



LOISTE

NEWS FROM PORT OF HAMINAKOTKA 1/2018



On the way to a record-breaking result

Peak performance in sight even though Russian import transit is still low.

The transport volumes at the Port of Hamina-Kotka are at an all-time high level. The volumes of cargo carried in the early part of 2018 increased by 14.9 per cent on the previous year.

The upward turn in port traffic took place in 2016. This was preceded by a long downward trend, which commenced by the bankruptcy of the American investment bank Lehman Brothers ten years ago.

The global recession pulled down the transport volumes at the ports of Hamina and Kotka, which were later merged into the Port of HaminaKotka, by 3 to 4 per cent per year. The decline was relieved by the Nord Stream I gas pipe project, which began in 2011.

Wide span in growth

In 2016, signs of growth were evident at a level of 3 per cent, but in 2017 the growth rate

was as high as 9.5 per cent.

"We are particularly pleased with the wide scope of the growth. There are growth figures in almost all sectors of transport," says **Kimmo Naski**, CEO of Port of HaminaKotka Ltd.

According to Kimmo Naski, it is noteworthy that the port is performing well despite the sluggish volumes of transit to Russia. In fact, Russian exports via the Port of Hamina-Kotka out into the world are at peak figures, but the volumes of transport to Russia are still far behind the all-time high volumes, although there is already growth in this sector of transport, too.

"Russian transit is a major existing opportunity for us."

Big profits

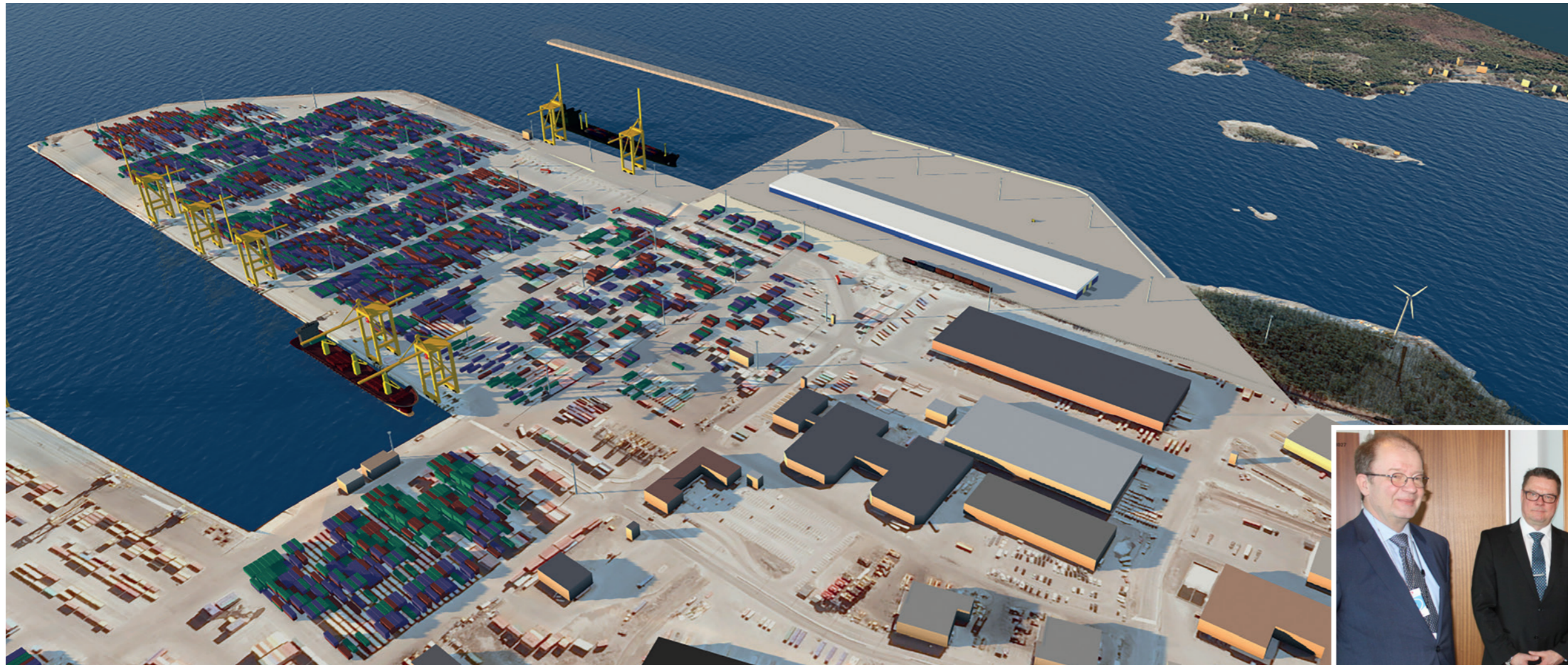
The Port of HaminaKotka has been a source

of several excellent pieces of news recently. These make the head of the port very satisfied:

The gas pipes produced within the Nord Stream II project will soon start to move ahead from Mussalo. The transport of giant modules by the Belgian company Sarens Group from Hamina to Kazakhstan will begin in the early summer. In February, UPM announced that it is preparing a very large-scale bioprocessing plant at Mussalo.

The most recent big victory for the port company is the decision concerning the construction of a world-class pulp centre in the new area at the Mussalo Harbour together with Steveco and UPM.

"We are reaching to the sky but keeping our feet to the ground," is how Kimmo Naski describes the current situation.



The agreement is ready. Information on the construction of the new pulp centre was provided by CEO Henrik Kuitunen (on the left) and Project Director Vesa-Heikki Renlund of Steveco, Matti Tamminen responsible for the transport chain in UPM's pulp business, Kimmo Naski, CEO of Port of HaminaKotka Ltd, and Jukka Hölsä, Director of Maritime Logistics at UPM.



Significant leap into the future

World-class pulp centre to be created at Mussalo at the Port of HaminaKotka.

The status of the Port of HaminaKotka as the biggest general port in Finland will be consolidated even further. The Port of HaminaKotka, Finland's biggest stevedoring company Steveco and the wood-processing giant UPM have agreed on the construction of a world-class pulp terminal in the western part of the Mussalo Harbour.

The Port of HaminaKotka will build the infrastructure, and Steveco will build the warehouse. UPM will concentrate all sea transport from its Kymi and Kaukas pulp mills to the new terminal.

Environmental considerations duty noted

The terminal is expected to be in operation by the end of this year. The quay will be completed in the spring of 2019, when shipping operations can begin.

According to **Kimmo Naski**, CEO of Port of HaminaKotka Ltd, the decision concerning the sizeable expansion investment was made

because the volumes of goods carried have developed favourably and the positive trend in Finnish exports seems to continue.

"For the Port of HaminaKotka, this is a significant leap into the future together with our long-term partners UPM and Steveco. We are seeing the launching of new kind of activity at the Port of HaminaKotka," says Kimmo Naski.

The permitting process for the expansion is still in progress, but the dialogue with both authorities and the residents in the immediate environment has been close according to Kimmo Naski. Those owning summer homes on the nearby island of Vehkaluoto have been informed and heard. The use of the summer homes can continue on the island without the port operations preventing this.

More space in Hamina

The investment at Mussalo will also facilitate the situation in Hamina, where the facilities have become congested in the same way as in Kotka. As UPM's conventional pulp

transport will shift from Hamina to the new giant terminal at Mussalo, space will become available in Hamina both for the rapidly growing transport of sawn timber and for the transport of the giant modules by the Belgian company Sarens Group; the latter is actually becoming a bigger project than originally planned.

The overall efficiency of port logistics is enhanced by the fact that each type of cargo will be focused on a particular section of the port.

First big investment

The investments of the Port of HaminaKotka in the infrastructure of the new D area at Mussalo are approx. 30 million euros. A new field of about 20 hectares, 230 metres of quays as well as a warehouse will be built in the new area. The port company will obtain the funding for the investment as a loan from the City of Kotka. The City acquired the funds from the sales of the shares of a regional electric utility.

Steveco will build a terminal of 20,000

square metres (400 m x 50 m). The value of the terminal investment is 8.5 million euros.

According to **Henri Kuitunen**, CEO of Steveco, the site is excellent.

"It provides considerable operative synergy benefits through integration into our other functions. This will certainly strengthen our position and enable further growth," says Henri Kuitunen.

The Mussalo terminal is the first significant investment in a long time for both the Port of HaminaKotka and Steveco. For the current port company that started in 2011, it is actually the first major investment, and during Henri Kuitunen's six-year position at Steveco, the stevedoring company has not carried out investments of this magnitude, either.

The long-term agreement now concluded concerns the first phase of the pulp centre. The goal is that the centre will expand later. In the future, there are facilities to build more warehouses and approx. 500 metres of additional quays in the area.

UPM grows and concentrates

The project stems from UPM's investments made in the past few years to increase the annual production capacity of the Kymi and Kaukas pulp mills by a total of 370,000 tonnes. The total capacity of the two mills is approx. 1,640,000 tonnes per year. Not all pulp is exported via Mussalo, because some of it remains in Finland.

"The concentration of transport enhances UPM's pulp logistics and increases flexibility. The new centre will offer high-quality facilities, and it is served by rail transport, which reduces the carbon footprint of our transport operations," says **Jukka Hölsä**, Director of Maritime Logistics at UPM.

According to him, pulp can be delivered out to the world from Mussalo on both conventional ships and in containers. In addition to export purposes, the terminal will also be used as an intermediate storage for domestic transport.

"The new pulp centre provides UPM's pulp business with a very cost-effective logistics solution for years to come," says Jukka Hölsä.

All three players consider that the key benefit of the pulp centre is that it can offer modern greenfield capabilities for cost-effective logistics.

Good outlook for pulp

According to **Matti Tamminen**, who is responsible for transport operations in UPM's pulp business, the demand outlook for pulp on the world market is good. Urbanisation increases the demand for pulp.

"Demand for tissue paper and packaging materials is on the increase. Demand for printing paper is reducing, which means among other things that there is less recycled fibre available. It must then be replaced by virgin fibre, in other words with pulp," Matti Tamminen describes the situation.

Modest but determined international ambassador of Kotka

The Port of HaminaKotka wishes to carry social responsibility by supporting successful athletes and teams.

Tapio Pulkkanen (27), a golf professional who has been playing golf for a living for the past five years, is currently the brightest star in sports in Kotka. He was chosen as the best athlete of 2017 in Kotka and the Kymenlaakso region, and Finnish golf professionals also chose him as the Player of the Year in 2017.

Tapio Pulkkanen has already made Finnish golf history by being the first Finn to win the Challenge Tour in Europe. At the same time, he redeemed his place in this year's European Tour. The first events of the tour gave varying results for Tapio. A shared third place in Johannesburg in South Africa was a promising outcome.

Tapio Pulkkanen has set his goals high, and one of them is still a dream: to win the US Masters, the most prestigious competition in the world of golf. The goal for the near future is to win in the ongoing European Tour. In the second event of the season in South Africa this was already close.

Favourite of the media

Tapio Pulkkanen is the perfect envoy of Kotka and golf in Kotka in the world. He not only fascinates the audiences with his physical skills and a drive which is tens of metres longer than with other players, but he also knows how to go about in the social life outside the golf course.

Tapio Pulkkanen is a stylish, well-behaved and open-minded young man, who has also been noted by international media. The modest but determined Finn does not make a number of himself, but others do.

Tapio Pulkkanen has the patience to tell people over and over again and always in a friendly manner how he started playing golf at the age of 9, how his grandmother in Imatra had a great impact on him picking up golf, that the hat of this player known for his hat does not have any particular story behind it, and that it was a decisive factor in his career that he was a part of a good junior team at the Mussalo golf course under the instruction of **Tommi Nousiainen** just over 10 years ago.

Until the age of 14, Tapio Pulkkanen's number 1 sport was football. Then he had a growth spurt, and he found that he was able to fly the golf ball to a dazzlingly long distance.

"At the age of 15 I started to play golf with a serious mind, and at about 17 I got the idea of becoming a professional," Tapio Pulkkanen says.

After the matriculation examination, he had to make a career choice. Tapio Pulkkanen would have been able to study physics at the University of Helsinki and chemistry in Lappeenranta, but golf outweighed these.

Port supports golf

Like many top athletes, Tapio Pulkkanen is backed by a family that encourages him: parents, brother, sister and long-term girlfriend. But without external financial support, Tapio Pulkkanen's professional career would have been a mere dream. The decisive thing for him was that **Rauli Ylimäki**, a businessman from Kotka, started to put together financial backing for Tapio, allowing him to fully focus on training and playing. The support was especially important during a couple of years with poorer results.

The Port of HaminaKotka is a co-sponsor of local top athletes, even though the Port does not provide Tapio Pulkkanen with direct sponsorship. The support of the port company to golf contributes to the progress of talents such as Tapio Pulkkanen, even in the pursuit of a professional career.

According to Kimmo Naski, CEO of Port of HaminaKotka Ltd, it is a really great that top-ranking athletes of international standards emerge from Kotka.

"However, good nation-wide results in sports by local athletes of Hamina and Kotka are also important to us."

"The Port of HaminaKotka wishes to carry social responsibility by supporting successful athletes and teams," says **Kimmo Naski**.



Tapio Pulkkanen

- Born in 1990
- Started golf in 1999
- Represents golf club Kymen Golf in Kotka
- Lives in Espoo
- Professional since 2013
- Ranks 187th in the world ranking, this year the goal is to reach the top 100
- Trainer Tommi Nousiainen
- Known for his trilby hat
- Hobbies: billiards, tennis, movies, biographies



Appointment

Ville Kuitunen started as the Sales Manager of Port of HaminaKotka Ltd on 12 March 2018.

Ville Kuitunen, tel. +358 40 663 4453
ville.kuitunen@haminakotka.fi

"It is my duty to be at the service of the customer and available to the customer, because the customer's success is always a success also for the service provider."

Ville Kuitunen