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Kotkan-Haminan seudun kehittämisyhtiö
“Yritysten parhaaksi, seudun eduksi”

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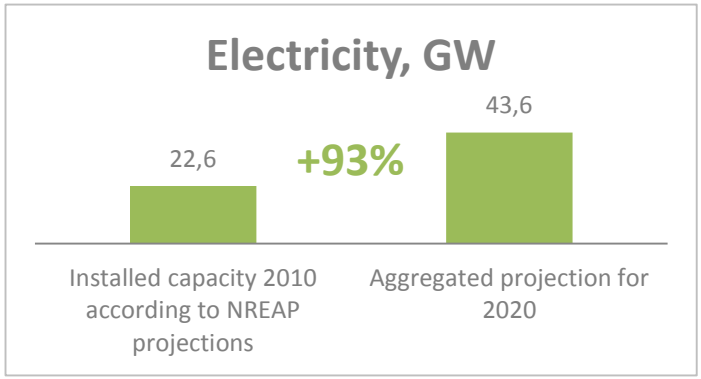
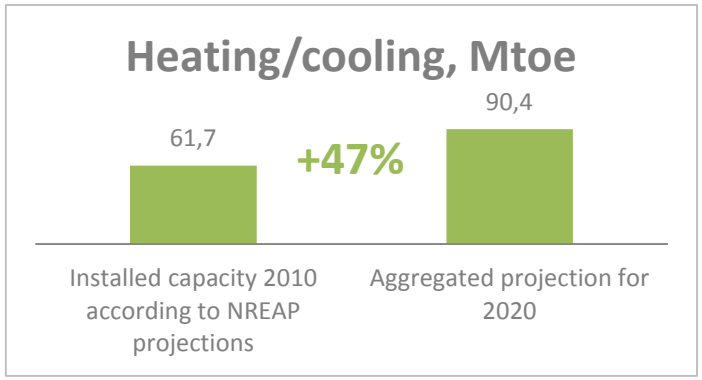
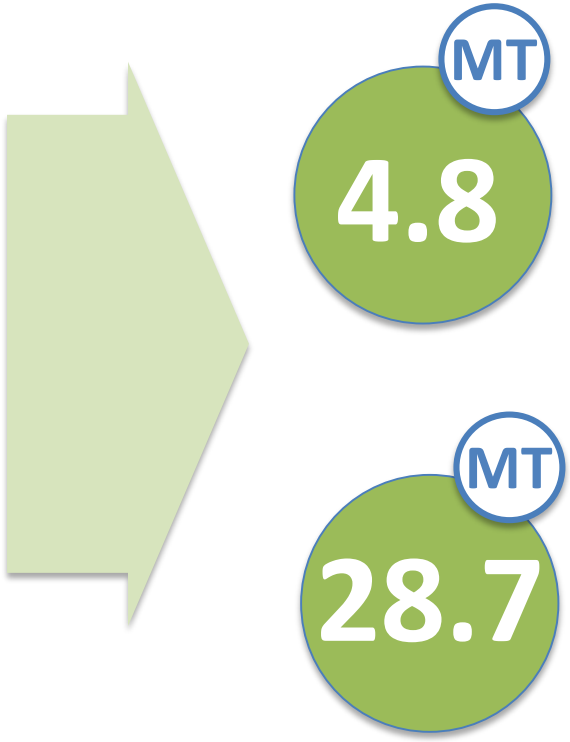
Fundamental demand growth for renewable energy and biomass

Market growth for biomass

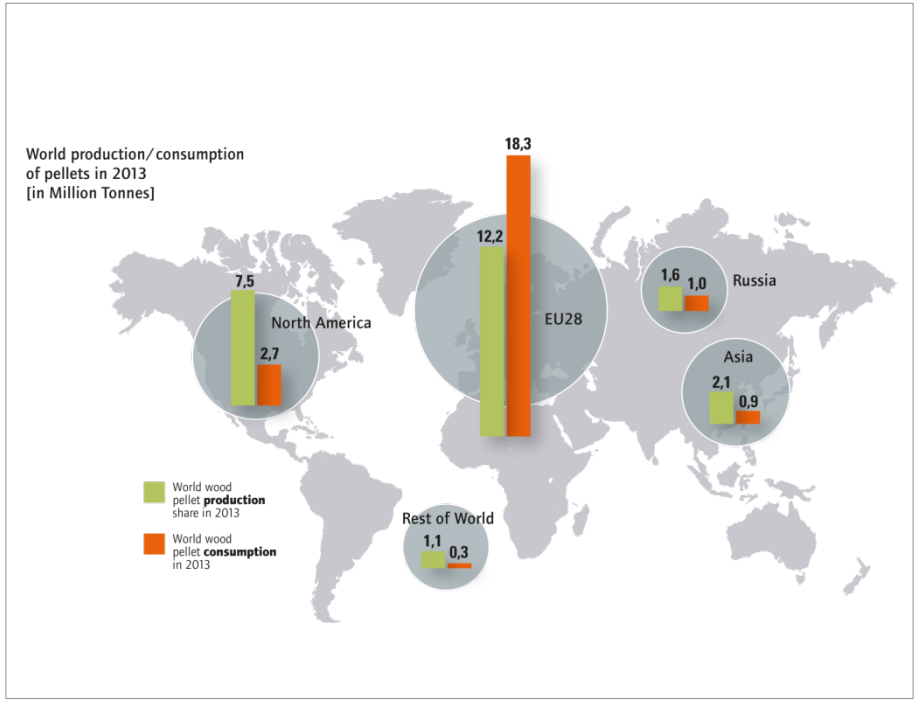


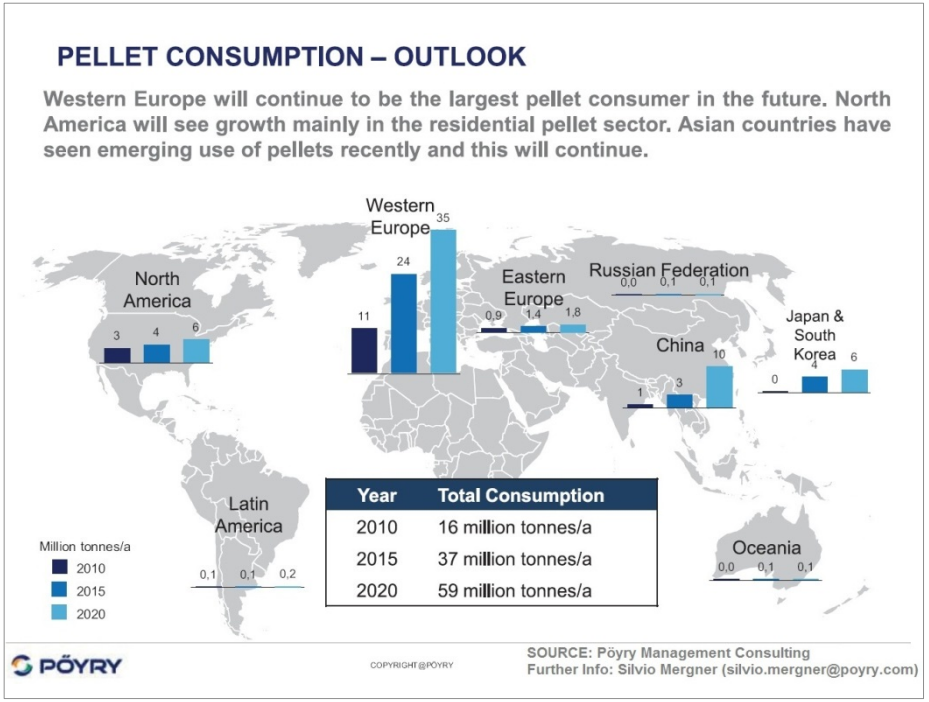




*) Volume indication based on white pellet

Regional imbalances – Europe on deficit and demand going up





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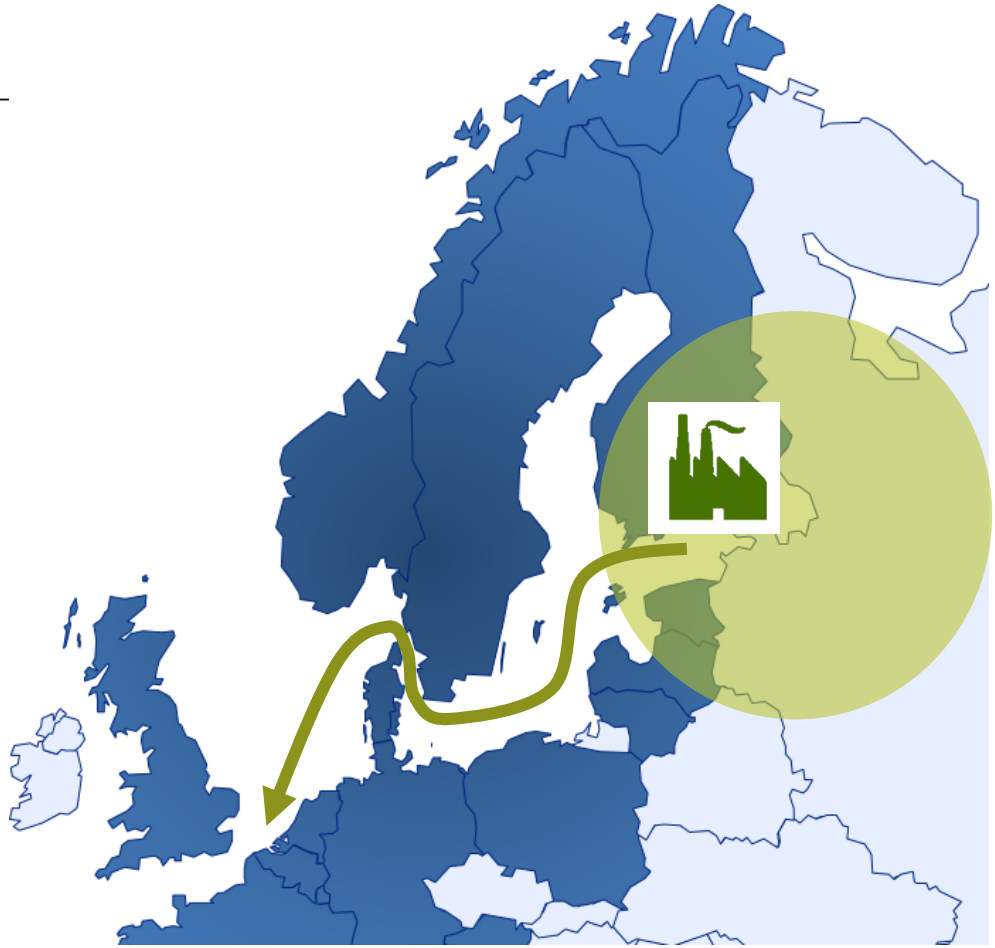
Creating a major Baltic supply chain

Our value proposition

- We supply sustainable high value biomass for growing renewable energy market in EU.

Competitive advantages

- Access to vast wood resources
- Advanced forest industry processes
- Efficient supply chain systems
- Superior industry experience
- Large logistics infrastructure



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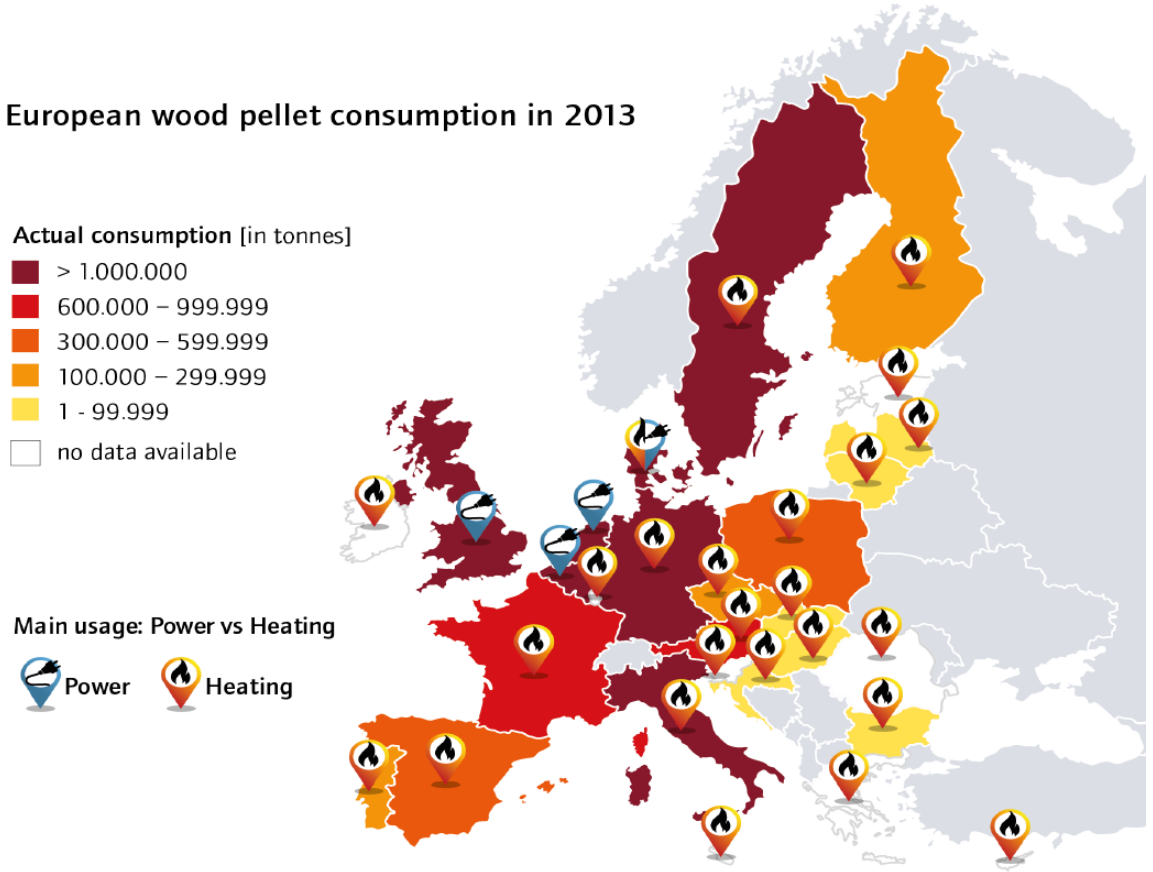
Main markets in NWE and Baltic Sea



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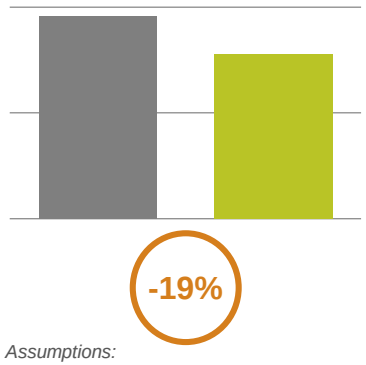
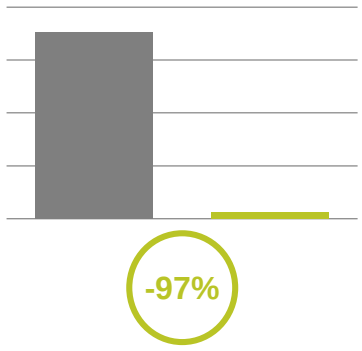
Coal
VS.
Pellet

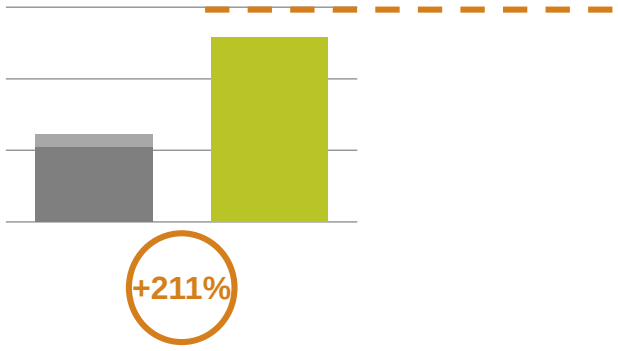
ENERGY CONTENT
MWh/MT



CO2 EMISSIONS
CO2/MWh



PRICE
EUR/MWh



Assumptions:
Torrefied pellet; Pellet export from Finland; Coal export from Russia; Power plant in Rotterdam, Prices market prices

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Four drivers to close the price gap

A
Larger volumes for decreased unit costs

- Aggregated supply from Finland, Russia and Baltic countries
- Efficient logistics system and infrastructure for hub-level services

B
Integrated supply chain

- Combined raw material sourcing and high value added black pellet production
- Capacity investments by industrial players with BAT

C
Level playing field

- Rationale of subsidy schemes for biomass between renewable energy sources
- Equal export duties for biomass within EU

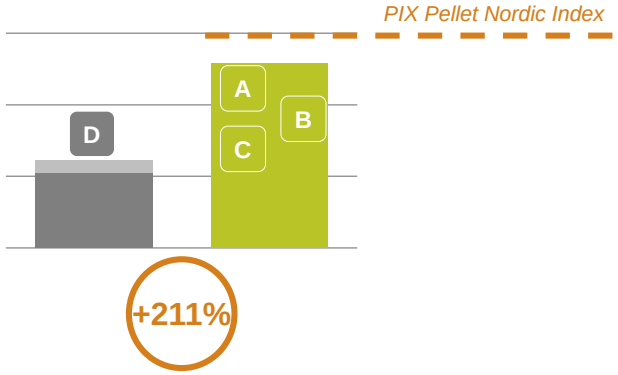
D
Rising prices of fossil energy

- Coal, crude oil, NG
- Carbon price

ENERGY CONTENT
MWh/MT

CO2 EMISSIONS
CO2/MWh

PRICE
EUR/MWh



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Overall road map

Concept creation

- Industry fundamentals
- 'End game'
- Project planning
- Initial partner screening

Market analysis

- Supply-demand balance
- Market prices
- Logistical costs
- Regulation
- Subsidy schemes
- Competitive environment

Commercial partnerships

- Supply agreements w/ sellers&buyers
- Investments for production capacity
- Logistics agreements

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