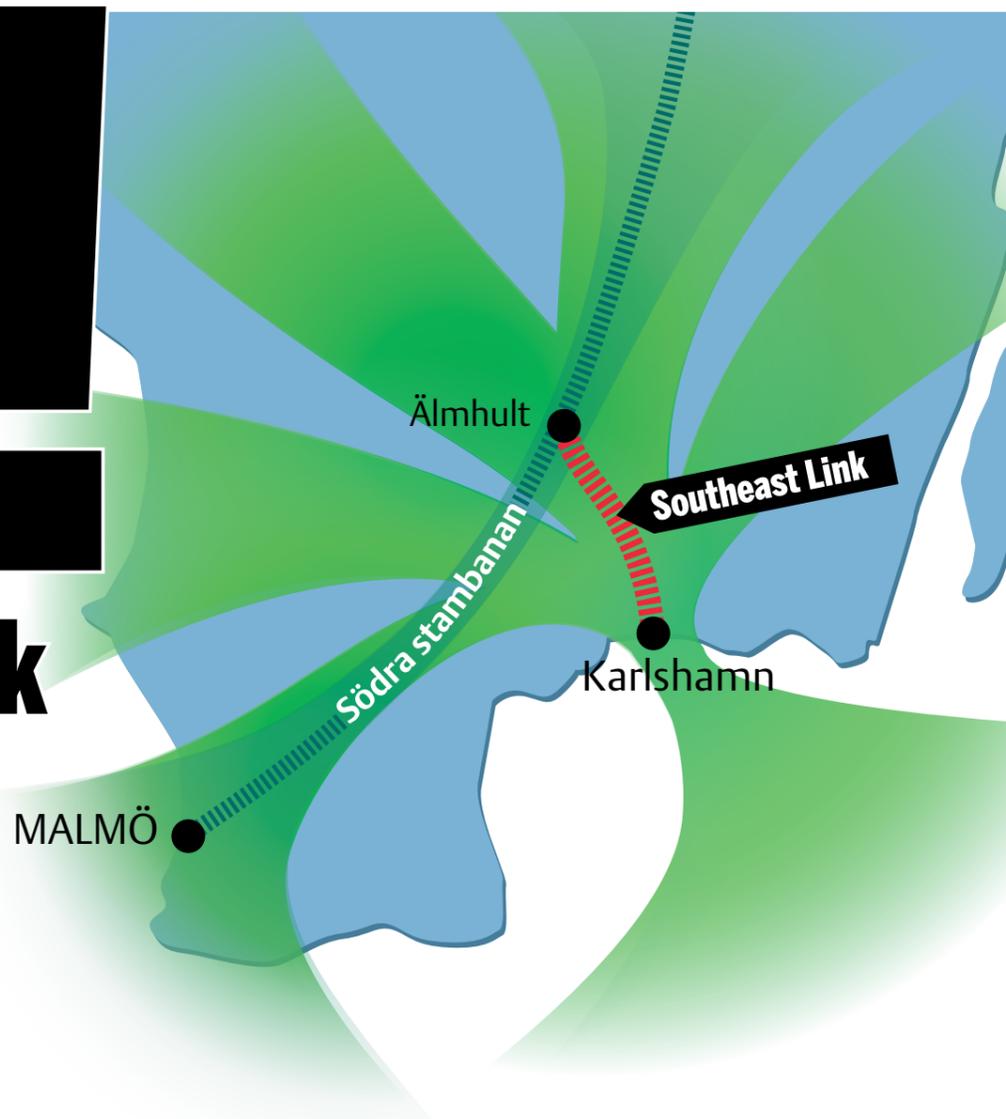


Destination Karlshamn NEWS is produced by Karlshamns Hamn AB to inform about the role of Karlshamn and its port as a growing, complete logistics node in southern Sweden.

Yes!

- to the Southeast Link



"I interpret the promises we've received as definite THAT the Southeast Link (Sydostlänken) will be built. Now, it's more a question of WHEN the expansion can get started. A ground-breaking as early as 2018-2019 might be too optimistic to imagine. But now that there is a definite promise of financing, a very large step has been made. It's important for us in the region to continue to be active so that the Southeast Link is prioritised properly.

"It feels great now! The Southeast Link Älmhult-Olofström-Karlshamn is important both for the region and the entire country," says Sara Rudolfsson, Municipal Commissioner in the Municipality of Olofström.

POSITIVE FOR THE REGION AND THE COUNTRY

The Southeast Link will tie together the Southern Main railway line with the Blekinge Coastal railway line on the route Älmhult-Olofström-Karlshamn. A new railway between Olofström and Karlshamn will be built and the existing railway between Älmhult and Olofström will receive technical improvements. This link will provide both national and regional effects. It will connect the Southern Main Line to

Karlshamn and with it the now fastest growing flow of trade in Sweden via Klaipeda and on to Russia, China, and so on. Rail traffic between Älmhult and Karlshamn will also mean a great deal for strengthening the labour market in the region.

The completed railway investigation shows that the financial benefit to the national economy will be many times greater than the investment needed.

POSITIVE FOR THE PORT

"Of course this is very positive news," says Mats Olsson, CEO of the Port of Karlshamn. "The Southeast Link will have a major impact on development in many different respects. For us, as one of Sweden's largest ports, the link means that the long-term development of the flows of goods to the east will be secured.

"An attractive future possibility is that goods on the Main Line can, as an alternative to overburden Skåne, instead go via the Southeast Link," says Mats Olsson.

This joint effort on the expansion of the Southeast Link involves the municipalities of Olofström, Karlshamn, Osby and Älmhult, the regions of Skåne, Blekinge and Södra Småland and companies such as Volvo Cars, IKEA, Catena, Sparbanken in Karlshamn and the Port of Karlshamn.



"It feels great now that we have received definite promises that the Southeast Link will be built! The Älmhult-Olofström-Karlshamn railway is important both for the region and the entire country," says Sara Rudolfsson, Municipal Commissioner in the Municipality of Olofström.



Regional Commissioner Christina Mattison, Minister for Home Affairs Anders Ygeman and MP Suzanne Svensson have agreed that the Southeast Link will be built.

Volume growth returns!

"We are now seeing a substantial rate of growth in several areas. We have operations that have grown by up to 40 per cent in turnover so far this year. I would say that the port's turnover as a whole will increase by around 10 per cent this year. This growth has meant that we've been able to hire new staff during the year. However, profitability is still a challenge.

"Sweden's ports as a whole have had a number of difficult years behind them. The Port of Karlshamn has also been affected. Although milder than many others. We are a diversified port with varied operations, which has benefited us.

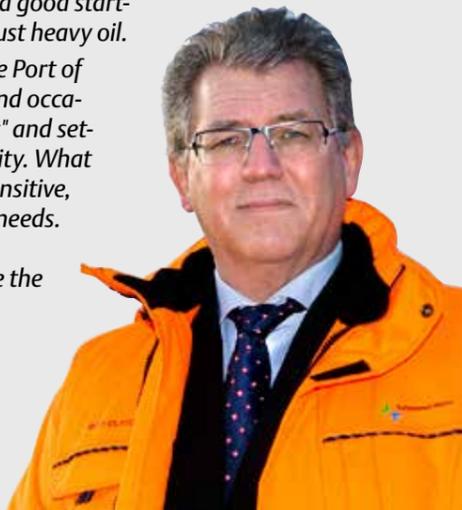
"A strong reason for the current growth of the Port of Karlshamn is the extensive investment made in many areas. This includes investments in "hardware" like the Intermodal Terminal and a new large crane, as well as "software" like the organisation and personnel. We've rejuvenated our organisation and work intensively to continuously maintain a great customer focus in our entire operations. I am happy to already see many positive effects. A pleasing result that encourages us to work even more intensively with this!

"The as-yet stable growth in traffic to the east is pleasing. DFDS Seaways has continuously increased its capacity and gradually put larger vessels into service and sees continued positive and stable growth. Of course, there is now uncertainty due to the political situation. But on the long term, we only see opportunities in volume growth and new lines eastward.

"The largest uncertainty for us now is the handling of petroleum products and biofuel. This is the significant business for us. Large fluctuations that we cannot control are a part of the conditions. Changes in the global market are the determining factor and have not been positive for stockpiling in recent years. But we believe that the decline is beginning to bottom out and the market can now improve. We have a good starting point in that we can store LPG and not just heavy oil.

"As a whole, I think it now looks good for the Port of Karlshamn. There are no simple solutions and occasionally there are some "jumps in the curves" and setbacks in individual areas. But that's the reality. What we can do is constantly be respectful and sensitive, and adapt to the market and the customer needs. And this is a task we are happy to take on. Demanding customers who are satisfied are the best thing in the world!"

Mats Olsson
CEO
Port of Karlshamn



Several following VIDA

When VIDA chose to move the shipment of sawn timber to Karlshamn, several other sawmills in the region followed suit.

"The saying that *flows create more flows* is true. The significant VIDA volumes have meant that we've received additional volumes from other sawmills in the region. And we know that several are now planning to ship through Karlshamn," says Mats Olsson, CEO of the Port of Karlshamn.

"The customers feel that Karlshamn is a good, competitive alternative. There is an old tradition and considerable expertise here concerning the handling of sawn timber. Our personnel are excellent at this. And we have the resources necessary to handle and store sawn timber.

"The handling of sawn timber is labour inten-



sive. It is important to be able to provide a lot of people when it's going to be loaded. Here, we have the strength of flexibility in our staffing so that we can make quick adjustments and provide the resources needed."

KARLSHAMN PROVIDES ADVANTAGES

The collaboration with VIDA - Sweden's largest privately owned sawmill group - began earlier this year. It involves volumes of 250-300,000 m³ that are shipped out via Karlshamn to the UK, France and the US. The timber mainly goes by train from VIDA's sawmill to Karlshamn.

VIDA's shift to Karlshamn will provide better logistics and thereby better profitability on the long term. VIDA also sees positive environmental consequences thanks to the shift.

"We have good, constructive cooperation with VIDA. It's important to us that everything works well for VIDA and our other sawmill customers," says Mats Olsson.

The Port of Karlshamn has always been a major shipping port for the sawmills in the south east. But in 2012, the market changed and the volumes declined. The port then began a venture with great customer focus to again increase the volumes. This is the venture that is now bearing fruit.

"We turned the 2012 setback into something positive. Now, we're continuing this work. It's important to continuously provide optimal customer benefit," says Mats Olsson.

Karlshamn-Klaipeda: SUCCESSFUL

• 13 years of success and a large number of "all-time highs".

• One of DFDS Seaways' routes with the best development!

"It's been a fantastic development to be involved in," says Lars Malmström at DFDS Seaways in Karlshamn, and one of the people who have been involved since the beginning in 2001. Lars Malmström has been the Branch Manager in Karlshamn for five years and is also in charge of DFDS Seaways' route Kapellskär - Paldiski, Estonia.

"The Karlshamn-Klaipeda route has been a successful venture. Since the beginning with a small ferry in three-day service, to today's two large ferries and departures seven days a week.

"There has always been talk of an uncertainty around eastward traffic," says Lars Malmström. "But we've seen 13 years of success. Now, there is again considerable political uncertainty and this can affect development on the short term.

"At the same time, we have to be respectful and flexible. In the financial crisis in autumn 2008, we saw how the situation radically changed in just a few weeks. And that was a crisis that began in the US, not in the east..."

PREPARED FOR CONTINUED GROWTH

"We see certain tendencies that the sanctions against Russia are now having an effect. We judge that the volume trend on this route may possibly level out this year. But we do not see any major risk for a collapse in the traffic.

"Our long-term planning is set on continued development and growth.

"Of course, DFDS Seaways constantly moni-

tors developments in various markets, not least in the Baltic area. What the development in Karlshamn will depend on the market. Karlshamn is an important port for DFDS Seaways. I don't think anything can be ruled out. There may be even larger ferries and perhaps additional routes. Only time will tell.

"But in any case, Karlshamn-Klaipeda can be clearly confirmed as a very strong route that we believe has excellent potential for the future," says Lars Malmström.

DFDS INVESTING IN KARLSHAMN

"The fact that DFDS believes in Karlshamn and recognises that there is expertise and eastward experience here can also be seen in DFDS Logistics' purchase of Karlshamn Express. Through this acquisition, DFDS Logistics has strengthened its position in the Baltic States and Russia. The relationship locally here between us at Seaways and DFDS Logistics is absolutely commercial. They are, and will remain, one customer among many. But for Karlshamn as a logistics city, it's of course very positive that an actor like DFDS is investing here."

GROWING INTEREST IN LITHUANIA

"A great deal has happened since 2001. Not much was known about Lithuania and the Eastern European countries. Even though I had worked in the travel industry, I had not visited Lithuania," says Lars Malmström, who was initially responsible for developing passenger traffic.

"Now the ferries are often fully booked with passengers during the summer season. Work-related travel from Lithuania is still dominant, but the proportion of Swedish tourists is steadily growing and now accounts for around 20 per cent of the passengers.

"More and more people are interested in Lithuania. The coach companies have also begun to discover a *new destination*," says Lars Malmström.



Lars Malmström, Branch Manager DFDS Seaways in Karlshamn, has been involved since the beginning in 2001.

UL ROUTE!

13 years of success and a large number of "all-time highs". The Karlshamn-Klaipeda route has been a successful venture and one of DFDS Seaways' routes with the best development! And the long-term planning is set on continued development and growth!



VASTLY INCREASED CAPACITY

The first ferry had a cargo capacity of 1,000 linear metres. The ferries have since been replaced and the tonnage has increased gradually as demand has grown. In 2005, service was expanded to two ferries on the route and departures six days a week. In 2010, service increased to departures seven days a week. Today's ferries have a capacity of 2,350 linear metres, around 150 lorries, and room

for 600 passengers and drivers. This means a 15-per-cent increase in the cargo capacity and a doubling of the passenger capacity since last year.

ENVIRONMENTALLY ADAPTED FERRIES

"We now have two excellent ferries on the route," says Lars Malmström. "At the beginning of next year, both ferries will also be equipped with scrubbers to meet the environmental requirements in the EU's new emis-

sions rules for Northern Europe. This is an investment of SEK 40-50 million per vessel.

"We are pleased that this route will be on the forefront even in environmental respects," says Lars Malmström.

"The major investments demanded by the sulphur directive will of course be something that the shipping industry will have to compensate for. It will be more expensive to transport goods by sea," says Lars Malmström.



Johan Stegerö is the Operating Manager in Karlshamn. The Karlshamn-Klaipeda route is one of DFDS Seaways' best routes!

Karlshamn likes its port!



"We like our port! It has always meant a lot to this region and it is positive and important that it continues to develop. It's interesting to go "inside the gates" and see the entire operation."

This is a summary of many visitors' impressions when the Port of Karlshamn and the other companies in the port area had an open house at the beginning of September. Several thousand visitors from the entire region took the opportunity to study the operations close up.



A SENSE OF PRIDE

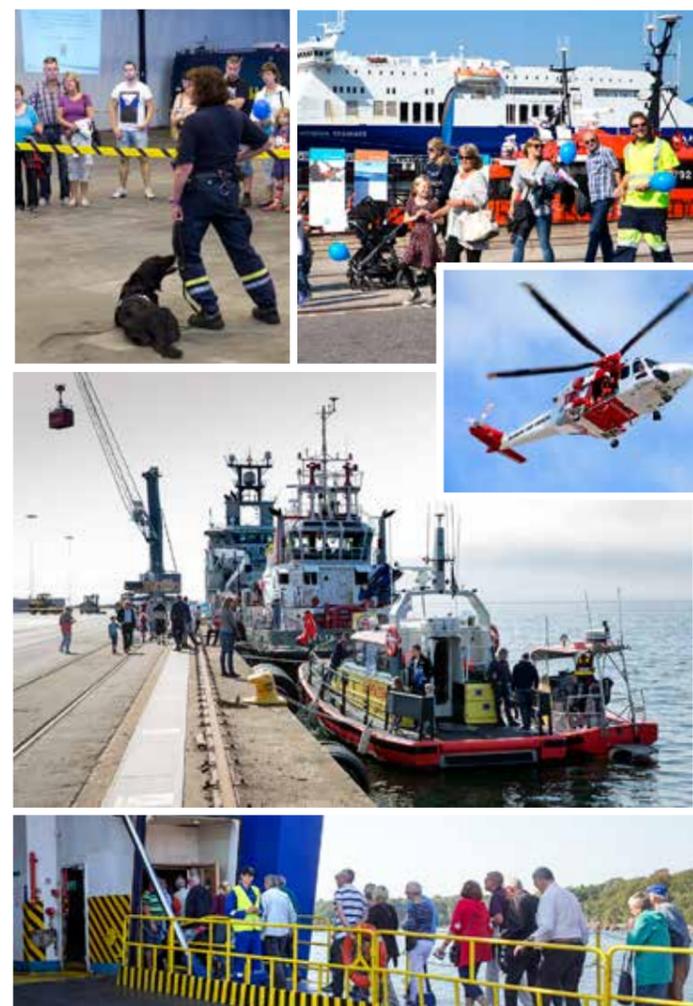
"The large number of visitors and the positive reactions are a concrete example of the interest there is here for the port and the businesses around the port. Karlshamn has an old and well-established positive attitude to the port. Here, people are proud of their port," says Mats Olsson, CEO of the Port of Karlshamn.

"In contrast to many other port towns, there's a positive attitude to the port and port operations that's both politically and popularly rooted.

Of course, it's nice to work with conditions like these. At the same time, it entails great responsibility to continue to drive the development of the port in harmony with the surroundings," says Mats Olsson.

FEW DISTURBANCE PROBLEMS

"A strong contributing factor to the positive attitude is the foresight of the 1960s when port operations were moved out of central Karlshamn to the Stilleryd area outside town. This means that the disturbance and environmental problems that so many other port towns struggle with are avoided here. Transports to and from the port go straight from E 22, Road 29 and the Blekinge Coastal Line - a major advantage for everyone."





Honing the organisation for the benefit of the customers

"The Port of Karlshamn is now further honing its organisation!

We want to have an organisation that meets our customers' needs well. With the changes we have now implemented, we are making further advancements in terms of expertise and are strongly increasing resources and focus on sales. At the same time, we are rejuvenating our organisation both through new recruitment and the further development of existing employees in new roles.

"This is a concrete example of how the Port of Karlshamn is changing

with a clear business focus," says Mats Olsson, CEO of the Port of Karlshamn.

RORO AND INTERMODAL-TERMINAL IN NEW UNIT

The changes mean that the development of the RoRo operation and the new Intermodal Terminal form a new unit led by Peter Samuelsson. Peter comes from a position as a site manager for Volvo Logistics.

"This is strengthening us. With his background from Volvo, Peter is contributing essential expertise in terms of quality and service requirements from industry. With this, we are becoming a more qualified partner in the development of the cooperation and the business with the customers," says Mats Olsson. RoRo was previously a part of Sea Terminal and Intermodal Terminal is a new operation in the Port of Karlshamn.

NEW MANAGER FOR SEA TERMINAL

Rikard Matsson has now become the manager of Sea Terminal. Rikard was previously a supervisor in Sea Terminal and in charge of operational planning and the development of new business with recycling products. Rolf Göransson, previously with the Port of Halmstad and Schéle, and Magnus Andersson, formerly a collective employee with various roles in Sea Terminal, have become the new supervisors in Sea Terminal.

REINFORCEMENT ON THE SALES SIDE

The Port of Karlshamn is also strengthening the sales side as Pär Carlsson, former supervisor at Sea Terminal, is now joining sales. Pär has been in charge of the development of project assignments, such as the handling of wind power plants and other heavy lifting. Through his old job, he has extensive operational expertise and knowledge, which he can now use to develop the business with both old and new customers.

"With his background, Pär knows what he's talking about. This crucial in these kinds of sales and long-term

relationship building," says Mats Olsson.

Pär will report to Marketing Manager Ulf Sandevärn.

MARTIN NOW ALSO DEPUTY CEO

Another change is that CFO Martin Fredlund will now also take on the role as the Deputy CEO of the Port of Karlshamn.

"Martin largely already works in this role. Now his authority and role will be clearer both formally and in various contacts and negotiations concerning Karlshamn Hamn AB and related companies.

"This change will also mean that we are rejuvenating our organisation and providing the possibility for employees to grow in their role in the company, which is important to obtain a positive dynamic and enjoyment in the organisation," says Mats Olsson.

Rikard Matsson, in the middle, has now become the manager of Sea Terminal. Magnus Anderson, at left, and Rolf Göransson are new supervisors.



Martin Fredlund, now Deputy CEO



Pär Carlsson, at left, will now increase the sales efforts together with Marketing Manager Ulf Sandevärn.

Reinforcement from Volvo Logistics

The Port of Karlshamn has now formed a new unit that encompasses the RoRo operations and the new Intermodal Terminal. This is a part of the development of the port to achieve greater customer focus and rising volumes on the long term.

The newly hired manager for the new unit is Peter Samuelsson. He worked most recently in Volvo and Volvo Cars. There, he mainly focused on logistics issues, including as a manager for Volvo Logistics, which managed the entire transport flow to and from Volvo Olofström - between the factories and from suppliers. It involved volumes equivalent to 60,000 20-foot containers per year, by rail and road. Before that, Peter worked at Nokia. Peter is a graduate engineer in mechanical engineering with a specialisation in production and has extensive industry experience.

SEES EXCELLENT POTENTIAL

"I applied to the Port of Karlshamn because I see excellent development potential for the business," says Peter Samuelsson. "There is a complete port here and a logistics environment with excellent resources that can meet the qualified needs and demands of many customers.



Peter Samuelsson, new RoRo and Intermodal Terminal Manager.

"Compared with large ports like Gothenburg, the Port of Karlshamn can quickly adapt to the market's needs and offer complete packages with flexibility and a high level of service. I believe that industry customers will see opportunities in this."

MEETING INDUSTRY NEEDS

"The logistics chains of industry are complex systems that one has to be respectful of. As a port and link in the customers' logistics chains, we have to be very conscious of this," says Peter Samuelsson.

"Quality in the logistics flows is a prerequisite for industrial companies. Having stable systems, maintaining deadlines, avoiding damage and having well-functioning administrative systems are all necessary. "We also have to have a cost focus and understand the importance of service, in terms of opening hours and frequency in the flow to have short lead times and flexibility."

Logistics conference on Baltic Sea trade and Christmas cuisine in an exclusive wildlife park!

Baltic Trade and Transport, an international logistics conference, is taking place in Karlshamn on 4-5 December.

The conference brings together delegates from logistics, industry, trade and public authorities from many countries with trade and a flow of goods through the Baltic. Among the lecturers are representatives from Volvo Cars, DB Schenker Rail and Finnlines.

The conference will be wrapped up with the Port of Karlshamn's annual Christmas dinner at the Eriksberg Wildlife Park.

"It is quite natural that this conference should be held in Karlshamn. Karlshamn

has taken on an important role in the development of transports between the Nordic region and the former eastern bloc. The Karlshamn-Klaipeda ferry line is the market leader for rolling cargo between Sweden and the Baltic States/Russia," says Ulf Sandevärn, Marketing Manager at the Port of Karlshamn, who is one of the conference organisers.

"The new trading and transport flows are opening up new opportunities - for Short Sea Shipping via the Baltic for example. This is an area that will be addressed at the conference," says Ulf Sandevärn.



More information about Eriksberg, which is owned by Rune Andersson via Mellby Gård AB, is available at www.eriksberg.nu

Eriksberg, where the Port of Karlshamn's Christmas dinner is being held, is one of Europe's largest wildlife parks and an exclusive dining and conference facility outside Karlshamn. The conference will be held at NetPort Science Park in Karlshamn.

