

Mining Magazine



Surface miners

Get the most from your surface miner fleet. MM reviews performance-enhancing technologies and aids

Engines & drives

The global market for truck engine repowers is hotting up. MM visited ASARCO's Ray mine in Arizona to find out how the operation is saving money and making significant fuel cost-savings

Underground development

Learn about the latest advances in rapid development and hard-rock cutting, shaft sinking, raise boring and tunnel boring



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Finnish focus

Mineral-processing company Metso is about to undergo its second major restructure in 12 months. The company demerged its pulp, paper and power business units into a standalone company, Valmet Corp, in December 2013.

In an interview at the time, president and CEO Matti Kähkönen told me that heightened focus within customer industries was a key driver. He also wanted to leverage synergies within Metso's business units to deliver more intelligent solutions and better product-related services to clients.

It seems that a year on, this vision stills holds. In an interview at the company's Helsinki headquarters in August, Kähkönen described the new structure, which was announced in July and will come into effect on October 1, as well as its implications.

Designed to streamline Metso and focus its growth on higher-margin businesses, the new strategy divides the company into three business areas: Flow Control, which will offer valves for the oil & gas sector and pumps for the mining industry; Minerals, which will offer products to the mining and aggregates sectors; and Services, which will cater to customers in both mineral processing and flow control.

"We have split the capital and projects side of our offerings and the services side," said Kähkönen, "Both now report directly to me. We want to emphasise the importance of services even more. Even though the mining industry isn't investing much in capital projects at the moment, mining services which are related to production are growing. That's going well and we expect to see significant growth in the next year."

As part of the strategy, Metso is also exploring options for its process-automation business, which supplies the pulp and paper industry. "Those technologies are very specific to that industry; they can't be used in oil & gas or mining, so we have decided to evaluate alternative options including divestment," explained Kähkönen. "We haven't made a decision yet but we should know by the end of the year."

It is interesting that, at a time when many companies are looking to diversify to safeguard against weakened markets, Metso has chosen to narrow its industry focus. However, Kähkönen is confident that the move is a positive one. "In 2013 we evaluated two options," he told me. "One was to divest Valmet and become more focused, and the second was to build more businesses into the company. The old Metso was too small to be a true holding company and too big for the businesses we had, so we decided to become more focused."

"Although the capital market in mining is slow right now, the megatrends driving the business are still present. We want to make the most of the industries we have today."

I couldn't leave without asking about Weir Group's failed bids for Metso earlier this year; why was the deal rejected? "They approached us twice, once in April and then again in May," said Kähkönen. "Twice the board came to the conclusion that it was better to continue as a standalone company; Weir was still significantly undervaluing Metso's potential going forward. Our new strategy is generating excellent value for shareholders."

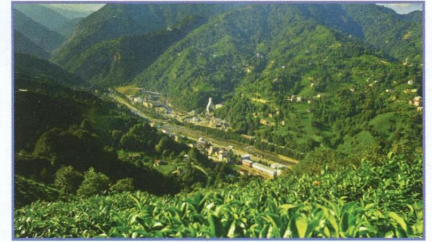
"I think their decision sent a very clear message to the market: we have a good strategy and all the tools, people and technologies we need to truly believe that it will create more value. I'm very supportive of that."

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COVER

Wirtgen surface mining in Russia: selective limestone mining without drilling or blasting. A member of the Eurocement Group, the ZAO Kavkazcement mine is located near the Black Sea in Russia and is one of the largest cement producers in the northern Caucasus. In the selective mining of limestone, Wirtgen surface miners guarantee constantly high daily rates without drilling or blasting while increasing safety in the mine at the same time. Three 2500 SM units are currently operating in the mine. www.wirtgen.de/mining

