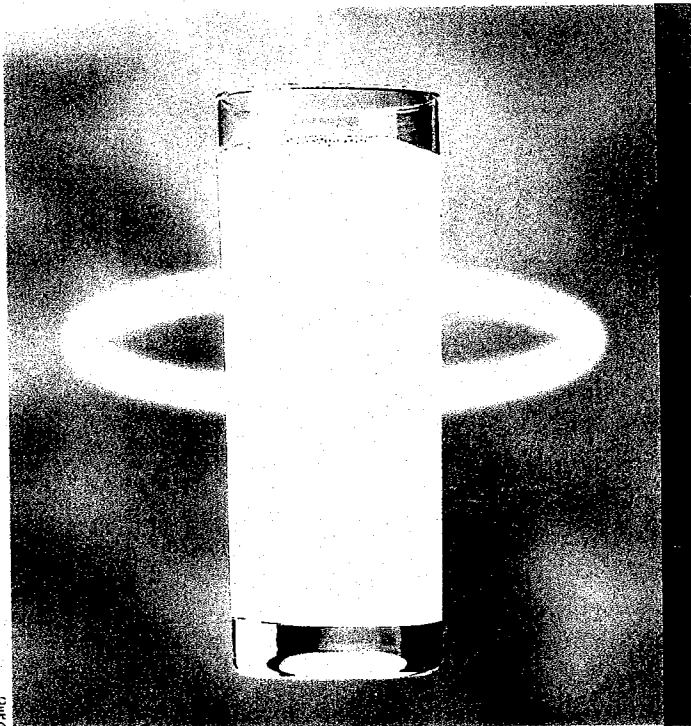




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Valio means 'best' in Finnish, and offering consumers only the best has been the watchword of the company since its start in 1905. Valio's research and development operations were headed for many years by the winner of the 1945 Nobel prize for chemistry, A.I. Virtanen.

Finnish Attitude

Valio, Finland's largest dairy company, is constantly developing innovative products for consumers who are interested in food that increases health and well-being. Products that are functional or provide clear added value are built upon patent-protected innovation as far as possible. Valio has acquired the global commercial rights to the bacterium *Lactobacillus* GG (LGG™), the most and best-documented bacterium in the world. In 1990, Valio launched its first products under the Gefilus brand. The company has now licensed dairy products containing LGG to markets in more than 25 countries and this is seen as an innovative procedure in the industry.

New lactose-free niche

Between 15 and 20 per cent of the Finnish population is lactose intolerant. Most of them have stopped drinking milk because their stomachs do not accept it. Valio has produced and sold lactose-reduced dairy products since 1980 under the HYLIA™ brand and today offers the largest range in the world, consisting of more than 100 different products. Finns, however, have not particularly liked sweet-tasting low-lactose milk. The Finnish milk-drinking tradition (140 litres per person per year) means that they have a very definite idea about how milk should taste. For this reason, Valio was quick to realise already in the 1980s that something had to be done to produce a milk that could be accepted, and tolerated, by the lactose intolerant. After a long period of research and development, Valio was able to present a unique process which, using among other things chromatographic separation, produced a lactose-free milk (<0.01%) that tasted just as milk should, without upsetting stomachs. However, the market launch took some time, as Valio was not allowed to call the new product milk, because one of its natural constituents has been removed. Finally, in September 2001, it was possible to launch a product that could be called light milk drink, and the innovation was there.

The innovation takes place

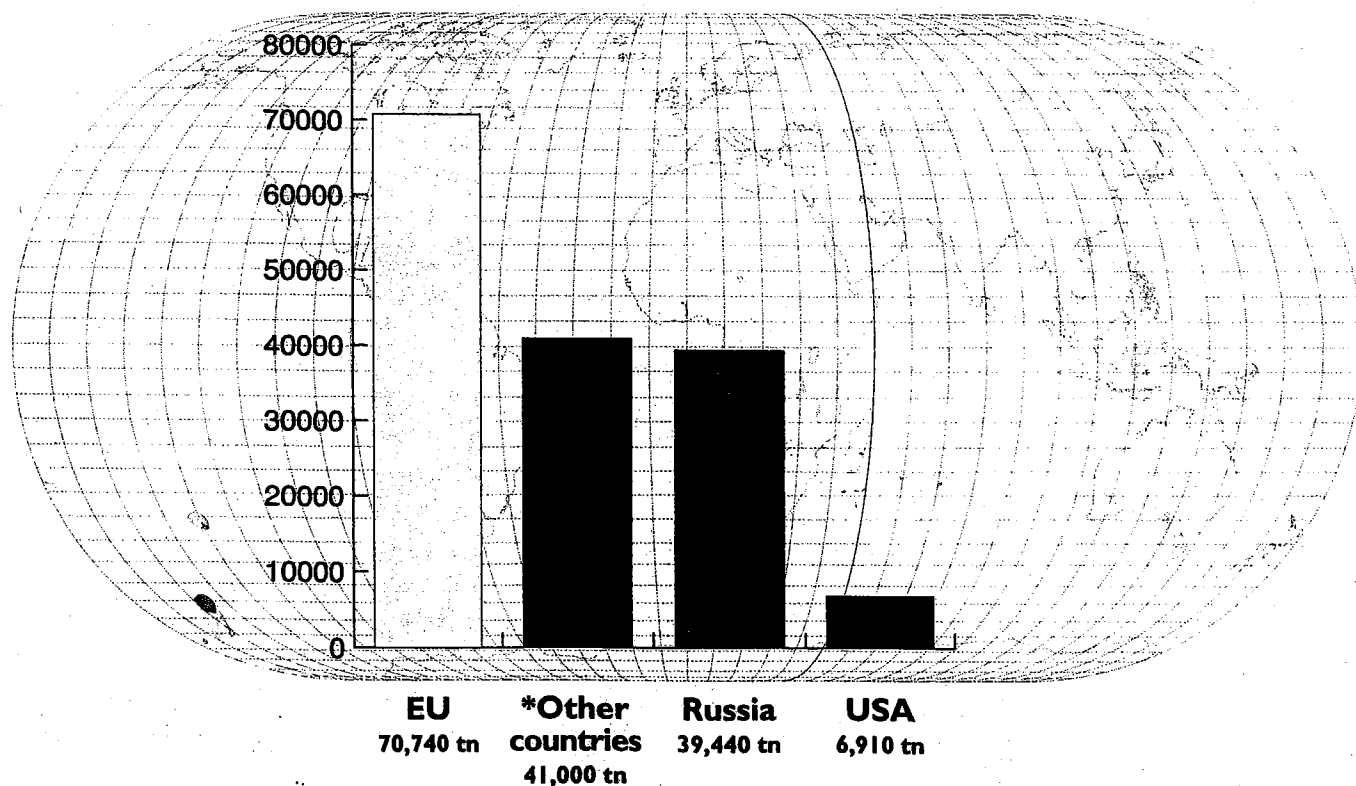
An initial forecast indicated sales of 1 – 3 million litres per year. This proved to be a miscalculation of around 1,000 per cent. One million litres were sold only two months after the launch. In the first year, the sales volume reached 10 million litres, in the

The frequency of lactose intolerance varies between different population groups. In Finland, around 20 per cent of the adult population are lactose intolerant, while in neighbouring Sweden only 5 per cent are. In Mediterranean countries, the percentage is 50 per cent, and in parts of Asia is as high as 100 per cent.

second year, 20 million litres, and it looks like 40 million litres in 2004. It is interesting to note that consumers are not deterred by a price that is twice as high as normal milk. The desire for milk among lactose intolerant consumers was obviously far higher than expected. For the first time in many years, Finland's total consumption of milk is on the increase, mainly due to Valio's lactose-free milk, which is soon to be supplemented by a fat-free version. The technology for production of lactose-free dairy products can also be licensed from Valio. The first licensee was the Swiss company, Emmi AG, which is a key member of Valio's network of innovative licence partners.

Apart from being the market leader in Finland, Valio exports its own dairy products and ingredients, produces other companies' products under licence and offers licences for its own technology throughout the world.

Sales volume 2002 incl. subsidiaries



*Middle East, Far East, Latin America, Africa and South-East Asia

Tetra Pak

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Tetra Pak is dedicated to the development, manufacture and sale of systems for the processing, packaging and distribution of liquid food products, cheese products and ice cream. Tetra Pak is the only company of its kind capable of supplying its customers with comprehensive systems that integrate processing lines with packaging and distribution systems.

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Reader survey – Tetra Pak Company Magazine

Last year we carried out a reader survey by including a questionnaire in 3,000 copies of issue number 87. The intention was to gather information about readers' opinion of the magazine, so that we could provide a publication that satisfies their expectations and wishes.

The total impression of the magazine was very positive. A majority of readers said that they were very satisfied with the content, picture quality and the fact that the magazine is easy to read. There were, however, some differences between readers younger than 35 years of age and those older. The majority think that the magazine provides them with new knowledge and the younger readers also think that it teaches them a lot about the Tetra Pak Group. The younger readers were more positive to changes in layout and design than the older readers. The magazine was regarded as exclusive, and most people save their copy to be able to refer back to it later.

The challenge will be to continue to produce a magazine that reflects Tetra Pak's spirit and that readers will find interesting and attractive, while also developing and adapting it in tune with the fact that there will be more and more younger readers. We, the editorial staff, hope that we can show we are sensitive to our readers' views and that you approve of any changes.

The editorial staff

