuotekno Oy	Premises services	5	11	15.4	KTM

1) sold on 31 March 2003

2) financial year ended 31 March 2003

3) into a limited company on 1 September 2002

4) percentage of votes 80%

·-) no information available

KTM = Ministry of Trade and Industry  
LVM = Ministry of Transport and Communications  
MMM = Ministry of Agriculture and Forestry  
OPM = Ministry of Education  
STM = Ministry of Social Affairs and Health  
PLM = Ministry of Defence  
UM = Ministry for Foreign Affairs  
VM = Ministry of Finance  
YM = Ministry of the Environment

## Ministry of Trade and Industry

State Shareholdings Unit  
Aleksanterinkatu 4, Helsinki  
P.O. Box 32  
FIN-00023 GOVERNMENT  
Phone +358 9 16001  
Fax +358 9 1606 2361  
[www.ktm.fi/stateownership](http://www.ktm.fi/stateownership)

### Subscriptions

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Fax. +358 9 1606 2361  
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MINISTRY OF  
TRADE AND INDUSTRY