



The Biofore Company UPM



Transportation of forest products from cargo owners perspective

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UPM Seaways

Lauri Rikala

- UPM corporation
 - 24 000 employees worldwide
 - Sales in 2011 exceeding eur 10 billion
 - Annual paper production capacity 12,0 million tons in 7 countries
 - Annual pulp production capacity 3,2 million tons in 2 countries
 - Annual timber production capacity 2,3 million cbm in 3 countries
 - Annual plywood production capacity 1,0 million cbm in 3 countries

- UPM Seaways
 - Service provider offering versatile and comprehensive logistics solutions
 - Part of UPM group
 - Extensive liner and system traffic network in Europe
 - Located in Kotka
 - Significant employer of its own branch
 - Shipping services provided with 11 time chartered vessel, large scale COA's or voyage charter parties



- Forest industry is going thru business restructuring which is also reflecting to logistics
 - Continuous seek for cost efficiency
 - Increased production costs
 - Decreased end-product price
 - Internet
 - Mature markets in EU
 - Innovation of new products
- Negative volume development during past years
 - Logistic infra built on larger volumes than they currently are
 - Less volume to same amount of destinations
 - Poor profitability of many logistic services providers

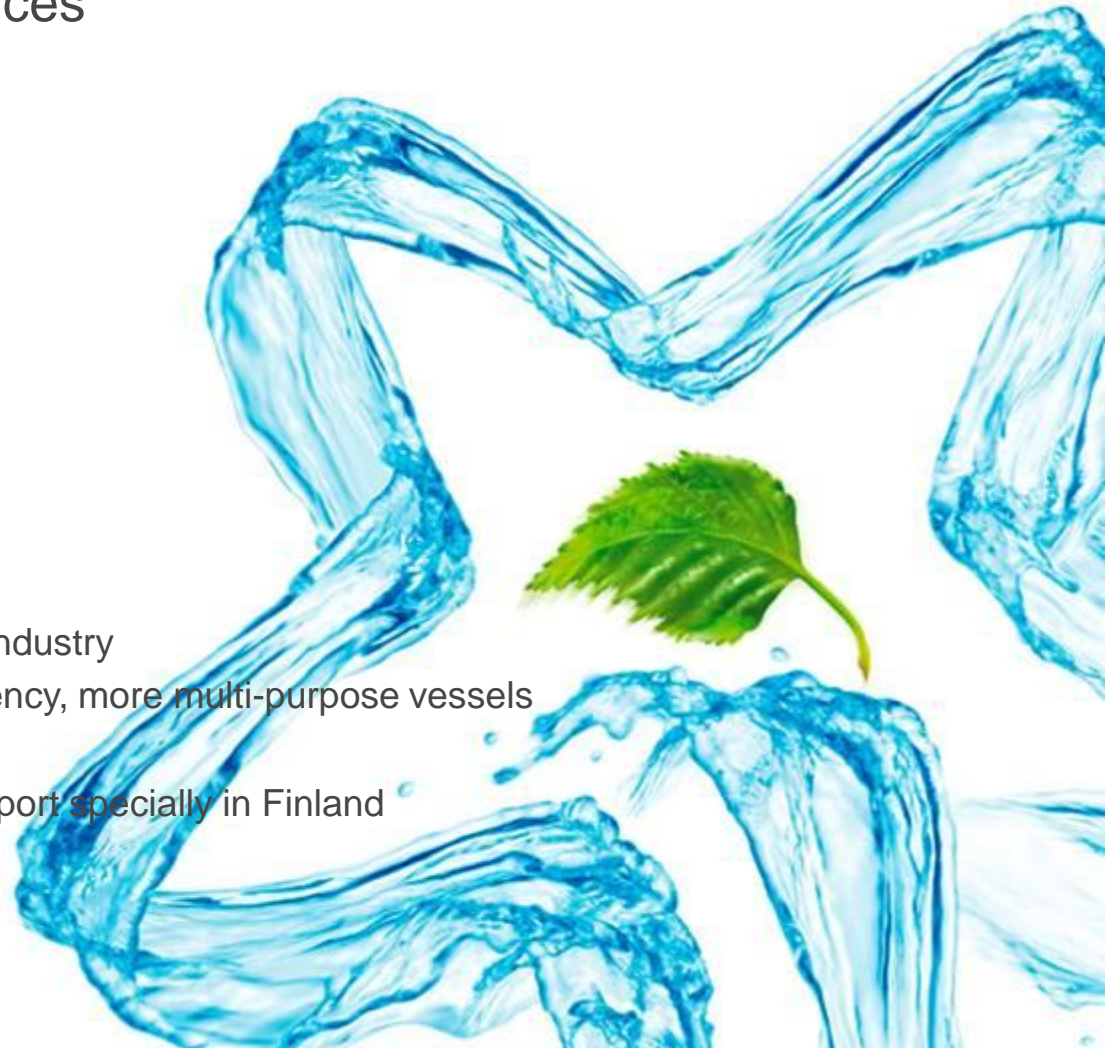
- Inefficiency of logistic services

- Port operations

- Inefficient operations
 - Reliability of services
 - Labour disputes
 - Lack of innovations
 - No real competition
 - Lack of flexibility

- Shipping operations

- Overcapacity
 - Static, conservative global industry
 - In future more bunker efficiency, more multi-purpose vessels
 - Scattered volume flows
 - Unbalance of export and import specially in Finland





- Logistic challenges for the future
 - Continuous improvement of cost efficiency
 - Eco-efficiency
 - Volume concentration
 - Enhanced partnerships with subcontractors and customers provide continuous improvement
 - Service capability combined with increased need for reliability and predictability of deliveries
 - Bunker efficiency
 - Sulphur 2015





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SHIPPING IS A LOT OF FUN.





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