

AvestaPolarit inaugurated world's largest stainless steel plant in Tornio

Today marks the end of a 3-year phase in the investment project to more than double the steelmaking and rolling capacity for stainless steel at AvestaPolarit's Tornio Works. This project is the most ambitious in Outokumpu Group's history, and by far the largest since the company first began stainless steel production in Tornio in the mid-1970s. It makes the Tornio Works the largest and most modern stainless steel facility in the world.

The inauguration ceremony today was attended by some 700 guests from all over the world. Finland's Speaker of Parliament, Mr. Paavo Lipponen, pressed the button to initiate steel rolling and finishing operations on the new integrated cold rolling mill. The welcoming address was given by AvestaPolarit's CEO Ossi Virolainen and the main speech by Outokumpu's President and CEO Jyrki Juusela.

The project represents an investment of approximately EUR 1 billion, when taking into consideration also the ongoing investment to expand hot rolling capacity. The total value of the environmental investments is about EUR 70 million of the total investment. The investments, which comprise a new melting shop, the expansion of hot rolling facilities and a new cold rolling plant, will provide AvestaPolarit's Tornio Works with an excellent platform for product diversification and sales growth. They will also enable AvestaPolarit to improve its overall production structure and logistics, and thereby enhance the competitiveness of the company.

The new steel melting shop, which was commissioned in August last year and has an annual production capacity of 1 million tonnes, raises steelmaking capacity at the Group's Tornio site to 1.65 million tonnes per year.

The new cold rolling plant, known as the RAP line (for rolling, annealing and pickling), will increase the capacity of finished products from the current 550 000 tonnes to 1 200 000 tonnes, of which 750 000 tonnes is cold rolled material and 450 000 tonnes white hot bands. RAP line is a fully integrated and highly automated production unit in a 700-metre long, three-storey building. The new facility will also help the Tornio Works to expand its existing product range to a new intermediate rolled product that is particularly well suited to a number of applications, e.g. welded tubes.

The whole investment programme will be completed when the project to expand hot rolling capacity to 1.7 million tonnes starts up in the third quarter of next year.

Principal equipment suppliers to this expansion are VAI, Austria (melting and casting), Chugai Ro, Japan (reheating and annealing furnace), Danieli, Italy (RAP line) and Siemens, Germany (RAP line electricity and automation) and SMS Demag, Germany (hot rolling mill expansion).

During construction, the project required the equivalent of 3 000 man-years of employment, and at its peak involved an extra crew of about 1 500 people working at the site. The expansion has created about 320 permanent new jobs at the Tornio Works, and indirectly contributed to the creation of about 1 000 new employment opportunities in the surrounding communities. AvestaPolarit currently employs about 2 300 people in the Kemi-Tornio region.

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Footnote:

AvestaPolarit has a slab-making capacity of 2.75 million tonnes and reported net sales of EUR 3 billion in 2002, making it one of the world's leading stainless steel producers. The Group combines cost-efficient production with a global sales and distribution network and offers customers one of the broadest product ranges on the market.

AvestaPolarit's focus is exclusively on stainless steel, a fast-growing industry sector. Ever since the Group's formation in January 2001, AvestaPolarit's vision has been to become "Best in stainless".

AvestaPolarit is a subsidiary of the Outokumpu metals and technology group, which has more than 21 000 employees in over 40 countries and which reported net sales of EUR 5.6 billion in 2002.

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