

belton annual report **2006**

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ationalisation **growth** **profitability** **internationalisation** growth profitability internationalisation



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Blue -blooded bandy player
Peter, 26, Sales Representative

Say after me: Standertskjöld-Nordenstam. Peter's surname causes sometimes slight confusion when he sets up meetings with his customers. The name has style as has the young man of noble birth himself. Peter was enticed to work for the Belton-Group by a childhood friend who liked selling a lot. Did Peter choose the job because someone finally could pronounce his last name right (the childhood friend) or because the blue colour in the logo pleases the man who plays bandy in the HIFK team? The right answer is: Victory. That is what is on Peter's mind both in business and in sports, and Peter can be found where the good resources for winning are.

Contracts to the rhythm of swing
Marja, 32, Key Account Manager

This lady adds some swing to her work! The perky BBA from Kajaani shows amazing moves on the dance floor: Marja knows boogie woogie, lindy hop and all Finnish ballroom dances, all it takes to coax even a Finnish man to the rhythm. And coaxing is what Marja engages in at work, too: she persuades managers to sign contracts on purchasing office supplies. A new account is always a good reason for a victory dance! However, nothing can beat the atmosphere of a Finnish summer night at an open-air dance. Except, of course, the scent of her own baby.

Belttton-Group Plc is an expert sales and marketing organisation in the world of office supplies. The company is a market leader in Finland and a strong player in Sweden, Norway and Estonia.

Belttton serves companies of various sizes in all fields through its direct sales organisations and contract customer concept. The company offers a versatile assortment consisting of speciality prod-

ucts for businesses and items for daily office use. The range includes office supplies, computer accessories, corporate promotional products and ergonomic products.

Belttton grows by duplicating its operating models in all market areas and by being on the lookout for new models primarily in Finland. Acquisitions are another essential part of Belttton's growth strategy. Suitable targets are actively sought

for in current countries of operation, as well as in the Baltic states. Belttton's long-term goal is to become market leader in the Nordic countries.

As a sales company, Belttton's key resource is its personnel. Belttton's values – customer orientation, internal entrepreneurship and performance – guide Belttton's employees daily towards better results.

objectives:

growth

profitability

internationalisation



Geology and gerbils
Tiia, 28, Sales Representative

Animal life is Tiia's thing. Originally she was supposed to become a veterinarian. At home and at her granny's house next door there were, among other things, 54 rabbits, one goat, a certain number of gerbils, chinchillas, cats, hens, tortoises and fish. However, the interest in rocks led the young lady from Rauma to study geology... until Tiia spotted an ad in the newspaper: "top sellers wanted". And a top seller is what Tiia became, rapidly. Nowadays Tiia's family consists of two little boys and one Berber Skink lizard. In the yard there is space for a sailboat and in the house for a handsome skipper.

january

Belttton adopted a new organisation model, dividing its operations into four segments depending on the operating concept and area. The new segments consist of **office supplies** represented by Wulff Oy Ab, **business and advertising gifts** represented by KB-tuote Oy, **direct sales** formed by the ten direct sales companies in Finland, as well as **direct sales** in Sweden and Norway.

april

Belttton boosted its market position in Norway by acquiring a majority shareholding in Nordisk Profil A/S. All of the 14 employees at Nordisk Profil A/S transferred to Belttton.

The strategic competence of Belttton's Board of Directors was strengthened by the membership

of Senior Advisor Ere (Erkki) Kariola from investment company 3i Group plc. Kariola's special fields – international investment and acquisitions – will benefit Belttton's growth plans.

The Board of Directors also got another new member in Pentti Rantanen, who has headed Würth Oy for nearly 30 years. He will bring expertise and insight into the management and development of sales personnel, both of which are important to Belttton.

june

Vendiilli Oy, a new company focusing on sales recruiting, started its activities. The company is led by Juha Sinisalo, BBA, who formerly worked as Belttton's HR manager.

september

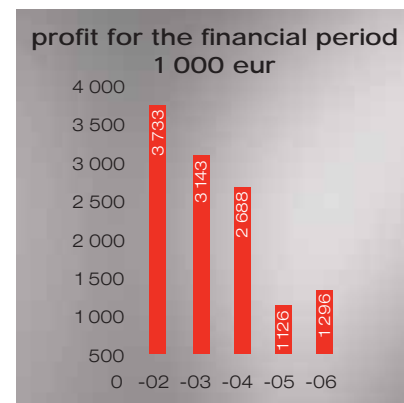
Belttton boosted its good position

in the market for corporate promotional products by acquiring a majority shareholding in IM Inter-Medson

Oy. Following the acquisition, the headcount of Belttton's subsidiary KB-tuote Oy, specialised in business and advertising gifts, grew with three sales professionals.

october

Belttton's subsidiary Wulff Oy Ab and Itella signed a cooperation agreement for the logistics of office and computer accessories. The flexible logistics solutions offered by Finland Post enable growth in line with Belttton's strategy and signify an important investment in Wulff's competitiveness.





It started with an archival box
Heikki, 46, CEO

Two dynamic students, Heikki Viena and Sauli Frantsi, founded the first company in the Belton-Group, Vinstock Oy, in the cafeteria of Helsinki School of Economics in April 1984. The first item the company sold was an archival box. The boys loaded the trunk of a Nissan with boxes and took off to do business. They didn't return home until all the archival boxes were sold. Sometimes they had to spend the night in exotic places like Kuopio. The visits to Kuopio left such pleasant memories that the CEO of the Group now has a villa for holidays at Tahko.

Year 2006 was a good one for Belttton. Compared to a challenging year in 2005, the company's **sales – and especially its result** – improved, with all four business areas recording a profit. Belttton's operating profit increased by 40.4 per cent, amounting to EUR 2.42 million, and net sales by 3.2 per cent to EUR 62 million. Operating profit accounted for 3.9 per cent of net sales. Earnings per share also rose to EUR 0.20. The strongest growing Group company last year was Wulff Oy Ab, vendor of office supplies and computer accessories. Especially good results were recorded by the Group's business gifts companies.

Belttton adopted a new organisation model at the beginning of the year, dividing its operations into four segments depending on the operating concept and area. The new segments consist of office supplies represented by Wulff Oy Ab, business and advertising gifts represented by KB-tuote Oy, direct sales formed by the ten direct sales companies in Finland, as well

as the combined direct sales in Sweden and Norway. The Group Management consists of the Managing Directors of the four segments, the Group's Chief Financial Officer and me, the Chief Executive Officer. The Group Management has become a well-functioning team over the period. Our goal has been to enhance our strengths and clarify our focus. The activities of the new Group Management have produced promising results.

new members on the board of directors boost strategic competence

In April Belttton's Board of Directors was injected with new competence as Ere Kariola and Pentti Rantanen joined as new members.

I am confident that together with Kariola and Rantanen we will succeed in sharpening Belttton's strategy and developing our personnel. Mr Kariola has long experience in international investment, acquisitions and board work. He is cur-

rently employed as Senior Advisor at 3i Group Plc. Mr Rantanen has headed Würth Oy for nearly 30 years. I have great respect for his expertise and views on sales personnel management.

cooperation makes recruiting more efficient

With the employment situation in Finland looking very good, recruiting competent sales personnel calls for big inputs. Although Belttton is active and innovative in this field, recruiting potential employees is challenging.

In early 2006 Belttton initiated recruiting cooperation with other players in the field of sales. This resulted in the establishment of Vendilli Oy, a company focused on sales recruiting. The new company is led by Juha Sinisalo, BBA, who formerly worked as Belttton's HR manager. Close cooperation with Vendilli, other sales companies, educational institutions in the field and labour administration will bring more of the sought-after efficiency into recruiting.

I am glad that our cooperation with

Vendiili has brought together a group of companies that find it important to both find good employees and increase the awareness for the sales profession. Sales work offers people who are interested in the field and motivated to learn an opportunity to succeed, whatever field their prior work experience or education comes from – and even for those with no experience or education. I believe that continued and systematic communication activities will have a positive impact on the regard for sales work.

acquisitions strengthened norwegian operations as well as the business and advertising gifts segment

Belttton made two acquisitions in 2006. The acquisition of Nordisk Profil A/S in April strengthened the company's market position in Norway. The transaction increased Belttton's headcount with 14 new office supplies specialists. Business development looks promising in Norway. I expect that we will be able to duplicate our operating

model in new product groups there in the coming years.

Belttton's subsidiary, Finland's oldest business gift company KB-tuote Oy, acquired a majority shareholding in IM Inter-Medson Oy in September. The deal increased KB's staff with three business gifts professionals.

Both acquisitions had a positive impact on net sales in 2006 and are expected to boost both sales and revenues also in the future.

nordic markets active in 2006

The centralisation trend continued in the world of office supplies as the Dutch company Buhmann N.V. acquired the share capital of Andvord Tybring-Gjedde ASA (ATG), from Norway, in autumn 2006. As a result of the deal, ATG was withdrawn from the Oslo Stock Exchange, leaving Belttton the only listed Nordic company in the field.

In Sweden the Buhmann-ATG acquisition will result in the brand of ATG's Swedish subsidiary, Växjöföretaget TG Skrivab, changing to Corporate Express Sverige.

Buhmann has previously operated in Sweden under the Corporate Express brand.

ATG is the Norwegian market leader in its field. After merging their operations, Växjöföretaget TG Skrivab and Corporate Express (Buhmann) will form the leading company in the field in Sweden. It will be interesting to see how these acquisitions change the market in Sweden and Norway.

Belttton's first international competitor, Lyreco, entered the Finnish market in 2005. Despite the new competition, Belttton clearly bolstered its market position in 2006 and acquired new customers in both contract customer and direct sales operations.

belttton benefits from the centralisation trend

As the Finnish market leader, operating with two supplementary business concepts, Belttton benefits from the centralisation trend. More and more customers want to handle their office supply and business gift acquisitions as easily as possible through a single coop-

eration partner. Belttton's versatile services make it a natural partner in this situation.

Belttton acquired several new major customers and contract customers in 2006. New agreements numbered 20 in the business gift segment and nearly 100 in office supplies.

Belttton's two business concepts (direct sales and contract customer sales) enable it to serve companies of all sizes. To ensure the best possible service to its customers, Belttton develops its operating models continuously. For example, Belttton's two subsidiaries, Wulff and KB-tuote, both of which follow the contract customer concept, have further intensified their cooperation. Our customers will experience this as increasingly extensive and versatile services.

bright outlook for the coming years

Belttton faces 2007 with a bright outlook: we have a superb staff and outstanding market competence. Excellent resources and growing markets will have a positive impact on sales generation.

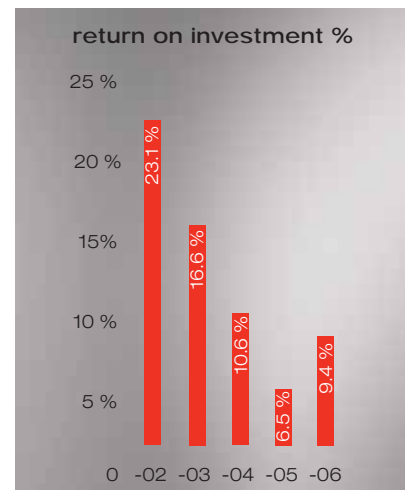
Belttton's objective is to grow, operate profitably and become international. I believe we have good chances to outpace general market growth. In Finland and the neighbouring markets, growth can be sped up by acquisitions. Flexible logistics solutions provide us with opportunities for fast growth, and the logistics cooperation initiated in autumn 2006 with Itella Logistics (formerly Post Logistics) marks a significant input in our competitiveness.

Belttton's profitability took an upward turn in 2006. For this I wish to thank our employees, cooperation partners and customers. We are well positioned to continue on this positive track in 2007.

Belttton's growth into a Group with over 400 employees has been helped along by successful recruitment. To achieve further growth we need more sales professionals. I sincerely hope that anyone interested in sales work will contact Belttton without hesitation. Many more success stories wait to be written!



Heikki Vienola





An eye for the game

Pasi, 33, Logistics Professional

Jyväskylä, Forssa, Kokkola, Tampere, Mont Blanc, Oskarshamn, Fredrikstad... Pasi has seen many countries and many hockey sticks. An eye for the game benefited this professional ice hockey player. Nowadays family keeps the man in Finland and hockey as a hobby. The logistics professional's salary comes from Belton, and in this job you need an eye for the game too, since logistics is an essential part of a well-functioning sales organisation. Can you guess what this real milk-lover's passion is? Chocolate and chicken wings.

Bread and circuses

Nina, 36, HR Officer

Once upon a time, a little girl from the town of Nokia moved to the big city. With a rocker guy by her side and a baby in the pram she left for Helsinki and got a job in a sports store. The

girl was noted for her skills in folding clothes meticulously, and in a flash she was responsible for the payroll. Soon the sales-oriented payroll professional was scouted by Belton, and today she manages the payroll, uses her charms on authorities and organises kick-offs and back to work events for the sales force. In other words, she is the mistress of bread and circuses.

Fiddler on the roof (of a Ferrari?)

Teppo, 26, Sales Representative

Out of the military service on Thursday, interviewed on Friday, at work by Monday! The fastest recruitment in Finland? Well, at least for Teppo. After the military service, Teppo's life has been filled with excitement and speed: his capacity for selling laminating devices and business gifts is impressive. Teppo plays floorball and the violin, and plans that he'll some day invest his earned commissions in a genuine Ferrari. Which he indubitably will.

Recruiting presents a big challenge to a growing sales company. Future Belttton employees can be found in different sectors, duties and educational institutions. To succeed in reaching and recruiting sales talents we need versatile tools.

more systematic approach, cooperation and surprise elements

Belttton continued its innovative approach to recruiting in 2006. People suited for sales work were contacted at local events. Belttton's national recruiting campaign in 2006 took place at the end of the year and was arranged in movie theatres.

The company's own employees are encouraged to be on the lookout for new sales talent. Employees are rewarded for tips leading to successful sales recruitment.

The joint recruiting work initiated with other sales companies in early 2006 led to the establishment of

a new company, **Vendiili Oy**, focused on sales recruiting. Vendiili, which started its activities in June, is led by Juha Sinisalo, BBA, who previously worked as Belttton's HR manager. Other partners in the company include, for example, Würth Oy and Aina Group Oyj. Vendiili's goal is to help its partners find skilled employees who are motivated to develop themselves. By networking with top sales companies and educational institutions in the field, the company aims to enhance operations and increase the awareness for sales work.

Vendiili's competent recruiting team works in close cooperation with partner companies. Exchanging information and experiences and creating new ideas and plans in cooperation will bring synergies and energy into recruiting. Over the year, Vendiili developed itself a profile as an innovative pioneer in recruiting. The "Pimp My Life" web campaign reached a great number of young people interested in sales work. The good results and the favourably received "Pimp My Life" campaign were also not-

ed among professionals in the field. Vendiili's campaign was awarded with the golden Effie in October. Effie is a competition that evaluates the effectiveness of advertising. It was arranged in more than 30 countries in 2006. Arrangements in Finland are handled by MTL (Finnish Association of Marketing Communication Agencies) and MARK (Finnish Marketing Association).

cooperation strengthens recruiting

Cooperation projects with schools, colleges and the labour authorities were continued and further developed. Belttton Sales Institute was Finland's first "jointly acquired" training programme in the field of sales (the theoretical content of the training jointly arranged by Belttton and the labour administration was provided by a private training company, while the Belttton Group offered internships to trainees). Participants who started training in 2005 graduated as sales professionals in spring 2006. Belttton offered a job to all

those who successfully completed the training programme.

The partnership initiated with Helia (as of 1 January 2007, Haaga-Helia University of Applied Sciences) in 2006 was fruitful, leading to Finland's first university-level degree programme in sales work. As part of Helia's network of sales professionals, Belttton gets to influence the content of sales education and its development.

Belttton will continue to work in close cooperation with Vendilli in 2007. It will also arrange its own

events, especially in direct sales recruiting.

mission: to make sales work the most wanted profession in finland

The common goal for Belttton and Vendilli is to increase awareness for sales work. This is a way to raise appreciation for the field closer to where it should be. Sales work is both challenging and rewarding and allows employees to influence their wage levels through their own work contribution. Finns appreciate a performance-

oriented corporate culture but not necessarily a performance-based pay system. By actively distributing realistic information about opportunities in the sales business, the field can be made more appealing and any remaining suspicions concerning performance-based pay can be removed.

what motivates belttton's staff?

Belttton's objective is a healthy staff that enjoys its work and produces high quality results. How does one ensure that employees are satis-

belttton values:

customer orientation

Customer orientation ensures business continuity. Belttton serves its customers in the best possible way, with personal attention at all times.

internal entrepreneurship

Internal entrepreneurship means commitment to work and a sense of responsibility. Achieving common goals motivates and rewards employees carrying out independent work.

performance

Performance refers to a business that grows profitably and offers individuals the chance to succeed.

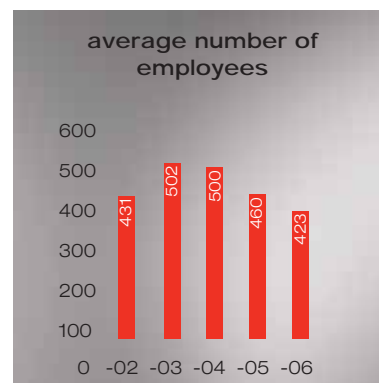
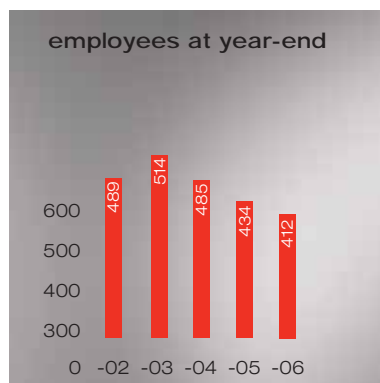
fied with their work and want to develop in their profession?

Sales work is based on internal entrepreneurship. A performance-oriented culture encourages and motivates employees to aim at good results. Exceeding one's goals results in concrete rewards, and the results are also made public to colleagues. The company's employees appreciate each other's sales achievements. Belttton uses commissions to guide its personnel towards profitable operations. Different types of bonuses, sales competitions

and personal reward systems are also powerful motivators. These motivating methods are used systematically to support sales. The performance-based compensation approach has been expanded to cover other employees as well. For example, efficiency and productivity indicators can be set up for the office staff. The achievement of targets is rewarded individually or by teams.

Belttton is market leader in the field thanks to its professional staff. Belttton's values – customer orientation, internal entrepreneurship

and performance – propel Belttton's employees daily towards better results. These values are put into practice in the everyday activities of Belttton's employees: sales competence means knowing how to provide the best possible service profitably and with a customer-oriented approach. Personal sales work calls for situational intelligence, courage and good social skills.



personnel

success factors of beltton's personnel

internal entrepreneurship and a pay system rewarding successes

comprehensive initiation and continuous training

the advancing benefits of a growing company for the employees

work environment that encourages open interaction

investments in recruiting

accomplished goals in 2006

Starting recruiting cooperation with other companies in the sales branch.

Success and high accuracy in defining and reaching target groups for recruitment.

More potential applicants in 2006 than the year before.

goals in 2007

Increasing the amount of sales representatives by 25 %.

Strengthening and broadening the networking cooperation.

Increasing general knowledge of Beltton as the leading employer in sales industry.

proceedings in 2007

Approaching target groups in a versatile manner through several different channels.

Searching for new partners for the networking cooperation.

Communicating actively about Beltton's role of expertise.

belttton: market leader and sales educator

Belttton trains its staff continuously and systematically. Previous education or work experience is not necessary; the main requirement is the will to succeed and learn. Most of the employees start their career at Belttton at a young age. The youthful and dynamic Belttton is considered to be a good employer that employees are in no hurry to leave.

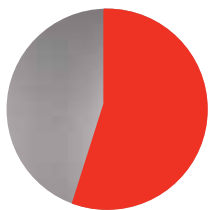
Belttton has tailored its own training programmes for direct sales representatives and for sales management. Its employees also have the opportunity to get basic commercial training alongside their work. Studies towards a vocational qualification in business and administration last two to three years.

versatile and personal training

In 2006 the Group's employees took part in an average of six days of training. Induction for new sales

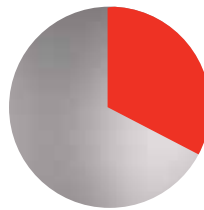
representatives in direct sales included 8 – 12 days of training during their first four months in the company. Every sales representative has his or her superior, who supports and trains the representative. Cooperation is close during the first four months: customer visits are handled jointly and the employee gets immediate feedback on work. Cooperation between employees enables the company to effectively transfer valuable tacit knowledge.

personnel age distribution in 2006



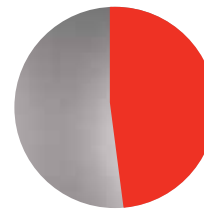
under 35 years of age 45 %
over 35 years of age 55 %

personnel: sales/administration/logistics percentage in 2006



sales 70 %
administration and logistics 30 %

personnel gender distribution in 2006



male 52 %
female 48 %



Greased lightnin'?
Antti, 40, Sales Director

Did you know that Antti was into skirts as a young man? Knitted skirts, that is: Young Antti's first job was in a company manufacturing knitted clothing. During off-season he sold business gifts. So that's where he got the hang of the business and has never looked back. Antti has sold business gifts for over two decades and is today Sales Director and a happy father of a family. Besides, he is also the lead singer in a band playing hits from the 70s.

The office supplies market encompasses the production and sales of office supplies, computer accessories, corporate promotional products and ergonomic products. Belttton is an expert sales organisation in the field of office supplies active in Finland, Sweden, Norway and Estonia. The company does not itself manufacture products.

According to Belttton's estimates, the markets for office supplies at the end of 2006 amounted to EUR 430 million in Finland, EUR 710 million in Sweden, EUR 410 million in Norway and EUR 28 million in Estonia. The Swedish and Norwegian markets are similar to Finland in terms of customer numbers, purchasing behaviour and product demand. The demand for computer accessories and office supplies in Estonia is influenced by the clearly smaller market and the standard of living. Belttton only engages in the sales of corporate promotional products in Estonia.

Office products are purchased by companies of various sizes in all sectors. There is always a demand for stable products, such as folders, pens and dividers, which is why economic fluctuations have hardly any effect on the markets. The impact of the Christmas and summer gift seasons on the sales of business and advertising gifts has evened out (no longer focusing as heavily on the second and fourth quarters). Business gifts have become an increasingly important part of companies' overall communications and are distributed to stakeholders all year round.

belttton the finnish market leader

Belttton is the market leader in Finland, commanding approximately 15 per cent of the markets. The company's market share in Sweden is approximately one per cent, making it the twelfth largest player in terms of net sales. In Norway Belttton's share of the markets is minor, while in Estonia the compa-

ny is the second largest in the area of business and advertising gifts.

The market for office supplies is very fragmented in the Nordic and Baltic countries. Owing to easy market entry, many small companies are active in the sector. Companies enter and leave the market in great numbers every year. In the future, customers will want to carry out purchases in an increasingly centralised manner. Providing versatile services to its customers with two complementary business concepts, Belttton will benefit from this trend.

Belttton's competitors in all market sectors consist of unlisted small and medium-sized companies. It has approximately ten significant competitors in Finland. In Finland Wulff Oy Ab's contract customer concept faces competition from Lindell Oy, Tamore Oy and Paperipalvelu. The main rival of KB-tuote Oy, focusing on corporate promotional products, is Mastermark Oy from Turku. Market shares in direct

sales are keenly contested, among others, by Canncolor Group and Oy Rahmqvist Ab.

Market competition in Sweden comes from companies like Corporate Express, Lyreco, Procurator and Svanströms. The biggest players in Norway include Andvord Tybring-Gjedde ASA and S-Gruppen. In Estonian corporate promotional product sales KB Eesti Oü comes in second after market leader Roi As.

market events in 2006

Centralisation continued in the sector. In autumn 2006 Buhrmann N.V., a Dutch office supplies company, acquired the share capital of Andvord Tybring-Gjedde ASA (ATG) from Norway. ATG is the Norwegian market leader in its field. Following the acquisition, the company was unlisted from the Oslo Stock Exchange, leaving Beltton the only listed office supplies company in the Nordic countries.

In Sweden Buhrmann N.V. operates under the name Corporate Express Sverige. The Buhrmann-ATG acquisition will result in the brand of ATG's Swedish subsidiary, Växjöföretaget TG Skrivab, changing to Corporate Express Sverige. The company formed by the merged operations is the market leader in Sweden.

Frans Svanström & Co AB boosted its position on the Swedish office supplies market by acquiring two well-established companies. The company acquired Wettergrens i Göteborg AB in June and Killbergs Kontorsvaruhus AB in December. Both companies have a solid foothold in the Swedish market, Killbergs being especially strong in Skåne.

gradual change in the nordic markets

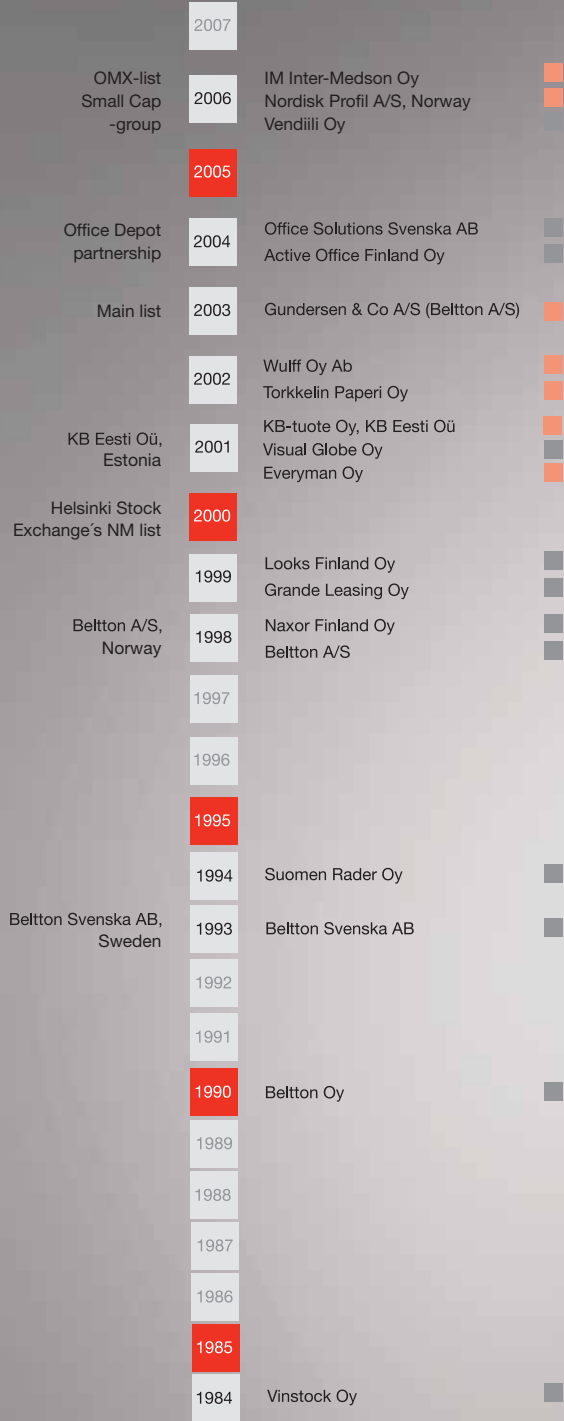
Beltton expects the markets for office supplies to continue their steady growth of one to four per cent in 2007. This will come about from the increase in the number

of companies, continued growth in office work and the increase of IT in office work. IT equipment requires accessories, cleaning and maintenance. Furthermore, the increasingly versatile use of business and advertising gifts in corporate communications will boost purchases and have a positive impact on market growth.

The fragmented office supply markets are characterised, to an increasing amount, by companies merging and becoming bigger players. Companies offering increasingly comprehensive services can strengthen their position as customers continue to outsource and centralise their services.

Beltton looks to be one of the main players in the Nordic market and believes it can achieve its long-term target, that of becoming the Nordic market leader within five years. Acquisitions can help it to achieve the target faster.

Founded companies
 Acquisitions





Skilled footwork
Katja, 26, Designer

Katja, a floorball player, has always had quick feet, maybe because she detests feeling cold (and, by the way, Parmigiano cheese). She started as a warehouse assistant during peak seasons, but very soon this fast-moving girl gained footing in the office. Next Katja, a trained designer, engaged in her profession. Work can sometimes get hectic and quick feet can be very useful. But that's what Katja likes, especially when she has the opportunity to be creative at work.

Beltton serves its customers in office supply purchases, selling its products via two complementary services models. The direct sales concept aims to serve companies of all sizes locally and personally. The contract customer concept is Beltton's way to facilitate the regular purchases of its customers. Beltton has developed its concepts to serve customers as comprehensively as possible and to promote customer satisfaction and continued customer relationships. **The company is active in new customer acquisitions: it considers each new company as a potential customer.**

Beltton-Group Plc is the parent company of independent subsidiaries. It divides its operations into two concepts. Wulff Oy Ab and KB-tuote Oy, which has an Estonian subsidiary KB Eesti Oü operate according to the contract customer concept. Wulff Oy Ab sells office supplies and KB-tuote Oy sells business and promotional

gifts. Beltton's direct sales companies are: Active Office Oy, Beltton Oy, Everyman Oy, Looks Finland Oy, Naxor Finland Oy, Suomen Rader Oy, Vinstock Oy, Visual Globe Oy and Beltton Svenska AB in Sweden and Nordisk Profil A/S in Norway.

direct sales concept offers local service

The direct sales concept offers speciality products to companies through personal contacts in the companies' own locations. Sales representatives work at the customer's site, making two to twelve customer visits a day. Since the products are usually ordered by the user, purchase decisions are made quickly. The operating model has proved to be efficient, with big sales volumes achieved for individual products. Beltton has 21 nationwide sales divisions in Finland, eight in Sweden and one both in Norway and Estonia. An average purchase of officesupplies amounts to some EUR 400.

contract customer concept benefits the customer considerably

Beltton's contract customers include large and medium-sized companies, municipalities, cities and communities. For example, eight of Finland's ten biggest companies are Beltton's customers. A typical contract customer has hundreds of employees. The customer signs a contract with Beltton to outsource its office or business gift purchases.

Purchasing office supplies is effortless and cost-effective due to a highly automated ordering system. Product usage and purchase expenses can be monitored per customer in a versatile manner. Business gifts are often customised to fully comply with the company brand, using special patterns and products. Customers can order products through a dedicated online service and even include the entire logistics process in the service concept, i.e. the storage of products and their distribution to the end-user.

cooperation with finland post provides resources for fast growth

Efficient administration and logistics support Belttton's extensive sales operations. Good and functioning logistics form an important part of Belttton's business, especially in the case of contract customers. To enable growth in line with the Group's strategy, Belttton's subsidiary Wulff Oy Ab and Finland Post signed a cooperation agreement for the logistics of office and computer accessories in October. Finland Post's flexible logistics solutions support growth – also when rapid. The cooperation is a significant investment in Wulff's competitiveness.

Wulff's 21 logistics professionals transferred in early November to Itella Logistics Oy (formerly Post Logistics) under existing terms of employment. Warehouse operations and personnel moved from Wulff's facilities to Itella's versatile logistics centre in early 2007. The cooperation between Wulff and Itella introduced a new logistics concept in the Finnish office business. The office supplies business is characterised by a large number of items and high demands for quality and speed in collection and

deliveries. Already known for fast and secure deliveries, Wulff can now further improve its service level with logistics services and package sorting located under the same roof. For example, all products ordered before noon are delivered to Wulff's customers the following day.

continuous development of direct sales product range

It is important to be on the lookout for new product suppliers in the direct sales business in order to develop and increase the product range with innovative products. Belttton does not have its own production or product development but its sales representatives convey information from the customer interface to product suppliers, who can use customer feedback as a good tool for product development. Belttton expects its suppliers to provide quality products and reliable delivery schedules. Most of Belttton's suppliers meet the requirements of the ISO 9001 quality certificate.

networking is part of business

Wulff Oy Ab is a member of interACTION, a pan-European alliance of office product wholesalers. There are a total of 10 interACTION companies, all of them leading players in their home country, operating in 20 different countries.

The members of InterACTION meet regularly to coordinate joint purchases and share knowledge and skills in sales, marketing and logistics. InterACTION companies exchange information, for example, about products that sell best in different countries. Belttton benefits directly from the market and product information it receives. The joint purchasing organisation has an overall volume of EUR 1.4 billion and its own international brand called Q-Connect. KB-tuote Oy is a member of WAGE, a corresponding international organisation for promotional products.

Belttton sees networking as an important part of modern business. Its subsidiary Wulff Oy has cooperated with Office Depot since 2004. Office Depot, listed on the New York Stock Exchange, is one of the world's biggest office supplies companies. It operates in 42 countries and has some 50,000 employees. The company's annual net sales are nearly USD 15 billion. Wulff is an inherent part of Office Depot's sales group in EMEA (a group offering harmonised contract customer services in 24 countries in Europe, the Middle East and Africa). Wulff's and Office Depot's partnership enables Belttton to serve its customers better and more extensively than ever before both in Finland and abroad.

2006: a year of action

To enhance its organic growth, Belttton actively looks for new acquisitions. Being Finland's only listed company in the field, it has good opportunities to carry out large ownership arrangements. Belttton carried out two acquisitions in 2006. The purchase of a majority shareholding in Nordisk Profil A/S will strengthen the Group's operations in Norway, while the acquisition of IM Inter-Medson Oy will boost the corporate promotional product business in Finland. Growth is supported by new product groups and operating methods that also support the development of Belttton's business.

Belttton adopted a new organisation model in early 2006. Opera-

tions are divided into four areas according to the operating concept and area: office supplies represented by Wulff Oy Ab, business and advertising gifts represented by KB-tuote Oy, direct sales operations formed by ten direct sales companies, and direct sales in Sweden and Norway.

Wulff's performance-enhancement programme launched in 2005 continued in 2006. Under the lead of Managing Director Juha Broman, the company's sales were successfully strengthened and support services reorganised. Growth is expected to continue in 2007.

KB-tuote had a successful year in 2006. It acquired 20 new contract customers, which will have a positive impact on KB's business also in the future.

Successful recruits in direct sales and emphasis on the acquisition of new customers resulted in positive sales development in the latter part of the year. The operating model was duplicated in two new product groups over the year.

The telemarketing activities launched in Sweden in 2005 have given good results. Telemarketing supports direct sales in particular and is an excellent channel for attracting new customers. It has also generated sought-after growth in the Group's Norwegian operations. Telemarketing will be further developed in 2007.

business areas





A Real spark
Heli, 48, District Sales Manager

Heli used to be a physiotherapist and massaged hockey players for almost 20 years, which was okay but she didn't really feel the spark. Then she found Belton and its ergonomic products, and today Heli engages in doing business, enjoying every second! Ergonomy-related sales enables her helping people in the same manner as a physiotherapist does, but the pay level is different: every month starts with a clean slate – and it ends at the level of one's own choice.

Salesman already as a toddler
Miika, 28, Sales Representative

Miika has the ball in the game(s). On his list of sports, there is rink bandy, tennis, floorball... During free time, the Jyväskylä-born-and-raised man mostly wears sports shoes. At work Miika wears neat and very soft leather lace-up shoes. Not as soft as the Termi ergonomic products that Miika sells, though, as they have super soft Pharma Foam in them. Miika loves selling wellness-promoting products. Finding the right product for the right person and for the right need – this has made Miika happy since he was a small boy. The little lad with cute eyes charmed both ladies and gentlemen with his selling skills already in Father and Mother Salminen's grocery shop.

Beltton's objective is to be on a continuous lookout for new office supplies product groups and markets. In 2006 the company's operating model was duplicated in two new product groups in Finland: the Looks Sport well-being products and Vinstock Protect occupational safety products. Beltton's product range includes a variety of office supplies, computer accessories, ergonomic products and corporate promotional products. In addition to basic office supplies, Beltton offers customers special products that can be fully customised.

Pens and pencils, folders and files, notebooks, printing materials, memo pads, archiving systems, cleaning products for computers and storage devices are examples of routinely used office products.

High-quality speciality products give added value to customers' work. Examples of Beltton's products include accessories for meetings, training and negotiations, as well as cleaning and maintenance products for individual devices. Hand, wrist and foot support, as well as ergonomic mice, by the

Finnish brand Termi, improve well-being at work, while workplace ergonomics can be enhanced with high-quality office stools, saddle and knee stools and asymmetric special lamps.

Business gifts and corporate textiles are good products when looking to strengthen the corporate image. More and more companies use business gifts as part of their overall communications. In addition to the traditional Christmas and summer seasons, gifts are now also distributed at management-level personal meetings, as well as customer and stakeholder events all year round. A high-quality gift is a sign of appreciation. Beltton's product range includes many well-known and valued brands. In addition to its own brands, Looks and Keeb, Beltton offers, for example, popular Sagaform and Menu products, VIP-quality presents made by Dalvey and prestigious Cross pens. The product that best represents a company and its values may be very different depending on the company. This is why Beltton's range of corporate image products is wide and under continuous development.

Beltton follows two brand strategies. It uses the Beltton-Group Plc brand to target investors and for recruiting purposes. Customers identify the subsidiaries as independent brands. Company-specific brands help customers to differentiate between operating concepts and product groups.

customers involved in product development

Beltton's products facilitate and enhance daily work. Customers can easily acquaint themselves with products and select the ones best suited to them in their own operating environment. The work of Beltton's direct sales representatives is based on daily customer visits. Customers know that the products will be suitable for their needs because all items can be tested before placing an order. Direct sales representatives collect customer feedback, as well as information about the customers' wishes and operating methods, during their daily visits. Thanks to close cooperation between Beltton and its product suppliers, customer feedback and ideas can be

quickly put to use in product development. Efficient sales organisations enable product innovations to be launched simultaneously all over the country.

convenient purchases for contract customers

Belttton's contract customer concept enables companies to focus on their core competence. The nearly one hundred new contracts made in 2006 are a testament of the functionality of Wulff's contract concept in office supplies and computer accessories. The key words for Wulff's operations are quality, speed, certainty and constant development. During its one-hundred-year existence, Wulff has been the front runner in its line of business and it considers as its point of honour to offer its customers progressive services and products that add value. In autumn 2006, along with the cooperation started with Itella, a new small-scale logistics concept was created, which will benefit also Wulff's customers. Also started in 2006, the cooperation between Wulff and the business gifts specialist KB-tuote will be continued

and strengthened: In near future, customers will be able to combine their purchases for office supplies, computer accessories and corporate promotional products. Along with the ongoing growth Wulff strongly invests in further development also in the future.

KB-tuote Oy's corporate business gift service caters for companies that wish to boost their corporate image. The sales representative helps the customer to design a high-quality, seasonally updated product range in line with the customer's brand. The range can include company textiles as well as gift items. KB-tuote has its own designers in charge of product design. If required, KB-tuote can stock the products and distribute them on the customer's behalf. Customers can get acquainted with the KB-tuote product range at any of the ten show rooms around Finland.

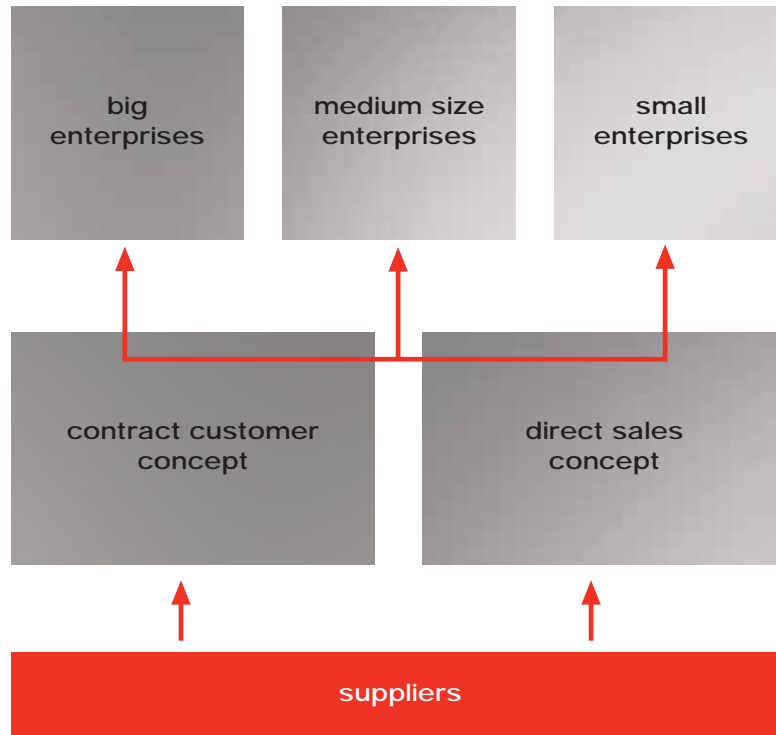
Focusing purchases to one supplier is increasing also in the corporate promotional products branch. Offering versatile services, KB-tuote is thus a popular partner for many businesses. Cooperation with Wulff brings additional value to the customers.

focus on customer orientation

A customer-oriented approach enables Belttton to secure the continuity of its operations. The valuable information received from personal meetings between sales representatives and customers is used in all of Belttton's operations. In order to further enhance the development of its product and service range, Belttton commissioned Espoo-based Redera Oy to conduct an extensive customer benefit survey among the Group's customers.

Participants included customers of all Group companies. Belttton's operating models were found to be functional and the quality of products and reliability of deliveries good. Respondents suggested that direct sales companies increase the use of electronic means for contacts and services. In 2007 Belttton will emphasise the development of electronic support services for direct sales. In the future sales representatives can use product information available on the Internet as a sales tool, and electronic customer communication will be increased.

efficient distribution channel



Belttton is an efficient distribution channel for office products. Sales profitability is based on direct supplier relations. Through two complementary concepts Belttton reaches customers widely.



back row from left:
Ere Kariola, Saku Ropponen, Pentti Rantanen

front row from left:
Ari Pikkarainen, Ari Lahti, Heikki Vienola

Ari Lahti, b. 1963, Licenciante in Political Science

- Chairman of the Board of Belttton since 2000
- Managing Director and Board Member of ICECAPITAL Securities Ltd since 1999
- Board Member of Oy Veikkaus Ab since 2002
- Managing Director of Mandatum Private Bank in 1998-1999
- holdings at the end of 2006: ■ 10 000 Belttton shares, i.e. 0.15 per cent of shares and votes

Ere (Erkki) Kariola, b. 1948, M. Sc. (Eng.), M. Sc. (Econ.)

- Board Member of Belttton since 2006
- Senior Advisor of 3i Group Plc since 2006
- Board Member: Tamtron Oy, Aquamec Oy, Suomen Kerta Oy, Makron Oy, and Mitron Oy
- Managing Director of 3i Finland Oy 2000-2006
- Managing Director of SFK Finance Oy and Start Fund of Kera Oy 1991-2000
- holdings at the end of 2006: ■ holds no shares of Belttton-Group Plc

Ari Pikkarainen, b. 1958, High School Graduate

- Board Member of Belttton since 1999
- Executive Vice President of Belttton-Group Plc, and the Managing Director of Active Office Finland Oy, Naxor Finland Oy, Suomen Rader Oy, and Visual Globe Oy
- Sales Manager of Akro Oy in 1990-1994
- Sales Manager of Oy Eric Rahmqvist Ab in 1984-1989
- holdings at the end of 2006: ■ 1 381 545 Belttton shares, i.e. 21.24 per cent of shares and votes*

Pentti Rantanen, b. 1945

- Board Member of Belttton since 2006
- Chairman of the Board of Würth Oy since 2004
- Chairman of the Board of Würth Elektronik Oy since 1990
- Member of the Würth Group Management since 2001
- Chairman of the Board of Ferrometal Oy since 1989
- Managing Director of Würth Oy in 1976-2003
- holdings at the end of 2006: ■ holds no shares of Belttton-Group Plc

Sakari Ropponen, b. 1957, M. Sc. (Econ.)

- Board Member of Belttton since 2000
- Consultant and Managing Director of Linedrive Oy since 1994
- Sales and Marketing Consultant of Mercuri International Oy in 1985-1994
- holdings at the end of 2006: ■ 10 000 Belttton shares, i.e. 0.15 per cent of shares and votes

Heikki Vienola, b. 1960, M. Sc. (Econ.)

- Board Member of Belttton since 1999
- CEO of Belttton-Group Plc since 1999
- Founder of Vinstock Oy, at Belttton's service since 1984
- Board Member of Arena Center Oy since 1994
- holdings at the end of 2006: ■ 2 540 355 Belttton shares, i.e. 39.04 per cent of shares and votes*

Belttton-Group Plc shares in the personal ownership of the members of the Board of Directors as well as the ownership of their spouses, institutions under their control and persons under their guardianship reported at 31 December 2006. Updated information on shareholdings of the Board of Directors can be found on the Group's website at www.belttton.com.

* In addition to the stated share holdings Vienola and Pikkarainen exercise controlling power together over 17,600 shares.



Heikki Vienola, b. 1960,
M. Sc. (Econ.)

- Member of the Board since 1999
- CEO of Belttton-Group Plc since 1999
- Founder of Vinstock Oy, at Belttton's service since 1984
- Chairman of the Board of Arena Center Oy in 1994-2006, Board Member of Arena Center Oy since 2006
- holdings at the end of 2006:
■ 2 540 355 Belttton shares, i.e. 39.04 per cent of shares and votes*



Ari Pikkarainen, b. 1958,
High School Graduate

- Member of the Board since 1999
- Executive Vice President of Belttton-Group Plc, and the Managing Director of Active Office Finland Oy, Naxor Finl and Oy, Suomen Rader Oy, and Visual Globe Oy
- Sales Manager of Akro Oy in 1990-1994
- Sales Manager of Oy Eric Rahmqvist Ab in 1984-1989
- holdings at the end of 2006:
■ 1 381 945 Belttton shares, i.e. 21.24 per cent of shares and votes*



Veijo Ågerfalk, b. 1959

- Managing Director of Nordisk Profil AS since 2006
- Managing Director of Belttton Norge AS since 2002
- Managing Director of Belttton Svenska AB since 1998
- Country Manager of Belttton Svenska AB in 1993-1998
- Managing Director and partner of Liftpoole AB in 1990-1993
- holdings at the end of 2006:
■ 42 000 Belttton shares. i.e. 0.65 per cent of shares and votes



Tommi Kortelainen, b. 1967,
M. Sc. (Econ.)

- Managing Director of KB-tuote Oy since 2001
- Sales Director of KB-tuote Oy in 1999-2001
- Project Manager of KB-tuote Oy in 1995-1999
- Kansallisosakepankki in 1989-1995
- holdings at the end of 2006:
 - 6 500 Belttton shares, i.e. 0.10 per cent of shares and votes



Juha Broman, b. 1955

- Managing Director of Wulff Oy Ab since 2005
- Marketing Director of Oy Lindell Ab in 2002-2005
- Commercial Director of Wulff Oy Ab in 1998-2002 and Sales Director in 1990-1997
- holds no shares of Belttton-Group Plc



Petri Räsänen, b. 1965,
M. Sc. (Econ.)

- CFO of Belttton Group Plc since 2005
- Internal Auditor of Belttton-Group Plc in 2004
- Finance Director of KB-tuote Oy in 2000-2004
- Finance Director and Executive Director of Cronvall Oy in 1993-2000
- Deputy Finance Director of Cron-Trading Oy in 1991-1993
- holdings at the end of 2006:
 - 1 000 Belttton shares, i.e. 0.02 per cent of shares and votes

Belttton-Group Plc shares in the personal ownership of the members of the group management as well as the ownership of their spouses, institutions under their control and persons under their guardianship reported at 31 December 2006. Updated information on shareholdings of the group management can be found on the Group's website at www.belttton.com.

* In addition to the stated share holdings Vienola and Pikkarainen exercise controlling power together over 17,600 shares.

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