

Rautakirja operates in the Czech Republic, Estonia, Finland, Latvia, and Lithuania. The division consists of Finland's leading chain of convenience outlets (R-kiosks), the country's principal press distributor (Lehtipiste), Finland's most extensive bookstore chain (Suomalainen Kirjakauppa), and Finland's largest movie theatre chain (Finnkino).



**Rautakirja**  
Kiosk operations, press distribution, bookstores, movie theatre operations and restaurant operations

**Kiosk operations**

- » R-kiosks
- » Veikkausrasti
- » R-Kiosk Eesti AS (Estonia)
- » Narvesen Baltija SIA (Latvia)
- » CZ Retail a.s. (the Czech Republic)

**Press distribution**

- » Lehtipiste
- » AS Lehepunkt (Estonia)
- » SIA Preses Serviss (Latvia)

**Bookstores**

- » Suomalainen Kirjakauppa Oy
- » Yliopistokirjakauppa
- » Lukiolaisten Kirjakauppa
- » Reader's
- » Apollo Raamatud AS (Estonia)

**Entertainment**

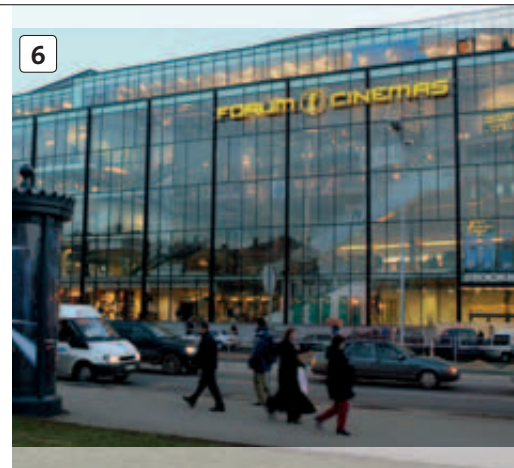
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| <ul style="list-style-type: none"> <li>» Movie theatre operations               <ul style="list-style-type: none"> <li>– Finnkino Oy</li> <li>– AS MPDE (Estonia)</li> <li>– Baltic Cinema SIA (Latvia)</li> <li>– UAB Vingio kino teatras (Lithuania)</li> <li>– Interprint Oy</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>» Restaurant operations               <ul style="list-style-type: none"> <li>– Eurostrada Oy</li> <li>– Foodstop Oy/Motorest</li> <li>– Pizza Hut</li> </ul> </li> </ul> |
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## Growth from international expansion

“Rautakirja’s goal is to grow faster than the overall retail and wholesale market. Truly nationwide operations and a strong market position are our other key elements.

“An important share of Rautakirja’s future growth will come from outside Finland. The Baltic countries are already part of our domestic market. In the future, we will focus increasingly on the developing markets of Eastern Europe.”

**Erkki Järvinen**, President & CEO of Rautakirja



### A wholly owned subsidiary

Rautakirja was merged into SanomaWSOY on 1 March 2003, after which Rautakirja shares were delisted from the Helsinki Exchanges. Rautakirja continues its operations as before, as an independent division within the Group.

### Kiosk operations meet challenges

Rautakirja has kiosk operations in the Czech Republic, Estonia, Finland, and Latvia. In Finland, there are 713 R-Kiosks and 35 Veikkausrasti outlets specialising in gaming products. R-kiosks form one of Finland’s leading chains of convenience outlets. There are 199 R-kiosks in Estonia and 431 kiosks in Latvia, jointly owned with a Norwegian company.

Operations in the Czech Republic were launched in the beginning of 2003 in collaboration with French-based Hachette Distribution Services SA. The first year of operation saw the establishment of 137 kiosks.

The wholesale and retail business became more competitive in 2003 due to both domestic and international activities. Rautakirja met the challenge by systematically developing its versatile range, one that differs from those offered by other wholesale and retail business.

In 2004, kiosk operations are set to forcefully develop their systems. The whole business concept will be refined and the service range expanded.

1. Sales of magazines devoted to the home, cars, youth culture, and music all increased in 2003. A Lehtipiste outlet at the K-Supermarket Jättijako in Vantaa.
2. Lehtipiste’s dispatch department is located in Vantaa.
3. The number of Finns reading books has grown. Suomalainen Kirjakauppa’s bookstore at the Iso Omena mall in Espoo.
4. R-kiosks are ideal for quick-impulse purchases. Veli Kojo at the new R-kiosk at Helsinki Station Square.
5. Most of Rautakirja’s Finnish finance functions have been concentrated at the company’s new financial service centre. Tarja Åberg and Kirsi Vartiainen.
6. Finnkino is the leading movie theatre chain in the Baltic region. A new multiplex was opened in Riga in Latvia in November.

### Good prospects for press distribution

Lehtipiste operates in Estonia, Finland, and Latvia as a marketing and newsstand distribution organisation of newspapers and magazines. Lehtipiste offers an interesting product range and has extensive expertise in distribution and promotion.

2003 was a successful year for newsstand sales, thanks to the launch of several new general interest magazines. Sales of tabloids declined slightly. In Estonia and Latvia, operations were developed further and market positions were strengthened.

The prospects are good for all three countries, due both to publishers' efforts and Lehtipiste's own development work.

7. A Finnish-Norwegian partnership kiosk in Riga.
8. Finnkino is the market leader in all the countries where it operates, such as Latvia.
9. The number of Eurostrada outlets is not expected to grow significantly. The Eurostrada service area in Keimola.



### Bookstores refine portfolio management

Suomalainen Kirjakauppa is a nationwide bookstore chain and the market leader in its field in Finland, with 59 Suomalainen Kirjakauppa outlets and four Yliopistokirjakauppa bookstores, two Reader's paperback bookstores, and the Lukiolaisten Kirjakauppa bookstore. In addition, the company has a strong direct sales unit and online webstores that support all sales channels. In Estonia, the company operates three Apollo bookstores.

2003 was a good year for book sales, especially for the sales of non-fiction and fiction. Finnish and foreign fiction, as well as children's and juvenile books, sold well. The market position of Suomalainen Kirjakauppa was strengthened by the acquisition of both the Lukiolaisten Kirjakauppa business and the Academic Bookstore's press subscription operations. The look and operations of stores were developed during the year in line with a new concept.

In 2004, Suomalainen Kirjakauppa will seek growth by enhancing the efficiency of its operations and investing in portfolio management and further developing its chain concept.

### Expansion of movie theatre operations

Finnkino specialises in movie theatre operations and film distribution activities, and has operations in Estonia, Finland, Latvia and Lithuania.

Finnkino opened two new multiplex movie theatres in Lithuania in 2003, one in Latvia, and one in Finland. The construction of another multiplex was started in Oulu. Finnkino's Kinolippu and Lippupalvelu ticket services began collaboration in the summer. In Finland, the number of movie theatre visits were on the same level as in previous year. Finnish movies had a good year.

Finnkino's new multiplex movie theatres will strengthen Finnkino's position as the market leader in all the countries where it operates, and the chain will continue its expansion by establishing new units.

### Restaurant operations

Rautakirja's restaurant operations consist of two business lines in Finland: highway service areas and Pizza Hut restaurants. Eurostrada's Motorest chain has been expanded over the last few years, as agreed with Neste Marketing.

### Outlook for 2004

Year 2004 will be a challenging year for trade, and growth is likely to be smaller than in previous years. Rautakirja's comparable net sales are expected to grow more than wholesale and retail business in general. Operating profit is expected to improve.

See also Financials, p. 8.

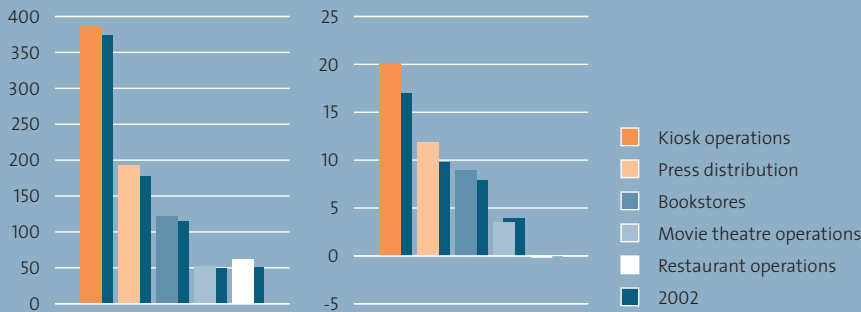
## Subsidiaries

AS Lehepunkt  
 Eurostrada Oy  
 » Foodstop Oy (99%)  
 Finnino Oy  
 » AS MPDE  
 » Baltic Cinema SIA (90%)  
 » Interprint Oy  
 » UAB Vingio kino teatras (90%)  
 R-Kiosk Eesti AS  
 Suomalainen Kirjakauppa Oy  
 » Apollo Raamatud AS

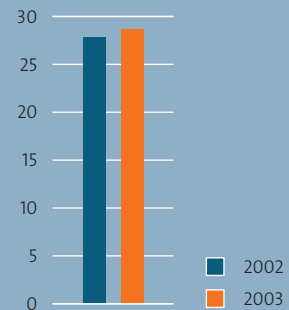
## Associated companies

Baltlab OÜ (33.33%)  
 CZ Retail a.s. (50%)  
 » M-Trafik s.r.o.  
 » Amadeo s.r.o.  
 JHC Arena Holding (30%)  
 Jokerit HC Oy (36.43%)  
 Kirjavälitys Oy (20.05%)  
 Narvesen Baltija SIA (50%)  
 » a/s Preses Apvieniba (96.95%)  
 » SIA Preses Serviss  
 SIA Stockmann Centrs (37%)

## Net sales and EBITA by business, € million



## Gross investments, € million



## Key indicators, € million

	31.12.2003	31.12.2002
Net sales	<b>770.3</b>	726.5
Operating profit before amortisation	<b>41.4</b>	42.4
% of net sales	<b>5.4</b>	5.8
Operating profit	<b>35.5</b>	38.0
% of net sales	<b>4.6</b>	5.2
Operating profit excl. associated companies	<b>41.3</b>	39.5
% of net sales	<b>5.4</b>	5.4
Balance sheet total	<b>348.6</b>	410.4
Gross investments	<b>28.7</b>	27.8
Return on investment, % (ROI)	<b>18.1</b>	15.0
Personnel under employment contract, average	<b>6 458</b>	6 453
Personnel, average (full-time equivalents)	<b>4 962</b>	5 110

## Operational indicators, 1.1 – 31.12. \*)

	2003	2002
Customer volume in kiosk operations, thousands	<b>119 380</b>	122 126
Customer volume in bookstore operations, thousands	<b>6 316</b>	6 460
Customer volume in movie theatres, thousands	<b>3 599</b>	3 591
Number of copies sold (press distribution), thousands	<b>127 562</b>	126 017

\*) Units in Finland

## Executive Board of Rautakirja

**Erkki Järvinen**, President & CEO, Rautakirja Corporation (chairman)  
**Raimo Kurri**, Senior Vice President, Bookstores  
**Markus Miettinen**, Senior Vice President, Press Distribution  
**Timo Mänty**, Senior Vice President, Entertainment  
**Markku Pelkonen**, Senior Vice President, Kiosk Operations  
**Matti Salmi**, Senior Vice President, CFO (until 31 March 2004)  
**Hellevi Kekäläinen**, Senior Vice President, CFO (as of 1 April 2004)