Metal industry in Kymenlaakso Finland

Jouko Luode, Cursor Oy
Kotka-Hamina Regional Development Company
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Cursor Oy
Kotka-Hamina Regional Development Company

Task: Guiding the Kotka-Hamina region to success

• Me myself: Jouko Luode, Mechanical Engineer, Program Manager

• My tasks: Growth and Internationalization of Enterprises, Entrepreneurship and Enterprise climate etc.
Ownership and key figures 2009

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>8,0 M€</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>43 M€</td>
</tr>
<tr>
<td>Personnel</td>
<td>57</td>
</tr>
<tr>
<td>Project portfolio value</td>
<td>28 M€</td>
</tr>
</tbody>
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Shareholders

Towns and municipalities of the region
Industrial companies
Financial institutions
Roles of the Regional Development Company

• Advising new enterprises
• Providing business services for locating companies
• Supporting the development of existing enterprises
• Realising and administering development programmes
• Implementing regional development and co-operation
• Consulting and operating on Russian business
• Providing business premises and real estate solutions
• Providing tailored financial solutions
• Investing in selected companies
• Providing information services

Our business is business
Strategic status for different Businesses in Kymenlaakso Region 2010

Size of the balls = size of workforce

- Creative
- Travel Business
- Digital Business
- New innovative Services
- Logistics
- Construction and Real Estate
- Energy- and Environment Technology
- Metal Industry
- Mechanical forest industry
- Food production and farming
- Chemical Industry
- Chemical Industry
- New innovative Services
- Creative

Growth potential in Southern Kymenlaakso
Kotka-Hamina region – where the action is

Business in the region

- **LOGISTICS**, Russia’s growth and forest industries
- **ADVANCED TECHNOLOGY** in metal, energy and chemical as well as forest industries
- **VERSATILE SERVICES**: commercial, business, well-being, tourism
- **DIGITAL BUSINESS** and communication
Business in the Kotka-Hamina region

Business Structure in the Kotka-Hamina region
31st Dec 2006

Source: Statistics Finland
Cursor’s strategic development focus 2010–2012

- Growth and internationalisation of region’s enterprises
- Renewable energy technologies spearheaded by wind power
- Travel related businesses and regional events
- Logistics
- New welfare and health services
- ICT solutions
- Russia opportunities
Metal industry in Kymenlaakso Finland

Keyplayers (among others):

Sulzer Pumps Finland Ltd (ca. 550 employees in Kotka)
One of the world’s leading pump and mixer manufacturers

Andritz Ltd (ca. 250 employees in Kotka, engineering and marketing)
One of the world’s leading manufacturer for pulp industry

Metso Paper Ltd
One of the world’s Leading manufacturer for paper industry

Mesera Ltd (ca. 200 employees in Kotka, 400 in Finland)
System deliveries including: purchase, project management, manufacturing and assembly, as well as installation at the end user

Several small and middle-size workshops, SME’s (turnover<40’, < 250 employees)
Subcontracting, own products, also system deliveries. Average size of 20 biggest is about 40 employees.
Products and expertise/strengths in metal

• Main customers are in process industry = pulp & paper, energy, OEM's. etc.
• Products:
  • From complete system deliveries to separate components and structures (from small to big)
  • Metal sheet processing
  • High quality CNC-machined steel structures and components (max. diameter 4500 mm)
  • Welding and surface coating, also pressure vessels (e.g., pressure tanks, PED Category 4, Module G)
• Main materials: Stainless, acid-proof and carbon steel, aluminium, titanium, SMO etc.
• Skilled workforce and modern CNC-machines and machining central
• World-level quality in products, sertificated quality-systems (ISO 9000 series, ISO 14001 etc.)
• Good educational system for new labour
• Good networking within companies
Issues to be developed (running)

• Business expertise
  • Developing and launching of networks
  • Services related to products: Maintenance, After Sales Services, Customer Support
  • Marketing and selling
  • Contract making skills

• Technology
  • Specialisation
  • Increasing of productivity
  • New/own products and manufacturing methods
  • Operational quality and its measurement
  • Working environment and human resources
Issues to be developed

• Internationalization, how to go abroad

  • Integration with internal networks → with bigger volume into global markets
  • Vision and strategy work: Know and plan what you want to be and do
  • Know what you want to sell, set targets and focus in them
  • Knowledge of target countries and their cultures
  • Market and competitor analyses
  • Try to find first success story
  • Find right persons
  • International marketing and distribution channels
  • Finding/creating best practices

• Basis for everything

  • Development of your workplace communities
    • Take care of your people
International co-operation and expansion to international markets:

• We can offer
  • Confidential co-operation and partnership
  • High quality manufacturing and know-how

• What we need
  • International partners
  • International customers and distribution channels
  • Real co-operation between companies

Contact us!
Case: Wind Power Cluster
Current situation of Wind Power Industry and Markets in Finland

Wind Power Boom is about to start

- Feed in tariff 2011 93€/MW is opening markets
- Output of updated Wind Atlas Project: Better wind conditions than expected
- Official target by the Government is 2000 MW of new capacity until year 2020
- Projects 7000-8000MW under planning including Government's target
Finland - Safe business environment and well structured infra

Latest references/success stories in Kotka-Hamina Region:

WinWinD
- 3 MW turbine factory in Hamina in October 2009
- Designed capacity 160 units per year (option to double the capacity)
- Started series production 240 employees
- Serving mainly European markets

Google
- Datacenter in Hamina starts to operate in 2010
- The total value of the investment is approximately >200 MEUR
- Significant raise of interest towards Finland

Eupec Pipecoatings
- Baltic Sea gas pipeline project from Russia to Germany
- New coating plant and logistic center in Kotka
- 20 MEUR investment is part of Nord Stream pipeline project
Finland has a remarkable group of world class enterprises in wind power technology.

- **Wind Turbines:**
  - WindWinD 3MW Turbines, Mervento 3,6 MW starting in 2011, more to come

- **Components:**
  - Moventas Wind gearboxes, The Switch and ABB generators and power electronics.
  - Vacon as AC drives supplier

- **Materials:**
  - Ruukki supplying materials for turbine towers and components for nacelles.
  - Ahlstrom delivers customer specific glassfibre products for blades and covers
  - Amroy Europe in formulation of advanced resins

- **Business services and engineering:**
  - Empower is one of leading full service companies in Scandinavia and providing for example in Project planning and O&M Business
  - Technip Finland is a world leader in engineering, technologies and project management especially in offshore applications
  - Exel Oy is global leader in pultrusion technology
  - Kone Cranes lifting crane machinery.
  - Ramboll has planned 60% off shore foundations in the World
Most Dynamic Wind Energy Cluster in Scandinavia located in South-Eastern Finland

- **Leading edge competence:** Cluster gathers together Finnish wind power know-how
- **Critical mass:** WinWinD turbine factory offers major volumes for modern and effective partners
- **Profitability:** Effectiveness through supply chain offers exceptional competitiveness
- **Substantial new business opportunities:** Cluster offers a change to increase market share and expand business activities with other companies
- **World class players:** 3-5 significant companies and 10-20 subcontractors will be located at Kotka-Hamina region
- **Major positive impact expected:** 1 000 – 1 500 m€ in revenues and 1000 – 2 000 new jobs
Cursor´s actions for Wind Power

1. Meetings with Finnish wind power companies and operators
2. Meetings with international companies
3. Subcontractor and vendor network for WinWinD
   • Seminars for prospected companies and organizing meetings
   • Combine single vendors to larger network
   • Developing subcontractors (investments)
4. Building the wind power cluster
   • Leading achievement of synergy benefits for main companies of cluster
   • Cluster forming and management
5. Logistical development
   • Port of Hamina expertise handling and shipping large and heavy elements
6. Russia
   • Subcontractor network, sales, research and development co-operation
7. Programs to develop wind power business and knowhow in Finland
   • Regional program
   • National program
Wind Power Cluster - First stage

- Blades
- Towers
- Assemblies and components
- Logistics
- Wind Turbine manufacturer
Business sectors of Wind Turbine manufacturer

- Assemblies and components
  - Concrete
  - Steel
  - Hybrid

- Towers

- Generators
  - Nacelle housing
  - Rotor hub
  - Gearbox
  - Etc

- Production services
  - Maintenance
  - Painting
  - Testing
  - Packaging
  - Etc

- Logistics
  - Security
  - Cleaning
  - Dining
  - Healthcare
  - Etc

- Installation
  - Foundations
  - Measurements
  - Permit process
  - Environment influences
  - Consultancy
  - Certificates

- Operations & maintenance
  - O&M
  - Farm operators
  - Services

- Energy provides
  - Financing
  - Investments
  - Landowners

- Wind energy

- Know-how
  - Researchers
  - Engineers
  - Training programs

- Blades
  - Glass fibre (AG)
  - Resin
  - Prepreg
  - Laboratory Services

- R&D
  - Arctic technology
  - Offshore
  - VTT
  - Ahlstrom
  - LTU
  - R&D Turbine

- Project management

- Installation services
  - Erection services
  - Special transportations

- Inbound
  - Logistics center
  - Customs warehouse
  - Inbound center

- Outbound
  - Shared shipments
  - Specialist Port
  - Transportations inside of Port area
Thank You!
Jouko Luode
jouko.luode@cursor.fi
Tel: +358 40 190 2551
Kyminlinnantie 6
FI-48601 Kotka