

Face to Face with the Consumer

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Operations

- A retail service and logistics group based in Finland, with an increasing element of international operations.
- A consumer-driven business offering a comprehensive and expanding range of useful, entertaining services.
 - Rautakirja specializes in:
 - wholesale and retail newspaper and magazine distribution
 - specialized retailing based on:
 - nationwide coverage
 - chain operations
 - centralized chain management
 - strong market position
 - good coverage of existing and new distribution channels



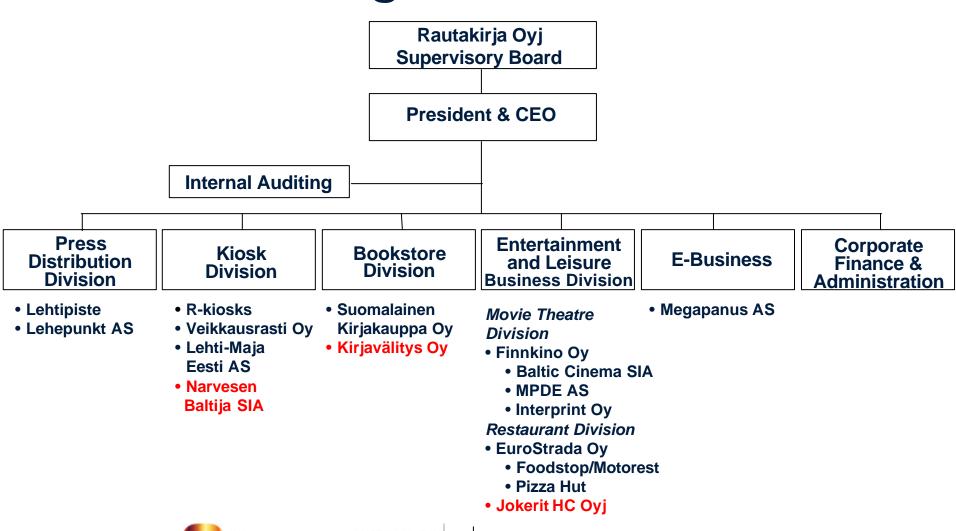
Objective/Vision

Rautakirja's role within SanomaWSOY is:

- to manage and develop the best distribution channels for media products and publications in selected business areas
- to act as a catalyst for developing international opportunities.



Organization





Rautakirja

Rautakirja's E-Business

Gaming

Reading

Movies

Entertainment & Leisure

- Gaming products and services
- Hyvä Veto
 - expert betting-related services
- Sports results, winning odds
- Online sports and gaming eventsnews
- Sales/mediation of gamingrelated products, branded goods, and services
- Services for gaming fans
 - Gaming Club
 - chat channel

- Suomalainen.com
 - internet bookstore
 - broad product range, incl. special products
 - books on demand
- Internet newsstand
 - single copies of press products
 - subscriptions
- Book Clubs
- Services for reading fans
 - tailored publications
 - special ordering services
 - Writers' Forum
 - events

- Finnkino.fi
 - movie information
 - ticket sales
- 'Videos from around the world'
- Video on demand
- Sales/mediation of movierelated products
- Movie fan services:
 - Movie Club
 - information services, newsletters
 - fan events
 - film festivals and other events

- Dose Shop
 - games: CD-ROM games, downloadable games
- Ticket sales
 - R-events
 - Jokerit and Hartwall Areena
 - other locations and events
- Product sales
 - selected fan products
 - R-event products

Distribution channels: Internet, wireless networks, digital-TV



Rautakirja

Critical Success Factors

- Strong position on the Finnish market
 - Rautakirja's units are category leaders
 - continuous investment in concept development
 - focus on understanding consumer behaviour and trends
- Know-how in international expansion and developing new distribution channels
 - able to achieve market leadership in key business areas
 - able to gain a leading position in new distribution channels for Rautakirja's main business areas
- Controlled expansion
 - the right level of targeted investment in personnel
 - expansion focused on profitable business areas



Strategic Objectives (1/2)

- To safeguard existing profitability, through:
 - constant concept development, taking account of:
 - changes in consumer behaviour, legislation, and society
 - the need for highly effective organizational structures and operations
 - active programme of solutions addressing consumers' changing needs, and the opportunities offered by new distribution channels
 - e-commerce, retail malls
 - further development of Lehtipiste (press distribution) to give the optimum level of service to the trade and publishers



Strategic Objectives (2/2)

- To create strong growth, through:
 - a determined, consistent plan of international expansion
 - acquisitions of both domestic and international businesses, driven by the Group's strengths and know-how in:
 - chain operations (kiosks, movie theatres, and other specialized businesses)
- To secure our in-house know-how, through:
 - developing our human resources, training, recruitment, incentive systems, organizational climate, and values
 - a special international expansion team



Potential Challenges

- Legislation on opening hours
- Rapid, unpredictable changes in consumer behaviour
 - e-commerce
 - changes in gaming and lotteries
- Unexpected negative economic development in the Baltic countries
- Increasing crime



Rautakirja Tomorrow!

- Profitable and strongly expanding
- Expanded international presence
- Consumer-oriented concepts that are the leading brands in their business areas
- New logistics business
- The leading retailer of publications, movies, and gaming products in the Baltic region, via the Internet, wireless networks, and digital-TV
- An open, innovative, and dynamic organizational atmosphere sensitive to change

