



# RAUMA STEVEDORING

Annual Report 2002





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## Oy Rauma Stevedoring Ltd in a nutshell

As a harbour company owned by UPM-Kymmene Plc, Oy Rauma Stevedoring Ltd specialises in port and warehouse operations connected with the export shipments and raw material imports of chemical wood processing industry. However, the Company has grown vigorously in other fields of operation, as well. The Company operates in the Port of Rauma where it handles over one third of all paper exported from Finland by sea. The Port of Rauma is also the largest import harbour for a raw material used in papermaking, china clay. The growing elements of the Port and Rauma Stevedoring include container traffic as well as export and import of general cargo. The Company's main fields of operation cover stevedoring, forwarding, shipowners' services and warehousing services.

Oy Rauma Stevedoring Ltd owns all the warehouse terminal facilities in the Port of Rauma, notwithstanding the liquid tanks and the grain silos. The total area of the terminals is almost 20 hectares and the total volume of the silo-type import warehouses owned by the Company is over 200,000 cubic metres. The Company has also rented by a long-term lease an area of 20 hectares for port operations, with over 3 hectares of warehouse space and 320 m of quays. Some 3 hectares of the total warehouse space available is heated space. In 2002, the total traffic volume of Oy Rauma Stevedoring Ltd was almost 4.9 million tons. Paper and cardboard exports totalled 3.2 million tons. Total traffic in the Port of Rauma amounted to 5.68 million tons. The Company has a fleet of some 180 various work machines, trucks, tugmasters, container handling machines etc.



## Management and organisation

The Managing Director of the Company is Mr. Kid Kyrklund. In addition to him, the Executive Team of the Company consists of Mr. Martti Auvinen, Marketing Director, Mr. Markku Koskinen, Production Director, Mr. Werner Türtscher, Forwarding Director, Mr. Kari Suominen, Manager of Human Resources, Mr. Matti Esko, Development Manager and towards the end of the year also Mr. Riku Kajjanen, who was appointed Manager of Financing on 25 November. Mr. Pekka Valkoja, Export Department Manager has acted as the Secretary of the Executive Team. Two representatives of the personnel groups have also participated in the work of the Executive Team.

During the autumn of 2002, communications and invoicing were transferred under the marketing function.

## Board of Directors

Mr. Heikki Sara, Director, Chairman of the Board  
Mr. Reko Aalto-Setälä, General Counsel  
Mr. Yrjö Olkinuora,  
Vice President and General Manager  
Mr. Eero Kuokkanen,  
Vice President and General Manager  
Mr. Kari Pasanen,  
Vice President and General Manager  
Mr. Erkki Puru,  
Vice President and General Manager  
Mr. Jussi Sarvikas, Vice President, Logistics

## Auditors

SVH PricewaterhouseCoopers Oy

Mr. Petri Palmroth, Chartered Accountant  
Mr. Pekka Thuren, Chartered Accountant  
have acted as auditors of the Company.

Mr. Mika Kaarisalo, Chartered Accountant  
Mr. Johan Kronberg, Chartered Accountant  
have acted as deputy auditors.



## Managing Director's Review

In terms of traffic, 2002 had a fairly slow start but volumes picked up somewhat in the second half of the year. For the Company's traffic figures, however, the significant thing was that both export and import volumes of cargoes other than shipments of chemical wood processing industry increased over the previous year. The export of paper and cardboard increased by one percent, at 3.2 million tons. The overall increase in export traffic, however, was 4.4%, mainly consisting of pulp, sawn goods and container traffic.

The import of china clay decreased by 11.3% from 2001, but thanks to an increase in the import of general cargo, the overall import volume increased by 2.1 %.

The total annual traffic of the Company reached another all-time record at 4.88 million tons, showing an increase of 3.9% over the previous year.

The traffic is still dominated by the shipments of chemical wood processing industry, i.e. the export of various products and the import of raw materials. However, in 2002 other cargo types started to clearly increase their share, which has been the Company's goal all along. The WWC project is one example of our efforts to realise this development. Customer satisfaction index settled at an extremely high level in the measurements performed at the beginning of the year, resulting in an adjustment of the measurement indicators. Even with the new criteria, the index is approaching the same excellent level.

In this connection I would like to express my gratitude to each and every employee of Rauma Stevedoring, for adopting a good customer service attitude and providing true service, and for an overall good performance in 2002. One of our greatest sources of joy has been the fact that the level of damages sustained by paper reels when handled in the port has continued to decrease. The personnel has participated actively in this development, e.g. in the "Professional practices" project. This has ensured a steady downward trend in the amount of handling damages, three years running.

Another positive phenomenon is the continuous decrease in the number of work-related accidents, and the simultaneous reduction of the seriousness of accidents. The number of accidents per one million working hours has decreased at an annual rate of more than 10%. In 2002, the number of work-related accidents was 50. Efforts are continued to further reduce the numbers, the ultimate goal being zero accidents.

2003 has started at a traditionally slow pace, but the Company believes this year will become slightly better than 2002.



## Operations 2002

### Stevedoring ( tons )

	2002	2001	Change
Export	3.892.337	3.727.380	+ 4,4 %
Import	992.333	972.382	+ 2,1 %
Stevedoring, total	4.884.670	4.699.762	+ 3,9 %

Paper and cardboard exports increased by 1.0% over the previous year.  
 Import of china clay decreased by 11.3 %. The total traffic volume in the Port of Rauma was 5.68 million tons, showing an increase of 6.1 % over the previous year.

### Forwarding ( tons )

	2002	2001	Change
Export forwarding	3.883.335	3.715.837	+ 4,5 %
Import, general cargo	256.098	206.373	+ 24,1 %
Import, general cargo	696.033	737.106	- 5,6 %
Forwarding, total	4.835.466	4.659.316	+ 3,8 %

### Shipowners' services

	2002	2001	Change
Number of ships in Rauma	1117	1052	+ 65 ships
NRT	3.381.866	3.196.917	+ 5,8 %

## Turnover

The turnover of the Company in 2002 totalled EUR 44.7 million, showing an increase of 1.4 % over 2001 (EUR 44.1 million).

## Changes in operating environment in 2002

From Oy Rauma Stevedoring Ltd's viewpoint, the sale of Transfennica Oy to the Dutch Spliethoffs Shipowners and the transfer of Viktor Ek/K-Lines Oy's feeder traffic over to Team Lines Oy in Rauma were among the most significant business events in 2002. During the year, the Port Authority of Rauma completed the dredging of the so-called cement shallow and acquired a new mobile crane that facilitates lifts of up to 200 tons in the Port of Rauma.



## Personnel

Personnel structure and numbers on average in 2002:

	2002	2001
Apprentices	-	12
Supervisors	48	48
Salaried employees and senior supervisors	96	95
Regular workers	407	401
Workers on temporary or fixed contract	45	45
Personnel, total	596	601

At the end of the year, the total number of personnel was 578 (average number in December), 555 of them regular employees.

## Investments

Investments in 2002 totalled EUR 2.3 million. EUR 1.4 million was invested in the Zipper project and EUR 0.6 million in machinery and equipment.

## Shareholding

Rauma Stevedoring owns 30 % of the share capital of Rauman Vapaavarasto Oy – Bonded Warehouse. In 2002, the Bonded Warehouse performed 274 assignments (305 assignments in 2001) and its turnover was EUR 31,000 (EUR 31,700 in 2001). The Manager of Rauma Stevedoring's Import Department, Ms. Tuire Haaparanta has acted as the Managing Director of Rauman Vapaavarasto Oy.



## Operating system

Oy Rauma Stevedoring Ltd has collected all functions related to quality, the environment and "Work Health Safety" issues into one operating system. These functions cover all the areas of Rauma Stevedoring's services and the entire personnel. The operating system has been developed to support the business activities of the Company, and it complies with the requirements of the ISO 9001, ISO 14001 and OHSAS 18001 standards. As the first port company, Rauma Stevedoring will acquire in the first half of 2003 certification for the operating system that covers all these three functions. The audits required for this were completed by the end of 2002.

The Operations Manual of Rauma Stevedoring contains all the Company's policies with respect to quality, the environment and "Work Health Safety" issues. The Manual also describes the objectives and the indicators, and contains the required function descriptions, instructions and forms needed to provide the services. The system, together with continuous and determinate development will enable the Company to achieve and maintain high customer satisfaction in the services, which will create a good base for the continuance of business operations.

## Environment

As stipulated in the Company's Environmental Policy, environmental protection and management form an integral element of the business operations of Oy Rauma Stevedoring Ltd. The Company accordingly accepts responsibility for the preservation of the environment and for the adoption of the principles of sustainable development.

The most significant environmental investment in 2002 was the vacuum system of the china clay unloading hopper, designed to prevent china clay dust from spreading into the environment.



## Container traffic

Container traffic continued to increase in 2001. Total traffic amounted to 97,765 TEU, showing an increase of 16.6% over the previous year. The total number of containers was 62,073, showing an increase of 11.3%. The volume increased equally much in export and import traffic.

More than three quarters of the export containers were stuffed in the port.

## Container traffic in 2002

	TEU	qty
Export	55.046	34.834
Import	42.719	27.239
<b>Total</b>	<b>97.765</b>	<b>62.073</b>



## Development of other cargo types

In general cargo, sawn goods and container traffic a clear increase was seen in volumes, both in export and in import. The export of sawn goods increased by more than 50% and the import of general cargo by 25%. The import of raw wood increased five-fold and the import of fodder almost doubled.



## Central development projects

### Opera project

Opera is an extensive project started at the beginning of 2002 to renew the information systems of the Company. The starting point of the project was the strategy process implemented in 2001, in which the development of data management was recognised as one of the most significant issues. The key objective of Opera is to create a new system for comprehensive management of data flows related to export and import traffic as well as to depot operations. The project also aims at improving the level of customer service in data communications between Rauma Stevedoring and the customers.

The definition stage of the project is almost completed and the implementation stage is about to start. The system is expected to be ready for implementation in production operations in 2004.

### Zipper project

The Zipper project is the first venture realised between a Finnish paper mill and a port operator to create an automatic, reliable, swift and flexible process for handling of paper reels, in which no physical handling of the reels is necessary until they have been loaded in the ship's hold.

Rauma Stevedoring built in 2002 a separate warehouse facility for the Zipper system, and the installation of equipment will take place in the first part of 2003. The entire system is expected to be in use towards the end of the year.

### WWC process and index

Winning With Customer, or the WWC process that was started in the autumn of 1999 focuses on the improvement of customer service. The entire personnel have now participated in the training events and the implementation of the process is monitored by means of the WWC index. With the original criteria, the index exceeded the level of excellent service four times in a row. Monitoring now continues with new index criteria.

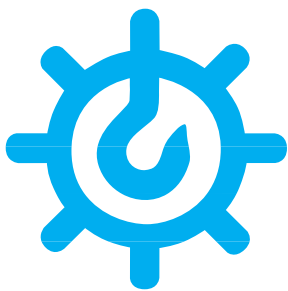
New objectives have been defined for the WWC process and work continues in the form of e.g. processing customer feedback obtained in connection with the index measurements, and implementing various development actions.

### “Professional practices”

“Professional practices” is a project started by Oy Rauma Stevedoring Ltd in 2001 and it aims at developing nondamaging practices for the handling of goods. All employees who are involved in the handling of goods have participated in training events in 2001 and 2002, and new development ideas brought up in these events have been implemented.

The number of damages has been measured on a monthly basis and the trend has been a downward one for over two years. In October 2002, the number of damages fell from the figures during the corresponding period in 2001 in nineteen consecutive months.

The “Professional practices” project will continue also in 2003. The new aim is to decrease the annual level of damages below 0.070%.



## RAUMA STEVEDORING

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