

KWH 2012 Annual Review



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The KWH Annual Report 2012 consists of an Annual Review and a Financial Report.

The Annual Review gives a picture of the Group and its Business Operations 2012 and contains the Consolidated Income Statement and the Consolidated Balance Sheet. The Annual Review is also available for download under www.kwhgroup.com. The Annual Review is available in English, Finnish and Swedish.

The Financial Report contains the financial statements including notes and can be ordered from KWH Group Ltd by e-mail info@kwhgroup.com. The Financial Report is available in Swedish.

Group President's Review

Last year was the fourth in a row in which the world was in crisis. Much has happened, but no decisive political decision has been made.

The EU, US and Japan battled onward down a staked out path which we all should realise is untenable in the long term. Sometimes reality gives rise to vision, but not in 2012. It is clear to anyone who is not completely shut off from the rest of the world and the global economy that we are heading fast down a dead end street.

There seems to be no will for a slowdown. Instead, it seems we are going to have to end in total chaos before we come to our senses, and that is not going to happen voluntarily but by force. The indebtedness and the social benefits and pensions offered in most Western economies are unsustainable and will end up leading to a whole lot of political unrest before this equation is solved, i.e. reduced to a manageable level.

KWH 2012

The year was tough, as I had expected. KWH increased its turnover by about 4%, but pressure on the margins meant that cost increases more or less ate up the difference.



Peter Höglund and his 1951 Velocette Mac. The motorcycle was Wiik & Höglund's Forest Foreman Kalle Hautanen's company motorcycle from 1952 to 1962. It was returned to its original owner when Peter Höglund bought it in 2012. The motorcycle is on display at the KWH museum in Jepua.

Earnings improved somewhat compared to the previous year's moderate level.

KWH's strategic plans build on continuous innovation, and during the year we were able to complete our work to secure KWH Plast's position on the market. The tough competition and the limited possibilities for productivity improvements meant that structuring of the industry was the best alternative for moving the company forward. Schur Flexibles Group was the buyer that we believed was the safest bet for leading KWH Plast towards growth and success. They needed the special know-how that has been acquired over many years in KWH Plast. The company is now continuing its development in Jakobstad at the same location that will now be leased from KWH.

In the framework for KWH Pipe, we have also sought solutions for many years. Competitive pressure, caused in part by globalisation trends, has continued to erode margin levels. At the same time, the economic downturn resulting from the financial crisis, together with diminished infrastructure investments, has lowered demand. These circumstances forced us to look for strategic structuring alternatives. After a long search and negotiation process, we found a solution. KWH Pipe will merge with Uponor Oyj's infrastructure unit and create a subsidiary to Uponor, Uponor Infra. KWH will have ap-

proximately 45% ownership. The matter has been brought before the Market Court for a decision, and notification of the conditions for approval is expected in late May.

The global situation, with the financial and resulting political crises that now prevail, has forced KWH to create some elbow room in the form of liquidity and solvency, in part, through the freeing of resources and selection of the most promising projects. Without a stable financial position, the company's future is uncertain and our ambition of developing the industries we have chosen to work in is hampered. KWH is aiming for renewal at all levels, which requires continued massive development efforts, both at product, process and business group levels.

KWH 2013

For 2013, we have forecast a 5 per cent increase in turnover, while earnings levels are expected to take a big step forward. When the budget was established, KWH Pipe was still part of the whole, as before. If Uponor Infra is established, our numbers will change significantly. In the KWH group's consolidated accounts, our share of Uponor Infra's earnings will be included, while turnover will not. The consolidated balance sheet will also significantly change. The other important change is that KWH Plast will, of course, no longer be part of the group.

The budget is based on the presumption that the world, and especially the EU's economy, will develop in a positive direction, at least in the third and fourth quarters. As previously mentioned, there are many factors that would suggest a very different scenario, but let's hope that the political decision-makers realise the gravity of the situation and make decisions that favour the economy, at least in the long-term.

KWH is facing future challenges stronger than ever before. Among other things, we have achieved a net debt-free position, giving us room to manoeuvre in our march into the future.

*Peter Höglund
Group President*

KWH 2008–2012

KWH	2008	2009	2010	2011	2012
Consolidated Income Statement					
Turnover					
Finland, EUR million	216.1	172.1	186.1	206.0	196.6
Exports from Finland, EUR million	156.4	130.5	148.6	156.1	168.6
Foreign Operations, EUR million	219.4	167.9	156.1	181.7	202.0
Total, EUR million	587.5	467.5	484.5	537.4	560.7
Salaries, Wages and Social Charges, EUR million	127.0	115.0	121.0	129.1	132.8
Depreciation and Impairment, EUR million	26.6	35.1	26.7	25.1	25.8
Operating Profit, EUR million	27.6	12.1	22.1	24.3	27.6
Financing Items, EUR million	6.6	1.3	1.1	2.7	3.3
Profit before Taxes, EUR million	21.0	10.9	21.0	21.6	24.3
Taxes according to the Income Statement, EUR million	5.4	3.3	6.4	5.0	6.2
Profit after Taxes incl. Minority Items, EUR million	15.6	7.5	18.4	12.0	19.0
Consolidated Balance Sheet					
Non-current Assets, EUR million	236.1	233.5	234.1	232.4	236.1
Inventories, EUR million	91.3	70.6	80.3	82.2	81.4
Receivables, EUR million	96.6	80.0	87.0	90.6	86.5
Cash in Hand and at Bank, EUR million	33.6	42.8	48.0	57.1	47.9
Shareholders' Equity, EUR million	267.6	270.6	284.6	291.1	305.6
Liabilities, EUR million	189.9	156.0	164.8	171.2	146.3
Net Interest-bearing Liabilities, EUR million	57.7	34.7	24.1	8.3	2.7
Balance Sheet Total, EUR million	457.5	426.6	449.4	462.3	451.9
Ratios					
Change in Turnover, %	6	-20	4	11	4
Exports and Foreign Operations, %	64	64	64	63	66
Share of Group Turnover					
KWH Pipe, %	52	50	44	44	44
KWH Mirka, %	24	26	30	30	31
KWH Logistics, %	15	18	19	21	20
KWH Invest and others, %	9	7	7	5	5
Return on Capital Employed, %	8	4	7	7	8
Return on Shareholders' Equity, %	6	3	5	6	6
Equity Ratio, %	59	64	64	64	68
Gearing, %	22	13	8	3	1
Other Information					
Gross Investments, EUR million	43.3	32.7	24.2	30.3	31.4
Net Investments, EUR million	40.8	31.1	21.3	25.5	26.8
Average number of Personnel	2,916	2,696	2,627	2,691	2,711
of which abroad	1,188	1,116	1,061	1,060	1,061
Turnover per Employee, EUR 1,000	201	173	184	200	207

Return on Capital Employed

Profit before Taxes plus Interest and other Financing Expenses as per cent of Balance Sheet Total minus Non-interest-bearing Liabilities in average

Return on Shareholders' Equity

Net profit as per cent of Shareholders' Equity plus Minority Interest in average

Equity Ratio

Shareholders' Equity plus Minority Interest as per cent of Balance Sheet Total minus Advances Received

Gearing

Interest-bearing Liabilities minus Cash in Hand and at Bank as per cent of Shareholders' Equity plus Minority Interest.

KWH 2012

The group achieved both the anticipated rise in turnover and the budgeted earnings. The financial position was strengthened and capital and reserves totalled EUR 305.6 million, corresponding to 68% of the balance sheet total.

Two significant changes occurred in the group structure. One transaction (KWH Plast) was completed, while the other (KWH Pipe) was brought before the Market Court for a decision after the Competition Authority suggested that it could not approve the merger between KWH Pipe and Uponor's infrastructure activities.

KWH Mirka is one of the most aggressive, innovative, and successful players on the market when it comes to flexible sanding material. Its profiling as a supplier of total abrasive solutions further reinforces Mirka's position as an innovator.

KWH Logistics continues to successfully develop customer-specific logistics solutions. The company is growing both organically and through corporate acquisitions.

Prevex's focus on functional and space-saving siphon systems has earned the company a position as market leader in Scandinavia.

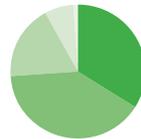
Share of Group Turnover

- KWH Pipe 44%
- KWH Mirka 31%
- KWH Logistics 20%
- KWH Invest 5%



Turnover by Geographical Area

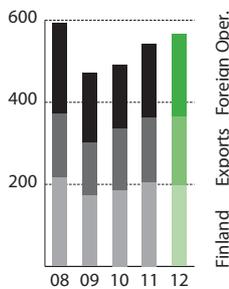
- Finland 34%
- Rest of Europe 40%
- North America 18%
- Asia 7%
- Others 1%



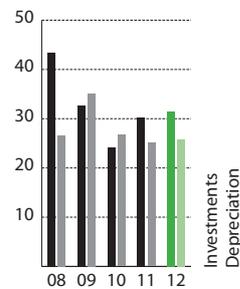
Key Figures

	2011	2012
Turnover, EUR million	537.4	560.7
Operating Profit, EUR million	24.3	27.6
Profit before Taxes, EUR million	21.6	24.3
Return on Capital Employed, %	7	8
Return on Shareholders' Equity, %	6	6
Investments, EUR million	30.3	31.4
Equity Ratio, %	64	68
Gearing, %	3	1
Personnel	2,691	2,711

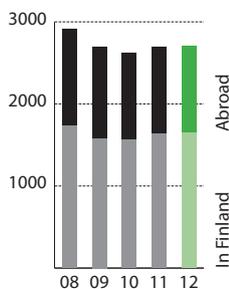
Turnover, EUR million



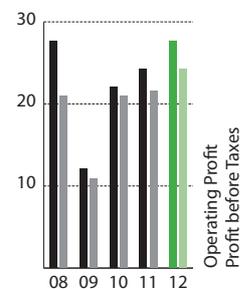
Investments, EUR million



Personnel



Profit, EUR million



KWH at a Glance

KWH Pipe

Plastic pipes and pipe systems for industrial, infrastructure and building applications, environmental and low-energy products, pre-insulated pipe systems, special machinery and production technology.
Head office in Vaasa, Finland.
10 production units and 5 sales offices in Europe, Southeast Asia och North America.
The share of exports and foreign operations 72%.

Turnover

248 M€

Share of the Group

44%



Personnel

1,180

Share of the Group

44%



KWH Mirka

Coated and non-woven abrasives, electric sanding machines and polishing compounds; complete sanding solutions.
Customers: the automotive refinishing trade, original equipment manufacturers, composite manufacturers, the furniture industry, metal finishing etc.
Production units in Jeppo, Oravais, Jakobstad and Karjaa, Finland; export 96%.
15 marketing companies and 3 sales offices abroad.

Turnover

176 M€

Share of the Group

31%



Personnel

957

Share of the Group

35%



KWH Logistics

KWH Freeze (Cold Storage) has cold storages in Vantaa and Inkoo, Finland.
Port & Sea, Freight Forwarding and Industrial Service & Warehouse: port operations, freight forwarding and international transports; complete logistics solutions.
Present in 10 ports in Western Finland and in Hamina.

Turnover

111 M€

Share of the Group

20%



Personnel

393

Share of the Group

14%



KWH Invest

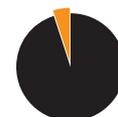
Prevex manufactures siphon systems for kitchen and bathrooms, and customer specified products. The market leader in Scandinavia for siphon systems for kitchen sinks.
Export 80%.

Turnover

32 M€

Share of the Group

5%



Personnel

170

Share of the Group

6%



Total

560 M€

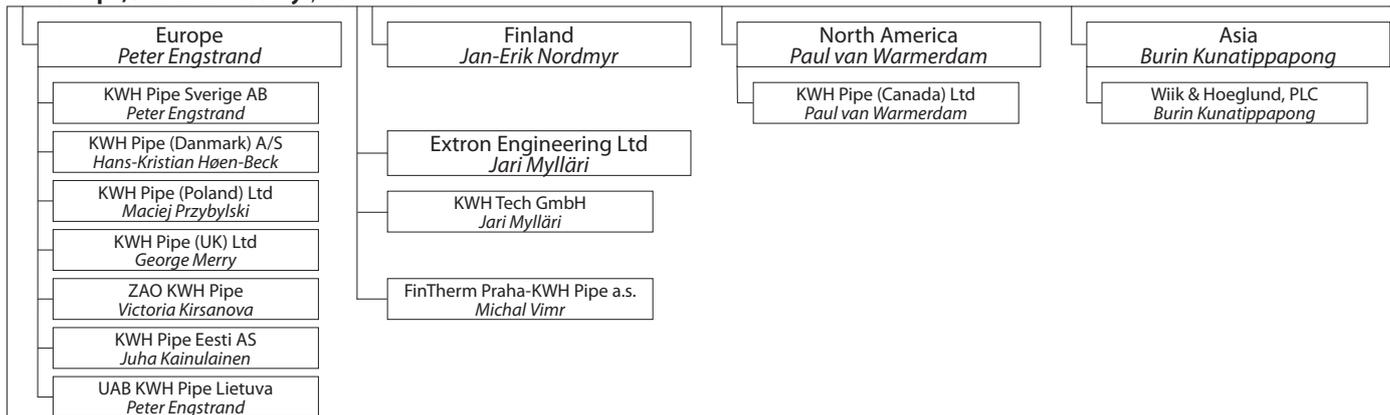
2,711

Organisation March 1, 2013

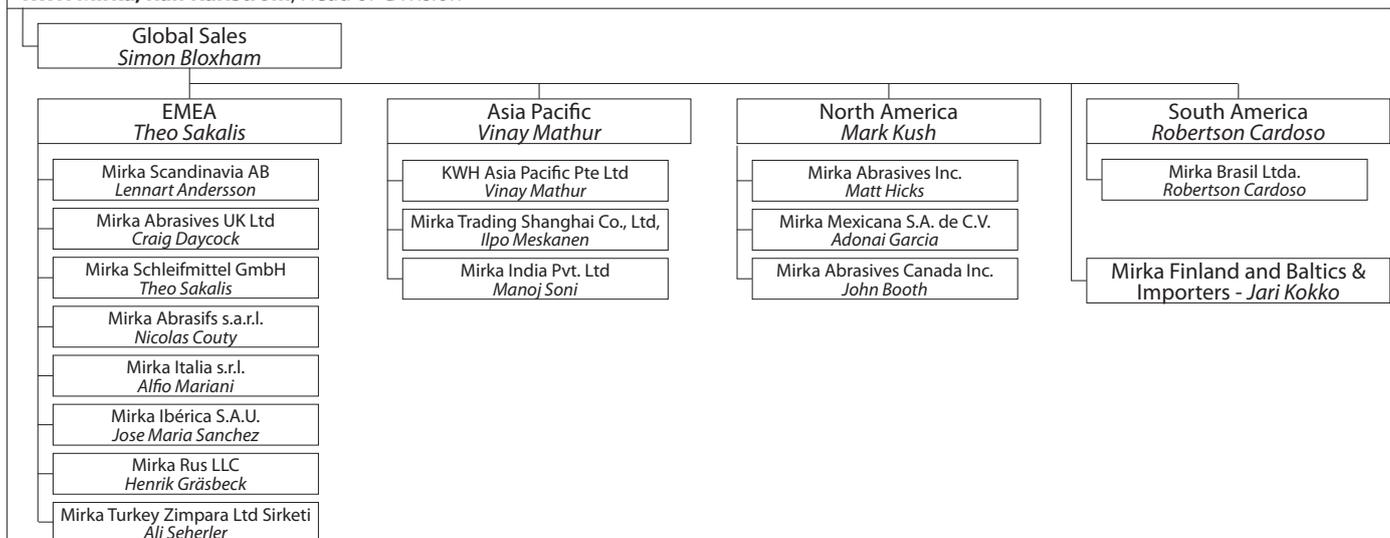
Board of Directors

Peter Höglund, Group President

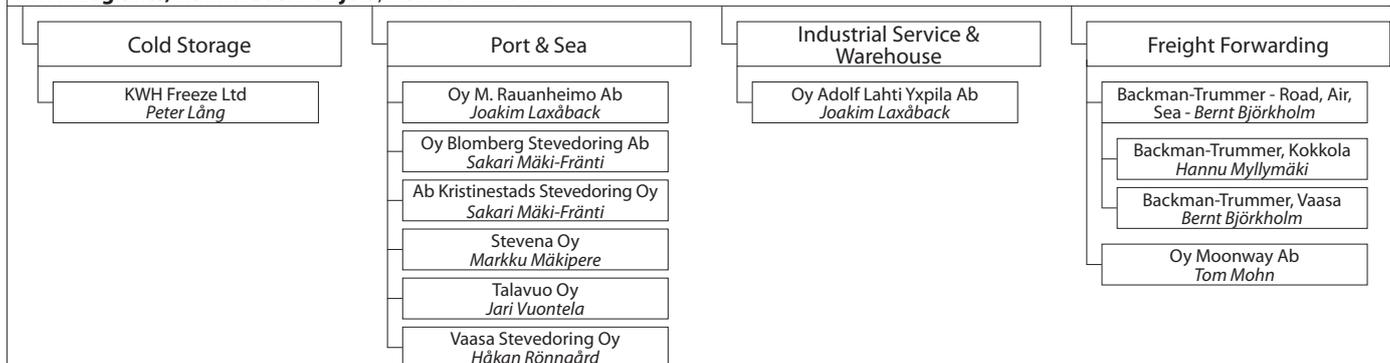
KWH Pipe, Jan-Erik Nordmyr, Head of Division



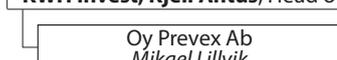
KWH Mirka, Ralf Karlström, Head of Division



KWH Logistics, Hannu Uusi-Pohjola, Head of Division



KWH Invest, Kjell Antus, Head of Division



KWH Pipe develops, manufactures and markets plastic pipes and pipe systems for industrial, infrastructure and building applications, environmental and energy related products, pre-insulated pipe systems and special machinery and production technology.

The group consists of 10 production facilities in Finland, Sweden, Denmark, Poland, Czech Republic, Thailand and Canada and 5 sales companies in Estonia, Germany, Lithuania, Russia and the United Kingdom. In addition, there are Weholite licensees in Brazil, Chile, Iceland, Japan, Malaysia, Libya, Oman, South Africa and the United Kingdom.

Operational climate and market situation

The operational climate has been challenging. The economic slowdown still forces the public sector to reduce its investments in infrastructure and the persistent macro-economic problems in both the EU and the US have been continuing along with slow house building as a result. The private sector improved somewhat and increased investments according to profitability improvements. Raw material prices were volatile and effected results negatively.

Geographically, there are great differences between countries. In Europe, KWH Pipe operates primarily in markets that have survived the economic crisis better than average; nevertheless, in 2012 infrastructure building decreased and housing building stagnated, especially during the second half of the year. In North America, a clear upturn was seen for the third consecutive year, which is illustrated by the fact that the industry organisation *Plastic Pipes Institute* reported an approx. 8% increase in total sales of PE-HD pipes compared to the previous year (in 2010 +16%, in 2011 + 19%). Most market segments had positive growth in 2012, with the Gas Distribution marketplace representing the largest volume growth over the course of the year. In 2012, PE-HD demand in Thailand and most Asian market countries continued to slowly grow and plastic pipes are gaining

more acceptance by customers as opposed to traditional pipe materials such as concrete and steel.

In Europe, KWH Pipe is a regional player with varying market positions in the different domestic markets, most of which are in Northern and Eastern Europe. The broadest product portfolio is in Finland, while in some of the markets KWH Pipe has specialised in a small number of products or application areas. The continued uncertainty in the EU regarding struggling economies and the euro's future has slowed down business and hampered investments in building activities in most countries. In the Nordic countries, and especially Finland, the cost competitiveness has decreased substantially thereby making export difficult.

KWH Pipe is the biggest producer of PE-HD pipes in Canada and has traditionally been strong in the larger pipe dimensions which are a segment that according to forecasts will be one of the fastest growing in North America. Increased competition, volatility in exchange rates and although officially terminated, the 'Buy America' attitude remains strong, limiting the company's ability to sell commodity pipe into the US market.

In Thailand, demand from the public sector was still slow. Export possibilities to other Asian countries increased but the competition also increased. The Thai company continues to work with industry organisations by informing the market about the risks of using products made from raw materials that are not intended for pipe production, which is common among low-price competitors.

For District Energy, 2012 was another

challenging year due to continued low demand and the tough competitive situation both in Finland and especially Sweden. The efforts made on the sales of industrial insulated pipes combined with technical support continued. Fintherm succeeded in increasing volumes but the competition is very stiff in Czech Republic and neighbouring countries.

For Machinery and License Sales, including Extron, which primarily operates in the CIS countries and the Middle East, the markets are still slow and the demand is very uneven. Although the number of requests has increased it has been difficult to finalise the orders.

Goals and strategy

KWH Pipe is an expert in sustainable solutions and technologies for the transportation and storage of liquids and gases and in wastewater treatment and energy.

This means that KWH Pipe

has the best understanding of the customers' needs and processes – and the best solutions. The product portfolio includes pipe systems, tanks, environmental and low energy products. The products and services should offer the best value through the entire life cycle and, at the same time, they should be environmentally friendly.

In markets in which KWH Pipe does not compete, it offers production technology to companies in the plastics industry through the sales of products and services, licensing or franchising.

Development during the year

Due to low demand, KWH Pipe has continued to review its operations and adapted the

KWH Pipe strives for increased profitability by an increasing focus on niche markets that demand value-added products and services.



Jan-Erik Nordmyr, CEO

“Improved turnover and tight cost control resulted in the entire group’s profits improvement to an acceptable level.”

organisation and activities to the current situation. Also personnel levels have had to be reduced as a result of this. Investments of a non-urgent nature have been postponed to the future although investments increased clearly during the year compared to 2011. The plastic raw material prices were increasing substantially during the first four months of the year, dipped in the summer, and peaked again in autumn especially in Europe.

In order to strengthen the company’s competitiveness, product development has focused on strengthening its niche product portfolio based on Weholite and multilayer pipes. The first proto-type to produce Weholite pipes with higher quality and in a safer manner was introduced in 2011 and has been followed by new commercial units by the licensees as well as in the company’s own factories. This has been well in line with the target to improve the growing portfolio of various tank products. The new fabrication methods, also introduced in 2011, have facilitated production of bigger tank dimensions. As a consequence of the enlarged tank portfolio, substantial effort has been put into fine-tuning the tank specifications, handling and logistics of the equipment and parts involved, as well as quotation handling.

Examples of functional piping solutions (multilayer pipe products) are abrasion resistant pipes both for pneumatic solid waste collection and mining slurry applications. Various barrier layer pipes have been produced, delivered and installed. The extrusion tooling for multilayer pipes has been further developed to cover dimension ranges from 10 mm to 1200 mm. The standardisation and certification of new products are also much in focus to make further growth possible.

Throughout the company, productivity improvements through process improvement ▶

KWH Pipe	2008	2009	2010	2011	2012
Turnover, EUR million	307.5	233.3	212.1	234.1	247.7
Change, %	9	-24	-9	10	6
Exports and Foreign Operations, %	66	68	65	66	72
Share of Group Turnover, %	52	50	44	44	44
Investments, EUR million	13.1	7.7	5.8	5.8	6.8
Personnel	1,449	1,352	1,276	1,238	1,180

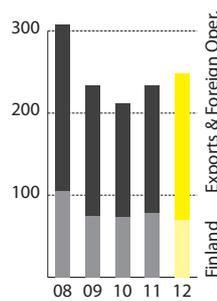
Share of Turnover



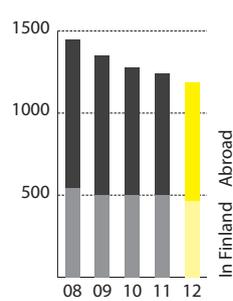
Share of Capital Employed



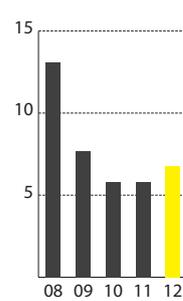
Turnover EUR million



Personnel



Investments EUR million



and standardisation in office and production processes have taken place to further enhance a systematic way of working with minimum waste (lean way of working).

Highlights

The market climate continued to be very challenging but there were several positive signs that some markets are recovering somewhat and the company's strategic direction is the right one. In Finland, different applications of Weholite for example a stormwater detention tank installation to Vantaa Energy was delivered. Another example was a stormwater system for Kuopion Energia. Some sizeable meltaway pipe systems were delivered to Helsinki and Kuopio.

In Denmark, there was continued good progress made in the sales of multilayer pipes as well as in normal commodity pipes and fabrication. The Polish market remained strong and a major project was secured to a big mine in Poland. In Russia, it was a good year partly due to the fabrication products sales and major sales of Wehoarctic pipes to Vladivostok. In Sweden, Stora Enso ordered a sewage water outfall to their factory in Nymölla.

In Asia, the company supplied, welded and installed successfully a major raw water intake pipe line for a new 1,600 MW combined cycle power plant at Saraburi province north of Bangkok. The price competition on the Thai market continued to be stiff.

In North America, the company was successful in securing a major penstock feed line for a run-of-the-river mini-hydro project in British Columbia. This project involved 120" and 108" low

pressure Weholite pipe that was produced in 2012 with installation completion scheduled in 2013. The highway culvert rehabilitation market continues to be a major end use application for Weholite that the company continues to pursue aggressively. Imports of the US produced solid wall polyethylene pipe into Canada hit record levels in 2012, driven

by the increase in production capacity in the US as well as the strength of the Canadian dollar. Despite this, the company succeeded in increasing its sales volume in Canada.

District Energy in Finland delivered a major Wehotherm insulated pipe line from Westenergy's waste-to-energy plant outside Vaasa to the city of Vaasa's district heating system.

In Machinery and License Sales, a 3-layer blown film line was delivered to Russia as well as a bigger welding machine order. A licensee agreement with Armco Staco from Brazil was signed in autumn 2012. WehoCoat, a machine for coating joints on steel gas pipelines with polyethylene to resist corrosion, has attracted attention and a final breakthrough in sales is expected during 2013.

Quality, environment and safety

The KWH Pipe group's production units are certified according to the ISO 9001:2008 standard and some of them are also certified according to the environmental standard ISO 14001:2004. The company collaborates closely with its customers in order to meet their needs by offering new products and comprehensive solutions in a competitive manner.

KWH Pipe does not compromise on product quality under any circumstances. In the production of both pipes and entire piping systems, only raw materials that meet appli-

cable standards and have been tested in the company's own laboratories are used. Together with local raw material suppliers, industry organisations and the authorities, KWH Pipe implements information campaigns to increase quality awareness among

customers.

By offering high-quality products, KWH Pipe helps its customers to protect the environment. With tight, durable pipe systems and tanks, leakages of both clean water and various forms of wastewater are minimised. This contributes to the efficient use of natural resources and prevents environmental dam-

age. Polyethylene pipes that are removed from use can be recycled for various types of purposes. A study commissioned by the industry organisation *The European Plastic Pipes and Fittings Association (TEPPFA)* shows that different types of plastic pipes have very little impact on the environment throughout their life cycle compared to pipes made from other materials.

A safe working environment is the basis for an efficient business. KWH Pipe's production units continuously focus on safe working methods in order to avoid personal harm and increase productivity.

Personnel

An average of 1,180 people was employed by KWH Pipe during 2012, a reduction of 58 employees from the previous year. Moreover, almost all the units have had to adapt costs to the market situation or have been spending sparsely. KWH Pipe will continue to make considerable investments in the personnel's skills, work capacity and well-being.

Investments

The KWH Pipe group's gross level of investments in 2012 was 6.8 million euro, a 17% increase compared to 2011. Investments in productivity improvements, product development and improvement of processes have been the main focus areas.

Development of profits

Turnover increased from 234.1 million euro to 247.7 million euro. Denmark, Poland, the UK, Canada and Thailand improved the most. Improved turnover and tight cost control resulted in the entire group's profits improvement to an acceptable level.

Finland's operations present acceptable profits in the current, tough market situation.

Most of the other European units improved their profits significantly despite the challenging market situation.

The profits of the Machinery and Licensing Sales business improved substantially compared to 2011 to an acceptable level.

Asia's profits were weak due to one-time costs and stiff competition although turnover improved 20%.

Different types of plastic pipes have very little impact on the environment throughout their life cycle compared to pipes made from other materials.

In North America, profits were again acceptable. 2010–2012 showed an improving market climate, which resulted in a clear improvement in profits during these years after earlier challenging years.

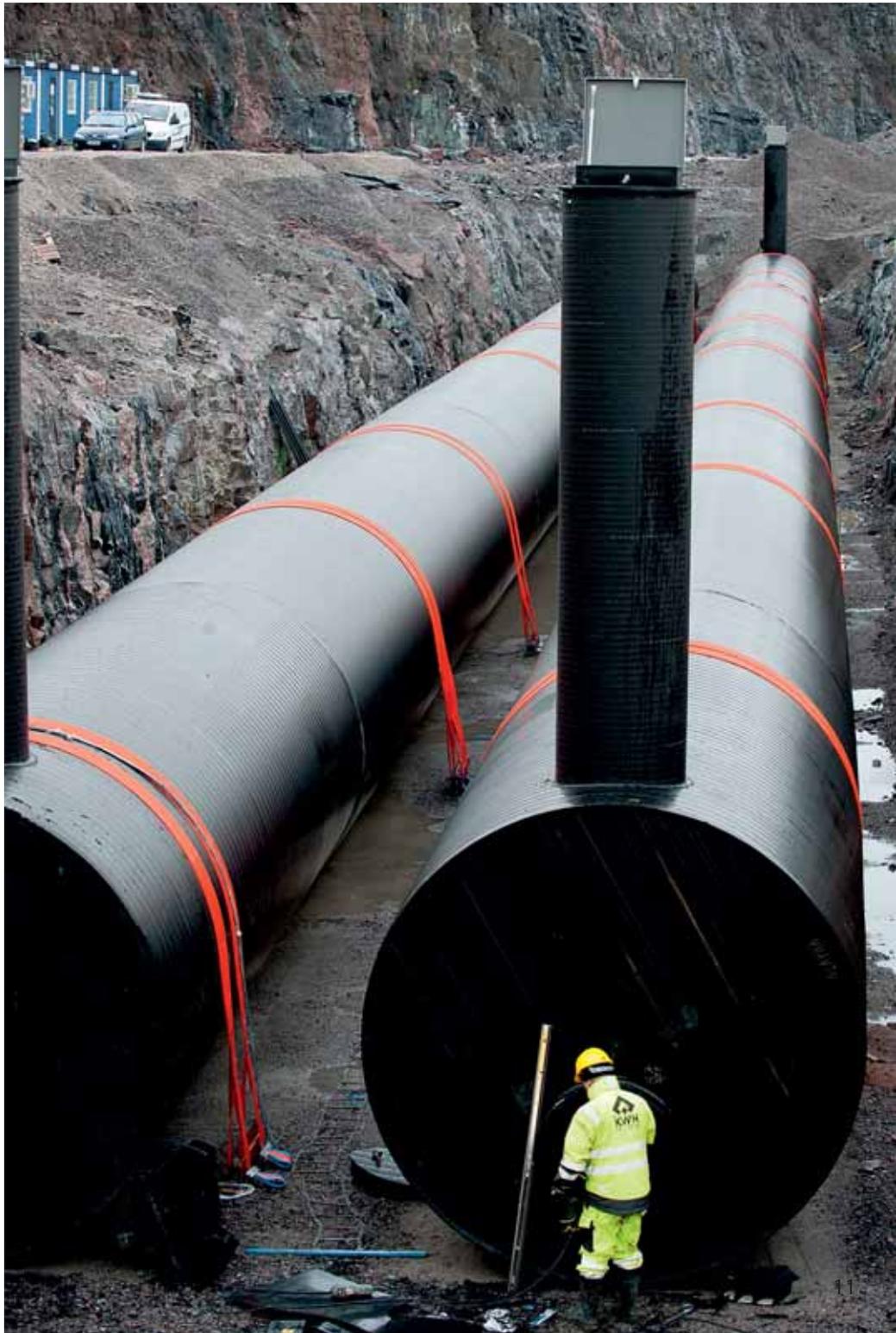
The Pipe group's cash flow was clearly positive and improved considerably compared to 2011.

Outlook for 2013

Developments in 2013 are difficult to predict and will depend to a great extent on how strong the global economy is. Both the EU and the US are still continuing to struggle with their economies, thereby resulting in overall weak world demand. Even if demand from the private sector would continue to increase, the public sector will be obliged to moderate infrastructure investments due to increased indebtedness and the introduction of saving programmes. The generally slow growth is also resulting in low house building activities. It is, therefore, likely that there will be continued weak growth for several years to come.

It is at present difficult to judge how significant the consequences of the continued political unrest in the Middle East and Africa, e.g. in Syria, Israel, Mali, will be. Continuous uncertainty raises oil prices and consequently the costs for raw materials for the plastics industry, which directly effects competitiveness and will press margins. It is expected that raw material prices will stay at high levels and with high volatility during 2013.

The company's niche focus means increasing activities in areas that grow faster and give a better return than the market in general. A challenging market climate accelerates this renewal faster than previously. Under these circumstances, KWH Pipe intends to work to maintain positive cash flow and improve cost efficiency, but will now also take a more positive position on new investments and business development. ■



Nowadays, sales are increasingly in the form of systems sales, and the product programme has been augmented by products such as backing pads, sanding blocks, dust extractors and other accessories. Their importance is constantly increasing.

KWH Mirka's production programme is very comprehensive and consists of abrasive materials, polishing agents and sanding machines for different types of abrasive processes in automotive refinishing and production, the manufacture of composite parts, furniture production, metal processing and for sales via the hardware, paint and machinery trades.

Nowadays, sales are increasingly in the form of systems sales, and the product programme has been augmented by products such as backing pads, sanding blocks, dust extractors and other accessories. Their importance is constantly increasing.

KWH Mirka is one of the leading global players in the *Surface Finishing* market segment, which encompasses automotive refinishing (ART), vehicle manufacturing (OEM), marine and composite, as well as industry subcontractors. This has been achieved thanks to a niche strategy consisting of a high-class and partially unique product range.

In the *Wood* market segment, focus has been on small and medium-sized users. The dust-free system with the net products has constantly gained in importance. The CEROS and DEROS electric sanders have also strengthened the brand in the Wood market segment.

The new *Power Tools* business unit, for the manufacture and marketing of sanding machines and accessories, grew rapidly during the year. New unique sanding machine models have been launched and new models are being developed.

Engineered Surface Finishing (ESF) is a new development unit that develops micro products for the OEM sector and searches for new attractive market areas. The unit has developed several new, unique micro

products. Several products have already been launched, and even more are on the way.

Positive growth

KWH Mirka is active in a mature industry with little or slow growth, but in 2012 the industry showed continued strong growth. The growth was good in all countries where Mirka operates, although the euro countries that have been hardest hit by the debt crisis, e.g. Italy and Spain, showed weak growth. The global industry encompasses approximately 140 manufacturers of flexible abrasive materials.

The automotive industry is still growing and has had a positive influence on the demand for Mirka's unique products. The BRIC markets (Brazil, Russia, India and China) are the fastest growing, and in Europe, Germany is the driving force.

The biggest increase for Mirka was in the car repair sector, followed by DPT (trade sector). The Wood market segment is still showing stable growth, and sales in the OEM vehicle industry also rose.

The number of body shops in the ART sector continues to decline as the market undergoes consolidation. Insurance companies and paint and car manufacturers have an even stronger hold on the car repair sector.

KWH Mirka is one of the most active and successful players in the flexible coated abrasive industry and is probably number three now globally in sales volume.

Still a strong market

The market was strong in most areas. Sales were stable throughout the year, and production was able to keep pace with volume

growth. The car repair sector did very well, despite increasing consolidation, thanks to the focus being placed on sales of sanding solutions and not on individual products.

KWH Mirka's most important market is still EMEA (Europe, Middle East and Africa). North America is growing steadily, while Asia Pacific showed strong growth, as did South America.

Systems sales generate added value

The profiling as a supplier of total abrasive solutions reinforces Mirka as an innovator. The added value that Mirka's sanding solutions have been able to offer customers has helped Mirka to achieve better growth than

The market embraced the benefits of dustless sanding and, therefore, net products showed the strongest growth.

in the industry on average. In addition to the added economic value for users, the positive aspects in the working environment thanks to dustlessness and ergonomic

sanding tools are also appreciated.

Investment has been made in the development and marketing of sanding machines, which are important components of Mirka's sanding system. Polishing products and micro sanding products are examples of new products.

Marketing and sales organisations expanded in most markets, and resources were reinforced in the BRIC countries, in particular. These countries also show the strongest growth. Even mature markets such as Western Europe had exceptionally good growth. Also very satisfying is the fact that the US market is continuing to grow.

Continued investments in production

The units in Nykarleby (Jeppo) and Oravais manufacture abrasive paper, cloth and net,



Ralf Karlström, CEO

"Mirka's sanding system improves customers' productivity, which is of the highest priority in an ever more competitive market for sanding materials."

nonwoven abrasive products and sanding machines. At Karis, textile bottom material is manufactured for the net products.

At the factory in Karis, capacity for the production of base material for net products increased significantly. At the beginning of the year, a new textile treatment line for net base material was commissioned. New and effective knitting machines were purchased.

In Jeppo, a new marketing office was finished in August. In the late summer, the construction of a new technology centre opened, which is scheduled for completion in the spring of 2013. In the autumn, the construction of Ekokem's bioenergy power plant began, which is expected to supply Mirka with most of its thermal energy needs starting in early 2014. As regards the process instrumentation, two coating machines were modernised for optimal quality control especially for fine net products.

In late autumn, a renovation project began on KWH's property in Jakobstad in order to optimise part of the area for the production of micro products and polishing agents, as well as the assembly of the electric sanding machines. The areas will be ready in the spring of 2013, when a high-capacity line for the production of micro products according to patented technology is commissioned.

In Oravais, a new full wide automatic disc punching line was taken into use.

Efficient logistics

To meet customer demands for short delivery times, Mirka has set up warehouses on different continents. Today, there are twelve Mirka distribution centres: five in Europe, three in North America, one in South America and three in Asia. In early 2012, activities in the new EDC warehouse were trimmed after a successful change of business partner. ►

KWH Mirka	2008	2009	2010	2011	2012
Turnover, EUR million	139.4	121.4	144.9	161.9	176.0
Change, %	-3	-13	19	12	9
Exports and Foreign Operations, %	94	94	95	96	96
Share of Group Turnover, %	24	26	30	30	31
Investments, EUR million	8.6	5.5	5.0	7.2	9.7
Personnel	835	790	796	883	957

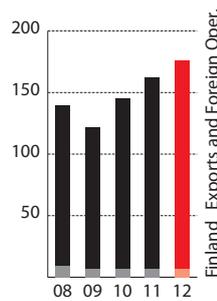
Share of Turnover



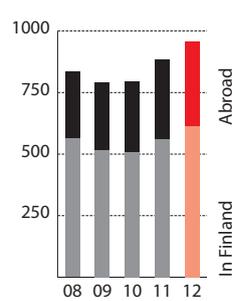
Share of Capital Employed



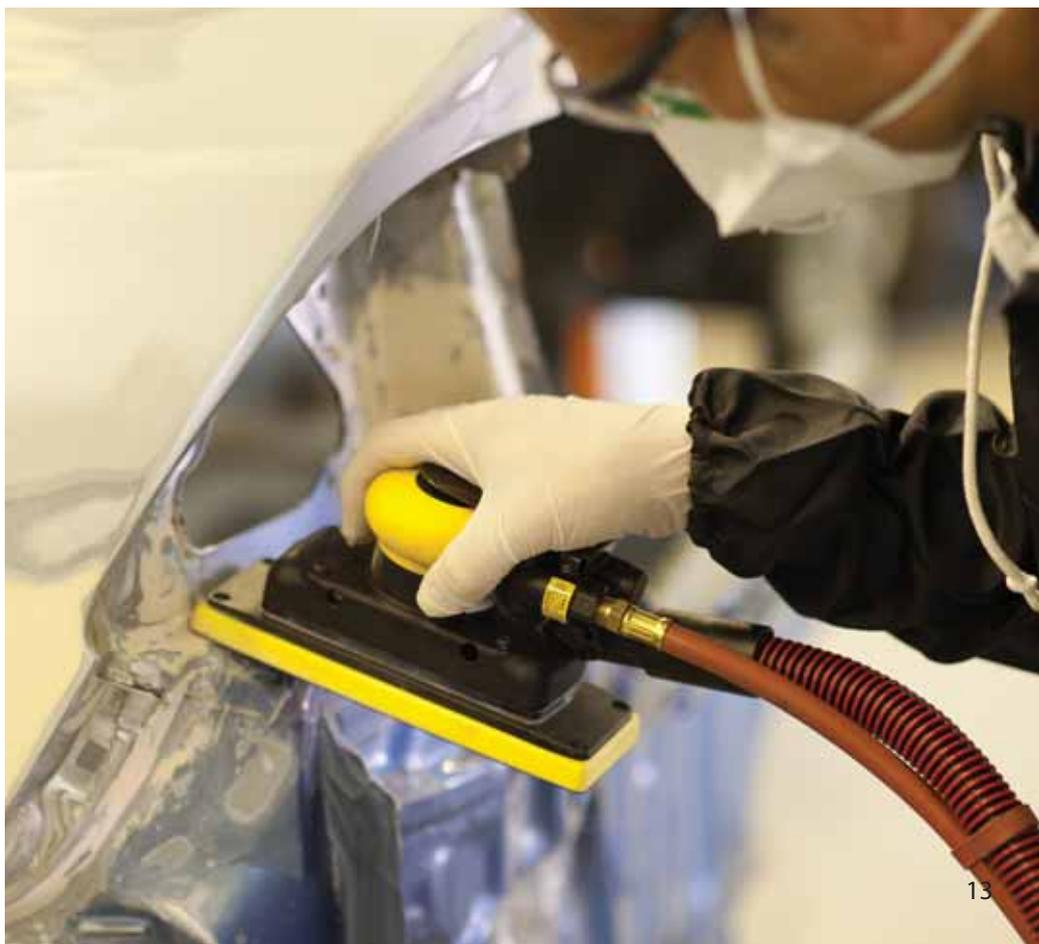
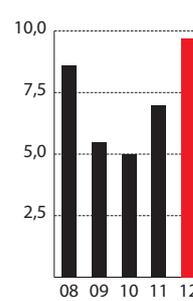
Turnover EUR million



Personnel



Investments EUR million



The newest distribution centre is located in Turkey and will open in 2013.

Transport to the distribution centres is primarily by road and sea, but air cargo is also used.

Ever improving quality

KWH Mirka's quality work includes management systems according to ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Occupational Health and Safety). All three factories are certified according to these three management systems. In addition, the subsidiaries in Sweden, the US, the United Kingdom and Germany are certified according to the ISO 9001 quality management system (Multi-site). All three management systems underwent certification revision during the year and the certificates were renewed.

Focus has generally been on the overall quality goals that the management set for the year. The prioritised projects have dealt with work to improve the production, complaint handling and sales processes. This also involved increased focus on better managing current and future relocated processes.

In development and production, modern quality management tools relating to the Lean philosophy and Six Sigma have been employed to ensure the level of product quality demanded by customers.

Safe working environment

Part of Mirka's sustainability work involves a goal of zero accidents for all three factories. The efforts to achieve zero work accidents will be planned in 2013 and is a long-term project.

Much prevention work is done through, e.g. auditing, risk analyses and near-miss reporting. Staff commitment as regards accident/near-miss reporting is at a good level.

The management conducts "Go and See" rounds, where they discuss safety, quality and procedure with staff, in the aim of raising awareness and improving attitudes.

Sustainable development produces competitive advantages

Environmental management standard ISO 14001 is undergoing a significant revision, and analyses are being done and measures taken to prepare for future changes.

KWH Mirka has worked with sustainable development for many years, and during the year it undertook a project to gain an overview of the area and arrangement, to communicate sustainable development more actively with stakeholders.

The operative environmental vision was updated with the strategic steps planned until 2017. The foundation for what is to become a bioenergy power plant to replace heavy combustible oil took shape. This project supports the vision for zero waste.

With the help of the modern cleaning system of process wastewater, one could fall below the threshold values set by the authorities at each measurement.

Product development has continued to work on replacing certain chemicals with more environmentally friendly substances. Energy-saving manufacturing processes still had high priority.

A number of product and technology development projects were completed and have resulted in both new products and new patented technology.

Innovative product development

KWH Mirka increased its investment in product development during 2012 to 3% of turnover in the parent company. The unique products' share

of sales continues to increase with excellent profitability.

New development has been intensive, and with the help, in part, of development contributions from TEKES and the Finnish Work Environment Fund, new ties have been built in Mirka's development ecosystem. Among these are universities, colleges and research institutes as well as small and large technology companies in Finland and around the world. The expectation is that all of this will help Mirka in the future to provide new and interesting technologies and products for various business areas.

In the EFS unit, work on building a new

portfolio of micro film products has continued. The first product, Microstar, for clear coat sanding use in the automotive aftermarket, was launched at the Automechanika fair in Frankfurt in September. Mirka now has its own unique micro film with which to challenge competitors in this interesting and growing segment. Through conversion to roll, sheet and new disc dimensions, the product family will grow in size.

The portfolio of polishing agents has expanded over the course of the year, and now Mirka can offer a product range for polishing in the OEM sector, with a special focus on a full product line also for the needs of vehicle manufacturers.

After a year of development work, the new premium mesh product Abranet Ace is ready for launching. Besides applying new, advanced textile processing, Abranet Ace is also the first product with a ceramic grain. Abranet Ace contains considerable new technology and it has allowed for the registration of new patents that reinforce and prolong the unique position on the market.

Systems sales have gained an ever greater role in product development. Mirka's new application-coded package solution was developed for the ART sector and was launched during the year. In connection with this work, new data was also collected regarding the net products' superb work environment properties in terms of dust-freeness, but also in terms of how product choice can reduce exposure to solvent remnants and vibration. Mirka's new technology centre will be working closely with customers to build systems and produce total solutions. This comprises the foundation of the entire company.

Staff in focus

At the end of 2012, Mirka had a total of 932 (895) employees. During the year, the number of employees increased globally by 37 people, corresponding to an increase of 4.1%. On the average, there were 957 (883) employees, of which 612 (560) were in Finland and 345 (323) abroad. Staff turnover was 2.3 (2.9)%.

In personnel and skill development, the focus has been on greater multi-skilling and

on strengthening employees' professional skills. A new remuneration system in production was introduced to better satisfy today's need for flexibility and short delivery times. The stand-alone courses in paper conversion are still available, to develop expert knowledge in abrasives production.

During the year, an external audit was conducted by the Investors in People certificate, with very good results. Work has also been done to further develop management in the organisation. Minor structural changes have been made to strengthen the organisation for the future.

An extensive examination of the staff's health has been done to establish the need for future fitness and recreational activities. The company has a co-operative committee, which includes members from different personnel groups. Several volunteer co-operative bodies work together with personnel in a variety of areas of interest.

Good profitability 2012

Profitability was at a good level in 2012, thanks to a mix of more unique products and total solutions for customers, as well as positive currency development. Higher raw material and energy prices were partly made up for.

Expectations for 2013

Many new products, especially in the Micro area and Power Tools, which will be launched in 2013, should help make the year a good one. New arrangements and applications in the Wood market segment will also have a vitalising effect. Products for new areas will also increase Mirka's attractiveness as a business partner, and new niches must be explored.

Profitability is expected to remain at a good level. ■



KWH Logistics consists of four business units: Cold Storage, Port & Sea, Industrial Service & Warehouse and Freight Forwarding.

The Cold Storage business unit is composed of KWH Freeze, a leading commercial cold storage company in Finland. The Port & Sea, Industrial Service & Warehouse and Freight Forwarding business units are part of the Backman-Trummer Group, which engages in port operations, storage, industrial services, transport, forwarding and comprehensive logistics solutions.

In 2012, the global economy was marked with uncertainty caused by the fall in demand, increasing public debt and distrust in political decision making. However, the uncertainty began to decrease slightly towards the end of the year as the European debt crisis eased. The improved American employment figures and the economic plans of the new Chinese leadership also decreased uncertainty in the second half of the year.

The flows of goods handled by KWH Logistics both increased and decreased. Dry bulk volumes decreased slightly, mainly due to the large decrease in coal, since the rainy year increased the share of water electricity in electricity production. The volume of break bulk goods kept on growing. Backman-Trummer's service selection grew to include dry and liquid bulk transport in containers with the acquisition of Oy Moonway Ab.

The competitive situation is challenging

The logistics field can be considered as one of the most competed business fields, which has led to the bankruptcy of several operators. Unhealthy competition also leads to occasional side effects. On the other hand, gratifyingly many export and import companies have adopted an acquisitions model based on total cost also in services, taking into consideration not only price but also service quality factors like timeliness and reliability.

Towards the vision

The vision of KWH Logistics is to be one of the leading players in cargo handling, international integrated logistics solutions and storage in selected specific segments. The cornerstone of this vision is the continuous development of strategic competence and logistics processes.

Cold Storage

KWH Freeze

KWH Freeze Ltd is a leading commercial cold-storage business in Finland, with storage facilities located in Vantaa and Inkoo.

The company's main focus is food-industry services. As a result of systematic development, KWH Freeze can offer its customers the most efficient link possible in the frozen-food logistics chain. The company's strong knowledge and expertise regarding its customers and products enable it to adapt its services to what the market needs. KWH Freeze also offers customised cold storage solutions, such as a service where the customer can rent space from the company's storage facilities and have its own personnel handle the goods. Since 2011, customers are also offered chilled storage services.

The largest customer groups are Finland's leading wholesalers, major food producers and importers. The company's operations are supervised through quality and environmental management systems certified according to the SFS-EN ISO 9001 (2008) and SFS-EN ISO 14001 (2004) standards.

The utilisation rate of storage facilities in 2012 was on the level of the previous year, and the total volumes of handled goods increased. The company's turnover grew by over 10% and amounted to 14.0 (12.7) million euro. The profitability for the year was satisfactory.

KWH Freeze's long-term strategy focuses on expanding its storage capacity as the market grows and demand increases, and on acting as the primary partner for its customers in the field. The outlook for 2013 is positive.

Port & Sea

Backman-Trummer Group is one of the largest port operators in Finland and the largest in terms of area coverage. It has operations in ten ports in Western and Southwestern Finland, ranging from Kalajoki to Hanko, and in Hamina. The total floor area of the Group's warehouses is about 180,000 m².

The port operator companies offer customised logistics services, from conventional stevedoring to comprehensive solutions covering all stages of the logistics process.

M. Rauanheimo — Kokkola

Oy M. Rauanheimo Ab offers stevedoring, forwarding and vessel-clearance services in the Port of Kokkola. The cargo volume handled during the year decreased 7.2% to 5.97 (6.4) million tonnes. The turnover was 48.0 (55.0) million euro, decreasing 14.6% from the previous year.

The year was extremely challenging, because the global market prices of iron ore fell, which had a negative impact on the important flow of goods from Russia. Domestic traffic also decreased slightly, and when import and export volumes fall, companies in the stevedoring field are the first to feel it. Finnish stevedoring companies have low profitability in general, and most of them have never recovered from the 2008 plunge. Competition between companies in the stevedoring field is extremely tight.

Rauanheimo revised its strategy, and particular thought was put into finding ways to improve cost-efficiency, work quality and



“Maintaining a high standard will continue to be of great importance as quality has a major role in optimising the overall costs for the customers’ supply chains.”

Hannu Uusi-Pohjola, Head of Division

occupational safety. The new, customised operative information system that was implemented in 2012 is an important new tool in the efficiency project.

The traffic flows that pass through the Port of Hamina were the subject of negotiations, and the cargo of the first vessels was unloaded during the second half of the year. The new facility that might be established in the Port of Hamina will boost co-operation with both domestic and Russian customers.

Increased co-operation with affiliate Adolf Lahti Yxpila and local industry brought comprehensive solutions to the logistics chain that will further improve competitiveness in industry.

The large port areas, infrastructure, 12- and 13-metre channel depths, storage capacity, handling systems for bulk goods and the all-weather terminal (AWT) for break bulk goods provide an excellent foundation for continuing to develop competitive and high-quality stevedoring and forwarding operations in Kokkola and possibly also in Hamina.

Rauanheimo expects the flows of goods to increase slightly in 2013 even though the market situation remains difficult. This gives good conditions to further improve the efficiency of operations. Operations are based on the handling of goods to and from local industrial facilities, mining-industry products and Russian transit goods. Various flows of goods from other industries are also a significant part of operations.

Blomberg Stevedoring – Vaasa

Oy Blomberg Stevedoring Ab’s total volume in Vaasa and Kalajoki combined was 429,000 (428,000) tonnes. The volumes increased by approximately one-third in Kalajoki and decreased by approximately 8% in Vaasa. ▶

KWH Logistics	2008	2009	2010	2011	2012
Turnover, EUR million	92.4	82.3	95.4	111.9	110.7
Change, %	25	-11	16	17	-1
Share of Group Turnover, %	15	18	19	21	20
Investments, EUR million	16.0	16.6	11.4	15.4	12.5
Personnel	339	330	347	378	393

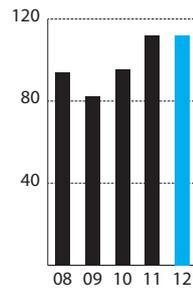
Share of Turnover



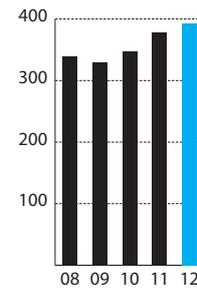
Share of Capital Employed



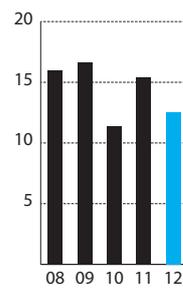
Turnover, EUR million



Personnel



Investments, EUR million



In Kalajoki, the biggest increase was in the import of feed raw materials. In Vaasa, the biggest decrease was in grain exports and the import of paper and fertilisers. Despite the local grain harvest, export did not match the previous years. This was due to problems with the oat quality.

The biggest single investment was the purchase of a crane for handling heavy break bulk goods. The crane, together with a similar new crane in the Port of Vaasa, will enable handling goods that weigh 200 tonnes. There will be further investments in the handling chain of heavy break bulk goods, with the aim of being able to offer the best possible service for project traffic.

New bagging and bulking lines were acquired to improve value-added services. Both acquisitions have met the expectations placed on them.

In Kalajoki, the company invested in a new 1,000 m² bulk warehouse. The traffic volumes in Kalajoki consisted almost entirely of agribulk products, which are expected to continue growing.

Expectations in Vaasa will be focused on the growth of project traffic. The investments in the port and the improved traffic connections offer improved opportunities to serve the area's export industry. The confirmation of continued traffic in the Kvarken is a positive thing for both the Port of Vaasa and the city of Vaasa.

Kristinestads Stevedoring – Kristiinankaupunki

The volumes handled by Ab Kristinestads Stevedoring Oy decreased significantly. The import of coal, which makes up the majority of the traffic volumes, was a fraction of the previous years. The company has attempted to put the freed resources to use in Vaasa and Kalajoki. The material-handling machine owned by Kristinestads Stevedoring and its driver have been utilised in the Port of Kalajoki throughout the year. Traffic is expected to return to normal levels during 2013.

Stevena – Naantali

Stevena Oy is the second largest port-operator company in Backman-Trummer

Group. Stevena carries out conventional stevedoring activities in Southwestern Finland and the ports of Pori, Uusikaupunki, Naantali and Turku along with RoRo traffic stevedoring in the Port of Hanko. Stevena also has a facility in Hamina. The traffic volumes fell by approximately 25% to 1.79 (2.34) million tonnes with the decrease in coal import.

Stevena's most important investment was the acquisition of a fully automated bagging line in Naantali. In addition, the renovation projects in Pori warehouses required significant investments.

Talavuo – Pori

2012 was Talavuo Oy's first full year of operation as part of the Backman-Trummer Group.

Talavuo carries out conventional stevedoring in the Port of Tahkoluoto in Pori. In 2012, coal import decreased significantly from the previous year, and the total tonnages handled by Talavuo also decreased by 70%, 0.4 (1.34) million tonnes.

Vaasa Stevedoring – Vaasa

Vaasa Stevedoring Oy is a versatile company that specialises in machine and scaffolding rentals. It increased its turnover thanks to its functional and modern machine stock. The company's loyal customers, mainly in the construction industry, have received the continuous renewal of the machine stock well.

Freight Forwarding

Backman-Trummer – Vaasa and Kokkola

The operations of Freight Forwarding have improved despite the tight competition and the difficult economic situation. The positive development is based on efficient, high-quality and competitive logistics solutions that meet customers' requirements and wishes. Freight Forwarding actively and continuously develops its logistics products in co-operation with its customers and partners.

Local knowledge, international co-operation networks and customised logistics solutions have created a foundation for the recent growth. In addition to the factors mentioned above, Freight Forwarding's area of operation had great development poten-

tial due to several innovative and export-oriented companies in the area.

Moonway – Turku

Oy Moonway Ab was added to the Group in summer 2012. The company is a container operator in global traffic, specialising in the container transport of liquids and powders. Moonway complements the Group's service selection and brings new customers to other subsidiaries as well.

The company has met the financial objectives that were set for it. Growth has been moderate and operations profitable. In the future, growth will be strengthened by support from other subsidiaries in the form of synergy.

Moonway uses many Finnish ports and offers cost-efficient solutions. With the help of its comprehensive networks, the company can offer its customers solutions that are customised for their needs.

Globally, container transports have grown each year, even during the recession. This will probably continue, and Moonway will be part of this growth.

Industrial Service & Warehouse

Adolf Lahti Yxpila – Kokkola and Pietarsaari

Oy Adolf Lahti Yxpila Ab is a growing and diverse company that offers machine and industrial services to major industry and has a significant machine stock. Thanks to its comprehensive and up-to-date competence and machine stock, the company is able to offer most of the services needed in bulk handling, factory services, repair shop services and maintenance. The company mainly operates in the major industrial areas and ports of Kokkola and Pietarsaari.

The company's development and growth continued, and operations went according to plan. The turnover grew by no less than 50% from the previous year. Profit development was good and the objectives were met thanks to new business operations and the increased co-operation with major industry in Kokkola and Pietarsaari.

A multi-year contract was signed with Pietarsaari forestry operators regarding the planning and handling of a pulp mill and the

port's flow of timber. With the new year, approximately fifteen new experts were hired, and significant machine investments were made during the last quarter of the year.

Operations are expected to keep increasing during the year 2013, and the aim is to expand to new markets. There is a great deal of demand for efficient solutions in this field.

BT-Logistore – Naantali

BT-Logistore Oy Ab offers logistics services outside the port area. The services include versatile warehousing, terminal and value-added services. The company has modern facilities with good traffic connections in Naantali and Pori.

Quality and environmental issues

The quality management systems are based on the ISO 9001:2008 standard, while the environmental management systems are based on ISO 14001:2004. Certified systems are used in all KWH Logistics companies.

Personnel development and well-being

The division employed an average of 393 (378) people. Cold Storage employed 73 (73) people, while 270 (266) worked at Port & Sea and 50 (39) at Freight Forwarding and Backman-Trummer administration.

According to its strategy, KWH Logistics will continue to invest in the personnel's skills, work capacity and well-being. KWH Logistics provides active encouragement and support for activities to increase the personnel's interest in physical exercise and in maintaining their work capacity.

Investments

Investments decreased by 18.6% but still remained at a high level compared to the scale of operations. The division's gross investments were 12.5 (15.4) million euro.

Outlook for 2013

The outlook for 2013 is cautiously optimistic and traffic volumes are expected to increase. ■



The division, KWH Invest, comprises the business unit of Prevox as well as the management of industrial properties leased out to external business partners through long-term lease agreements.

In September 2012, the business unit of KWH Plast was sold to the Schur Flexibles Group.

Prevox

Prevox develops, produces and markets a complete range of siphon systems for kitchen and bathrooms. Prevox produces the world's most functional and space-saving siphons. These are pre-assembled offering a range of installation options due to their telescope design.

Furthermore, a significant amount of resources is invested in producing innovative and unique solutions.

Prevox is the market-leader in Scandinavia and Poland within this industry sector. The company has actively and successfully developed its collaboration with several major players and can therefore create substantial growth in volume in the siphon sector. This sector constitutes the core activity of the business with an 80% share of its turnover.

Prevox has a close and professional collaboration with its partners regarding customer-specific product solutions. A perfect example of this is the sales of spacers to district heating pipe manufacturers in Scandinavia. The new generation of spacers fulfils all the requirements specified by the authorities within the field of district heating.

The sales organisation consists of own sales personnel in Finland and Scandinavia and an agent in Poland.

The company's turnover was 18.8 (18.5) million euro. 80% of the company's production is exported from Finland.

Quality and environment

Prevox cares for the environment and works continuously to reduce the environmental impact that production causes. The starting

points and goals are anchored in a quality and environmental policy. The company's operations are supported by certified ISO 9001:2000 and ISO 1400:2001 quality and environmental systems.

In a modern lean factory, the focus is on providing optimal internal logistics. The full-automation system for the manufacture of siphons enables an effective manufacturing process and improves internal logistics.

Product Development

In product development and design, the customers' wishes are combined with cost-efficient production. Functional products that give value for money and are appreciated in the market are thus created. An example is the siphons' unique telescope construction, which facilitates mounting.

Investments

Investments amounted to 1.3 (1.3) million euro. The majority of the investments were made in machinery and equipment.

The full-automation system for the manufacture of siphons enables an effective manufacturing process and improves internal logistics.

Personnel

At the end of the year, 112 (105) people were employed. On average, 118 (111) people were employed.

The personnel actively take part in quality work. The aim is in continuous improvement in quality assurance of products and deliveries, as well as follow-up and management of the processes.

The co-operating group, with representatives from all personnel groups, meets regularly. The goal is to improve the working environment and create a more pleasant and a safer workplace.

The company has actively and successfully developed its collaboration with several major players and can therefore create substantial growth in volume in the siphon sector.



“Prevex produces the world’s most functional and space-saving siphons. These are pre-assembled offering a range of installation options due to their telescope design.”

Kjell Antus, Head of Division

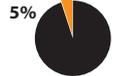
Profitability and prospects for 2013

The company’s profitability for 2012 can be graded as “very good”.

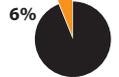
Thanks to favourable sales development, as well as new products being introduced in new market areas, good profitability is expected. ■

KWH Invest	2008	2009	2010	2011	2012
Turnover, EUR million	50.6	31.4	37.7	34.1	31.9
Change, %	-9	-38	20	-10	-6
Exports and Foreign Operations, %	80	75	79	81	78
Share of Group Turnover, %	9	7	7	5	5
Investments, EUR million	4.8	2.1	1.9	1.5	1.6
Personnel	281	212	196	181	170

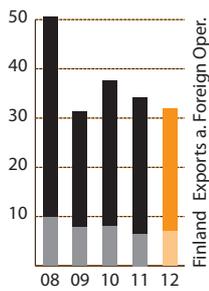
Share of Turnover



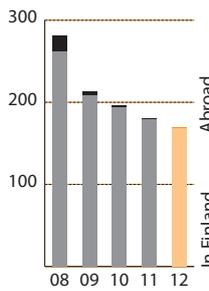
Share of Capital Employed



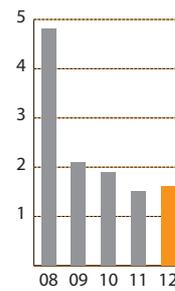
Turnover EUR million



Personnel



Investments EUR million



The table and the charts - KWH Invest total.



Board of Directors



From the left Gösta von Wendt, Henrik Höglund, Holger Wester, Ola Tidström, Kjell Antus, Kurt Betlehem, Peter Höglund and Björn Höglund.

Henrik Höglund

Born 1949
B Sc (Econ)
Vöyri
Chairman since 1998
Board Member since 1974

Ola Tidström

Born 1944
M Sc (Econ)
Vöyri
Vice Chairman since 1993
Board Member since 1975

Kurt Betlehem

Born 1945
Business College Graduate
Uusikaarlepyy
Board Member since 2005

Björn Höglund

Born 1978
B Sc (Econ), M Sc (Entertainment Business)
Uusikaarlepyy
Board Member since 2012

Peter Höglund

Born 1949
B A
Vaasa
Board Member since 1973
Chairman 1988–1997

Gösta von Wendt

Born 1945
B Sc (Econ)
Kemiönsaari
Board Member since 1985

Holger Wester

Born 1942
Docent
Uusikaarlepyy
Board Member 1977–1980 and
since 1988

Kjell Antus

Born 1965
M Sc (Econ)
Mustasaari
Secretary of the Board since 2002

Group Management, Auditors



From the left Peter Höglund, Hannu Uusi-Pohjola, Kjell Antus, Jan-Erik Nordmyr and Ralf Karlström.

Peter Höglund

Born 1949
B A
Vaasa
Group President
Employed since 1975

Kjell Antus

Born 1965
M Sc (Econ)
Mustasaari
Head of Division, KWH Invest
Employed since 1989

Ralf Karlström

Born 1948
M Sc (Chem)
Uusikaarlepyy
Head of Division, KWH Mirka
Employed since 1977

Jan-Erik Nordmyr

Born 1957
M Sc (Econ)
Närpiö
Head of Division, KWH Pipe
Employed since 2003

Hannu Uusi-Pohjola

Born 1957
Engineer
Vaasa
Head of Division, KWH Logistics
Employed since 2003

Auditors

Statutory Auditors

Kjell Berts
M Sc (Econ), APA, Ernst & Young Oy
Roger Rejström
B Sc (Econ), APA, Ernst & Young Oy

Deputy Auditors

Bengt Nyholm
M Sc (Econ), APA, Ernst & Young Oy
Kristian Berg
M Sc (Econ), APA, Ernst & Young

Supervisory Auditor

Ernst & Young Oy

Consolidated Income Statement

EUR 1,000	Jan. 1–Dec. 31, 2012	Jan. 1–Dec. 31, 2011
Turnover	560 664	537 435
Other operating income	4 284	3 565
Increase (+) / decrease (-) in inventories of finished goods and work in progress	-881	654
Production for own use	2 524	2 426
Materials and services	-294 273	-285 045
Personnel expenses	-132 758	-129 112
Depreciation and impairment	-25 798	-25 115
Other operating expenses	-86 206	-80 521
Operating profit	27 557	24 288
Financial income	1 794	4 097
Financial expenses	-5 084	-6 816
Profit before taxes	24 267	21 569
Income tax expense	-6 169	-4 990
Profit for the financial year	18 098	16 579
Attributable to:		
Parent company shareholders	17 476	16 950
Minority	621	-372
Profit for the financial year	18 098	16 579
Statement of comprehensive income		
Profit for the financial year	18 098	16 579
Defined benefit plans		
- net actuarial losses	-813	-1 646
Profits/losses from financial assets available-for-sale		
- net profits		6
- through profit and loss		-1
Cash flow hedges		
- net losses	-915	-1 988
- through profit and loss	1 720	-684
Translation differences	1 354	-1 218
Equity net investment hedges	-854	902
Acc. transl.differ. from discount. subsidiaries through profit and loss	388	
Other comprehensive income for the financial year, net of tax	880	-4 629
Total comprehensive income for the financial year	18 977	11 950
Attributable to:		
Parent company shareholders	18 340	12 402
Minority	638	-452
Total comprehensive income for the financial year	18 977	11 950

Consolidated Balance Sheet

Assets EUR 1,000	Dec. 31, 2012	Dec. 31, 2011
Non-current assets		
Intangible assets	9 609	8 877
Goodwill	2 892	1 184
Tangible assets	213 998	214 434
Investment property	1 659	1 699
Financial assets available-for-sale	1 133	1 125
Finance lease receivables	2 216	2 535
Other financial assets	2 600	45
Deferred tax assets	1 989	2 477
	236 096	232 375
Current assets		
Inventories	81 381	82 217
Finance lease receivables	318	310
Trade and other receivables	85 757	89 708
Income tax receivables	494	527
Cash in hand and at bank	47 870	57 139
	215 821	229 900
	451 917	462 275
Equity and liabilities EUR 1,000	Dec. 31, 2012	Dec. 31, 2011
Shareholders' equity		
Share capital	3 756	3 756
Share premium reserve	9 533	9 533
Reserve fund	410	401
Translation differences	2 653	1 811
Fair value reserve	732	-73
Retained earnings	284 771	272 518
Minority share	3 747	3 110
Shareholders' equity	305 602	291 055
Non-current liabilities		
Provisions	1 260	1 296
Deferred tax liabilities	14 964	15 275
Long-term employee benefits (pensions)	7 014	5 699
Interest-bearing liabilities	18 703	24 968
Finance lease liabilities	947	1 145
Trade and other liabilities	249	880
	43 138	49 263
Current liabilities		
Interest-bearing liabilities	29 413	36 426
Finance lease liabilities	238	269
Trade and other liabilities	72 545	81 152
Income tax liabilities	981	4 110
	103 177	121 957
	451 917	462 275

Addresses

KWH Group

KWH Group Ltd
PO Box 21, FI-65101 Vaasa, Finland
Tel. +358 20 778 7111
Fax +358 20 778 7916
www.kwhgroup.com
info@kwhgroup.com

KWH Pipe

KWH Pipe Ltd
PO Box 21, FI-65101 Vaasa, Finland
Tel. +358 20 778 7111
Fax +358 20 778 7901
www.kwhpipe.com
marketing@kwhpipe.com

Extron Engineering Oy
www.extron.fi

KWH Pipe Sverige AB
www.kwhpipe.se

KWH Pipe (Denmark) A/S
www.kwhpipe.dk

KWH Pipe (UK) Ltd
www.kwhpipe.co.uk

KWH Tech GmbH, Germany
www.kwhtech.com

KWH Pipe (Poland) Ltd
www.kwh.pl

KWH Pipe Eesti AS
www.kwhpipe.ee

UAB KWH Pipe Lietuva
www.kwhpipe.lt

ZAO KWH Pipe, Russia
www.kwhpipe.ru

Fintherm Praha - KWH Pipe a.s.,
Czech Republic
www.fintherm.cz

KWH Pipe (Canada) Ltd
www.kwhpipe.ca

Wiik & Hoeglund, PLC, Thailand
www.wiik-hoeglund.com

KWH Mirka

KWH Mirka Ltd
Pensalavägen 210
FI-66850 Jeppo, Finland
Tel. +358 20 760 2111
Fax +358 20 760 2290
www.mirka.com
sales@mirka.com

Mirka (UK) Ltd
www.mirka.co.uk

Mirka Schleifmittel GmbH, Germany
www.mirka.de

Mirka Abrasives Inc., USA
www.mirka-usa.com

Mirka Scandinavia AB
www.mirka.se

Mirka Abrasifs s.a.r.l., France
www.mirka.fr

Mirka Italia s.r.l.
www.mirka.it

KWH Mirka Ibérica S.A.U., Spain
mirkaiberica@mirka.com

KWH Mirka Mexicana, S.A. de C.V.
www.mirka.com.mx

Mirka Brasil Ltda.
www.mirka.com.br

Mirka Asia Pacific Pte Ltd, Singapore
www.mirka-asiapac.com

Mirka Trading Shanghai Co., Ltd, China
www.mirka.com.cn

Mirka Rus LLC, Russia
www.mirka.ru

Mirka Abrasives Canada Inc
sales.ca@mirka.com

Mirka India Pvt Ltd
sales.in@mirka.com

Mirka Turkey Zimpara Limited Sirketi

KWH Logistics

Oy Backman-Trummer Ab
PO Box 49, FI-65101 Vaasa, Finland
Tel. +358 20 777 1111
Fax +358 20 777 1150
www.backman-trummer.fi

Oy Adolf Lahti Yxpila Ab
sales@adolflahti.fi

Oy Blomberg Stevedoring Ab
www.blomberg.fi

BT-Logistore Oy Ab
sales@bt-logistore.fi

Ab Kristinestads Stevedoring Oy
www.kristinestadsstevedoring.fi

Oy Moonway Ab
sales@moonway.fi

Oy M. Rauanheimo Ab
www.rauanheimo.com

Stevena Oy
www.stevena.fi

Talavuo Oy
talavuo@talavuo.fi

Vaasa Stevedoring Oy
rentsales@vaasastevedoring.fi

KWH Freeze Ltd
www.kwhfreeze.fi

KWH Invest

KWH Invest
PO Box 21, FI-65101 Vaasa, Finland
Tel. +358 20 778 7111
Fax +358 20 778 7916
www.kwhgroup.com

Oy Prevex Ab
FI-66900 Uusikaarlepyy, Finland
Tel. +358 6 781 8000
Fax +358 6 781 8099
www.prevex.com



www.kwhgroup.com