

Kesla Oyj 50 years 1960–2010

From Stony Fields to High Tech

In 1960, it was estimated that there were about 72,000 tractors in Finland. One of them was Antti Kärkkäinen's Fordson Major in Rantasalmi. There was plenty to clean on the stony fields of Savo. The hard and slow lumbering made an entrepreneur out of the inventor. As an innovator of his era, Kärkkäinen invented the Kivi-Antti stone-removal machine and Iso-Kita clearing hook – the first products to be manufactured in Rantasalmen Raivausväline, which was founded in 1960.

Even then, 50 years ago, the innovative and developing company wrestled with issues that are also familiar to modern businesses: how to organise production and enable profitable growth, how to solve logistical problems, and how to find a favourable location with an available professional working force for the growing company.

The journey of Rantasalmen Raivausväline took it through solving different challenges from Rantasalmi to Joroinen and then to Kesälahti in the spring of 1974.

To Kesälahti as Kesla

The municipality of Kesälahti in Northern Karelia welcomed Rantasalmen Raivausväline as it provided work for a few dozen people through the construction of its 1,800m² production premises for the company's use. With the move, the name of Rantasalmen Raivausväline changed to Kesla. The company's exporting activities were launched in 1972 by exporting goods to Norway. Swedish markets also looked promising.

In 1977, a strategic decision was made in Kesla to go from fields to forests. Finland is known and recognised around the world for its forest machines, with Kesla as one of the reputable manufacturers. In the same year, Kesla's development got a real boost with the launch of its close co-operation with Finland wide dealer Hankkija. Manufacturing volumes grew significantly.

Years of Constant Development

By the mid 1980s, Kesla's turnover was about 46 million Finnish marks. With the founding of the Ilomantsi factory, the company provided work for a total of about 150 people between its two production facilities.

The end of the 1980s brought about an expansion of business activities and offices to Joensuu and to a completely new field of production – manlifts. The two-foot support strategy was to protect the company better in the cyclical world of trade than having only one field of activity. At the end of the 1980s, Kesla was listed on the Helsinki Stock Exchange OTC-list, the first northern-carelian company. The listing brought about the necessary capital injections, which was needed to recover from the recession at the beginning of the 1990s.

Utilising the Growth of the International Economy

During the recession at the beginning of the 1990s, a seed of Finnish economic growth began sprouting due to strong international economic growth, especially in Asian countries. The period of growth became one of the most significant in history. In September 2008, after the Summer Olympic Games in Peking, the international economy that had been developing strongly towards the end of 1990s ended in an international financial crisis.

Kesla availed of the possibilities offered by period of economic growth. The product range grew into one of the widest in the field, covering forestry equipment from stump to factory. Kesla became a multi-talent in forest technology, producing products that are recognised and renowned the world over. As the market leader in their homeland in several product groups and basing its product development on consumers' needs provided a solid foundation to develop export activities. Since the 1990s, Kesla's exports have provided 50% of turnover, which to date have spread to more than thirty countries.

Kesla's component manufacturing in Ilomantsi was incorporated. MFG Components Oy in Tohmajärvi was bought to support the sales of hydraulic and transmission components and systems. The first foreign subsidiary was founded in St. Petersburg to support the development of Kesla's business activities in the growing Russian forestry market. By the end of the growth period, Kesla had become a group of over 350 employees in 5 locations - Kesälahti, Joensuu, Ilomantsi, Tohmajärvi, and St. Petersburg. In 2008, the group's turnover was about 55 million euro.

Bearing Values Over the Decades

The main values of Kesla are development, reliability, and customer orientation. The sustainable and reliable co-operation with the interest groups important to the company, including employees, customers, and co-operation partners, has enabled the company to move with market trends secure the company from one decade to another. Professional employees are not afraid to seize the possibilities. Co-operation partners and customers have relied on Kesla's ability to serve and support their own business activities in the past, today and also tomorrow. This positive framework has been very effective in the past fifty years.

Finn Among the Best in the World

The mechanisation of forest management and harvesting continues to grow. The importance of bio-energy will further increase the focus on emission allowance limits and the limitations of fossil fuels. Recycling of materials will also increase.

Kesla and its employees take pride in their 50 years of history. We believe in our expertise. With healthy self-esteem, we humbly walk towards new challenges. Kesla is willing to support the sustainable development of its area of activity through its employees and co-operation partners. The strategic goal and desire is clear – Kesla wants to be one of the leading professionals in forest technology.

Kesla is a Finnish company down to its roots. In recognition of being Finnish, Kesla's products bear the key-flag mark of the Association for Finnish Work. Four of Kesla's factories are located in eastern Finland: Kesälahti, Joensuu, Ilomantsi, and Tohmajärvi.

Kesla's Products Today:

- Loaders and forest trailers: Kesla is a world leader in manufacturing loaders and trailers. Kesla's product range is the widest in the field of loaders and trailers from light to full-scale forest contracting. In addition to loaders, a range of accessories is also available, such as items for gathering and handling of bio-energy.
- Timber loading, recycling, and industrial cranes: Kesla is one of the most well known manufacturers of timber cranes in Europe. Kesla's collection of cranes and accessories is extensive, covering the needs of customers from CTL to whole tree as well as the handling of bio-energy and recycling materials.
- Harvesting heads, processors, and forest machine cranes: Kesla is the leading manufacturer of stroke harvesting heads and significant manufacturer of roller

harvesting heads in the world. Kesla's harvesting heads are adaptable with both excavators and harvesters from northern coniferous forests to southern eucalyptus plantations. Kesla's forest machine cranes are used by manufacturers throughout the world.

- Chippers: Kesla's drum chipper collection is easily adaptable for the professional chipping of forest energy. The patented cutting blade system of the chipper enables it to produce first-rate chips for both small boilers and large power plants. Due to its patented geometry, the fuel economy and productivity of Kesla's chippers are at the top of their league.

In 2010, Kesla Celebrates 50 Years in Many Ways:

- The presentation of Kesla's extensive product range on forestry days organised by the company:
 - Pori on 18th February.
 - Riihimäki on 19th February.
 - Kuusamo, Iisalmi and Joensuu in autumn of 2010
- Interfrost 2010 forestry machinery exhibition in Munich, Germany, 14th-18th July.
- A celebration of 50 years of work will be on 19th August
- The open-house day in the group's factories in Kesälahti and Joensuu 20th August.
- FinnMetko 2010 forestry machinery exhibition in Jämsä on 2nd-4th September.
- In addition, there will be several other events and occasions for the co-operation partners of the group.

Additional information: Additional information on Kesla's 50th anniversary events from **Jari Nevalainen**, General Manager of the group, telephone 040 830 7750 or e-mail: jari.nevalainen@kesla.com. Background information can also be found from Kesla's home page www.kesla.fi

Kesla Oyj is a group specialised in the development, manufacturing, and marketing of forest technology that masters harvesting from stump to the factories. Kesla's products are loaders and trailers, forest cranes and forest machine cranes, harvesting heads and chippers.

Kesla is also an important machinery deliverer of workshop machinery for the Finnish machinery workshop industry. In 2009, the group's turnover was 26.1 million Euros, 50.4% of which was exports. Kesla has production facilities in Joensuu, Kesälahti, Ilomantsi and Tohmajärvi. Kesla employs approximately 240 people. Kesla's A-shares are listed in NASDAQ OMX Helsinki Oy.