

Market trends in the MENA-region

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HOLMEN



SÖDRA

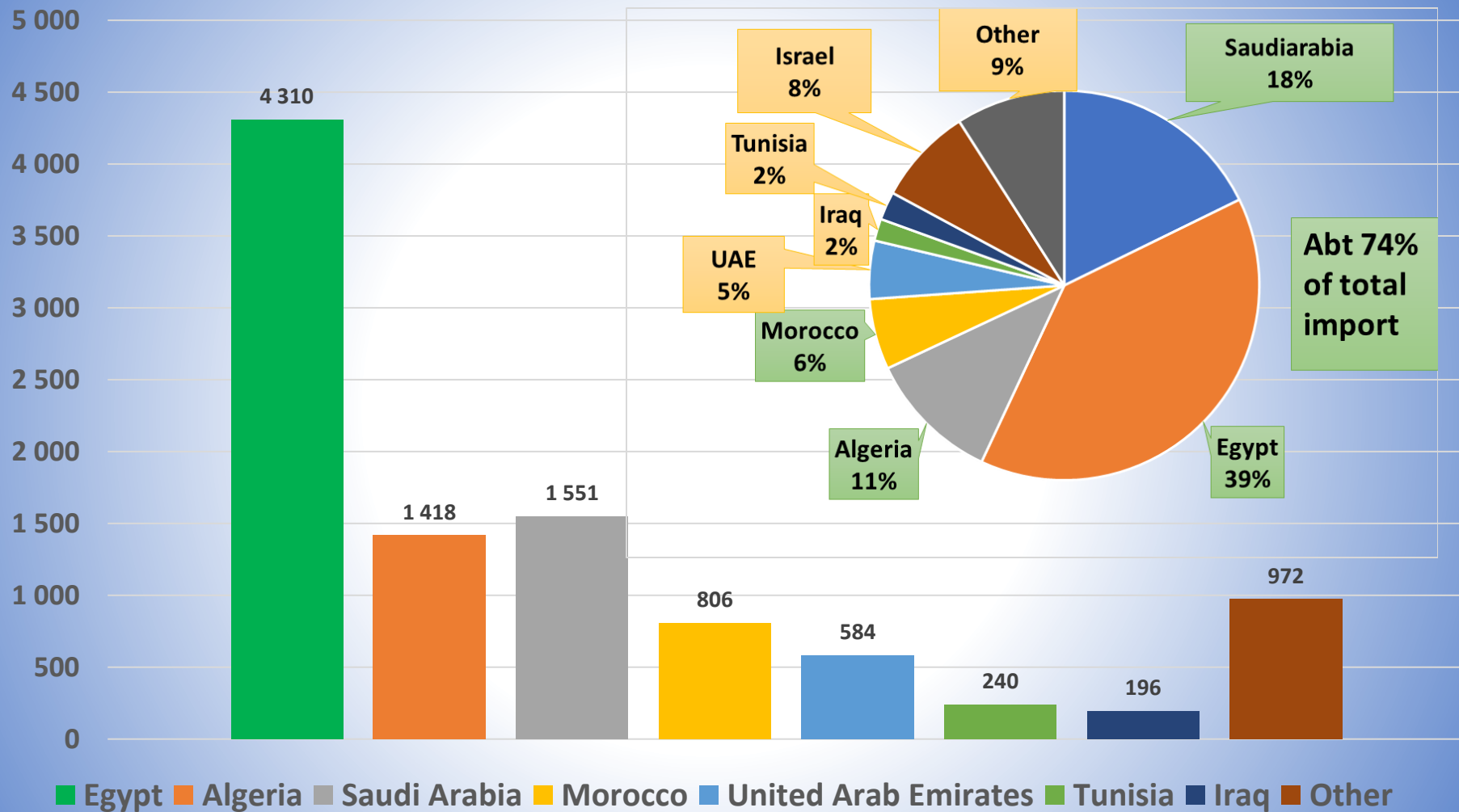
- Abt 5 million m3 sawn timber per year from totally 16 sawmills. Almost 30% of the Swedish production
- About 10% of the volume is sold to the MENA-region

Some facts about the MENA-region



- 22 countries
- Total population; 360 million
- Abt 50% of the population is younger than 24 years old
- Population is growing with 1,7% per year
- Only 2% of the area is covered by forest
- MENA-region has about 60% of the worlds oil-reserve and 45% of the gas-reserve.
- MENA construction sector is estimated to grow in average abt 7% per year until 2022. Provided stability in the region!!

Softwood import to MENA countries 2019 (1000 m3) Total 10,1 million m3

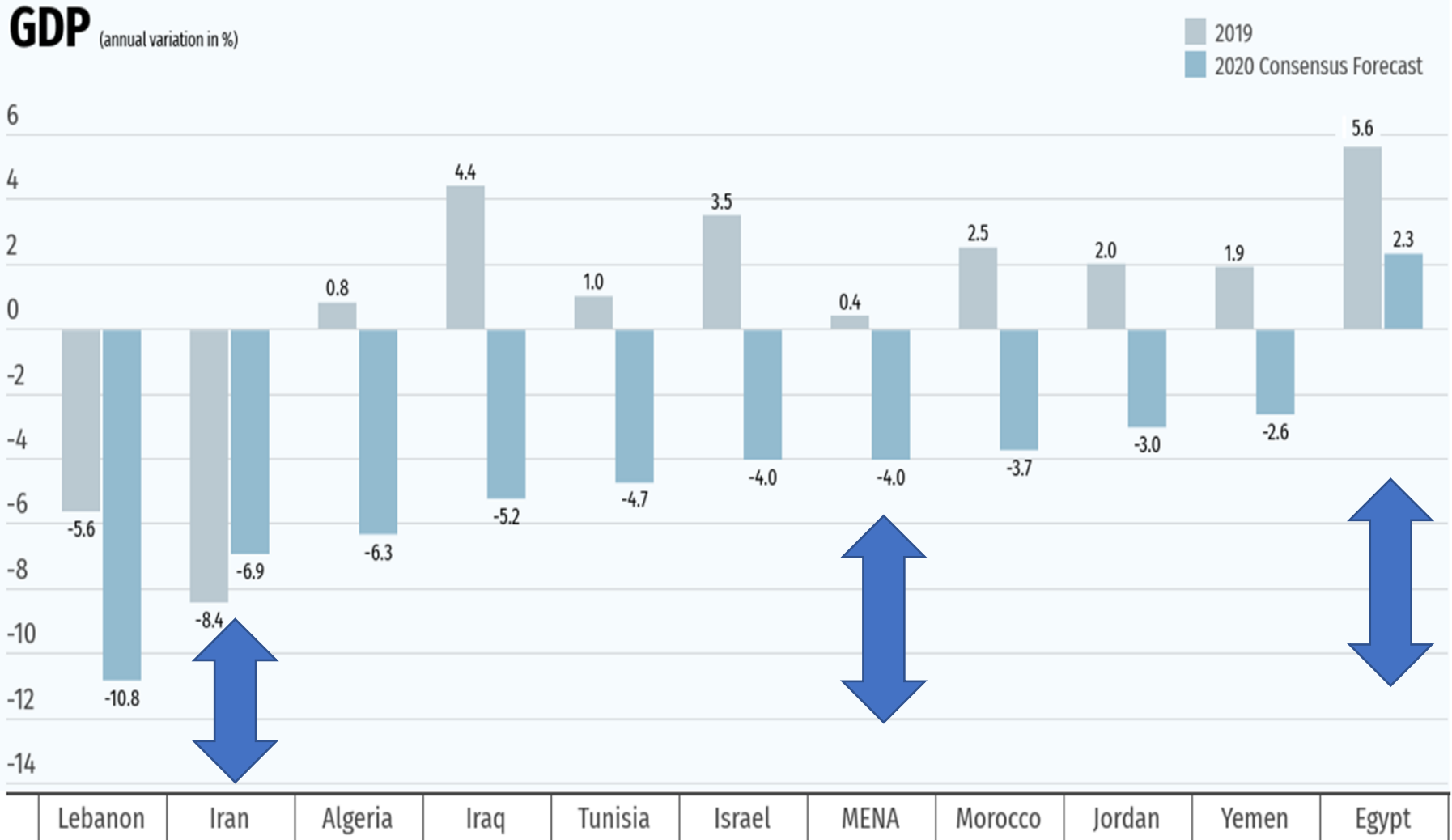


Is this the market situation at the moment
in the MENA-region?



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FOCUS ECONOMICS | MENA | 2019-2020 Economic Outlook



FocusEconomics Consensus Forecast MENA - June 2020

Egypt



- Corona-situation ; abt 100 000 cases/abt 5800 deaths. Different restrictions implemented in public life. Amount of new cases on a low level since beginning of August.
- GDP growth decrease from 5.2 to 2 % in FY2020/21,
- Sharp slowdown in tourism and supporting industries as well as manufacturing, real estate and trade
- Construction sector, oil refinery, and agriculture remaining fairly robust,
- During FY2021/2022, IMF expect real GDP to be 6.5% and to reach 5.3% in both FY2022/2023 and FY2023/2024.
- IMF has approved a 12-month 5.2 billion USD Stand-by loan for Egypt.
- Different support packages in the range of 6,1 billion USD has been launched by the government to ease the impact of the pandemic. Some examples; health care, real estate loans, lower energy cost

Forecast Overview (source; Trading Economics, Bank of Egypt)

	Actual	Q3	Q4	Q1	Q2	2021
<u>GDP Annual Growth Rate (%)</u>	5.00	2.8	3.5	2.7	3.3	4

Current Egyptian Construction and softwood market in a nutshell



- Last 3-4 months has consumption of timber been reduced due to the impact of the covid-19 pandemic.
- In the end of May Egyptian government cancelled all residential building permits in the 4 biggest cities for a period of 6 months. Reason for the stop is to reduce all illegal building activity.

Some examples of major ongoing construction projects

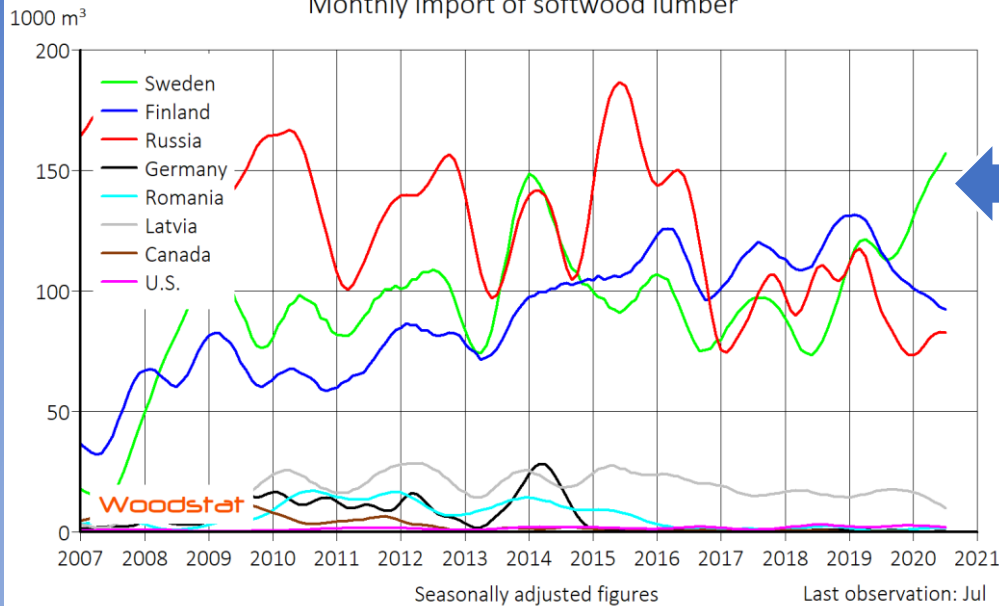
- Egypt to construct 765,000 homes in three years at a cost of USD 10.3 billion (under the One Million Housing Initiative running until 2024)
- The new administrative capital “New Cairo” is still under construction since 5 years. (45 bn USD)
- New “Alamein” city is under construction at a 48 km long area at the Mediterranean Sea.





EGYPT

Monthly import of softwood lumber

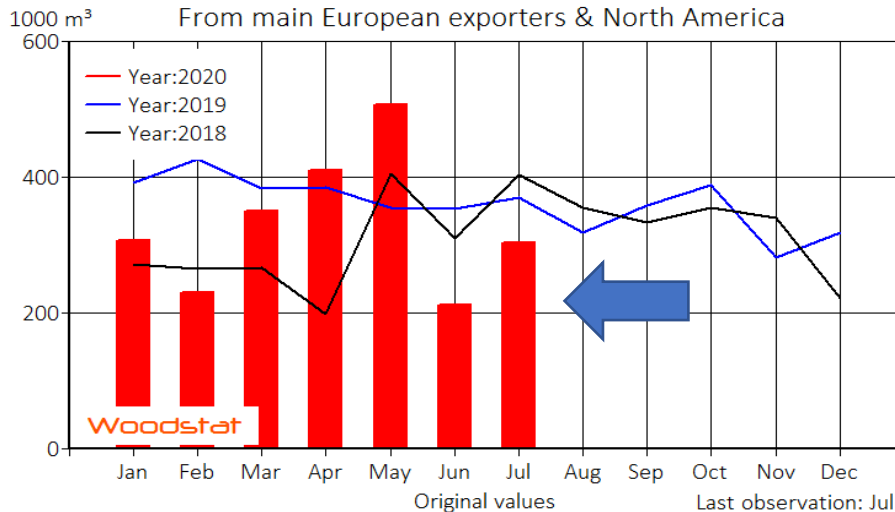


Softwood import to Egypt from main suppliers

	Jan - Jul 2020	Jan - Jul 2019	2020/2019
Sweden	1 023	835	+23%
Finland	658	958	-31%
Russia	508	707	-28%
Latvia	88	119	26%
Other	35	41	15%
Total	2 312	2 660	-13%

EGYPT monthly import of softwood lumber

From main European exporters & North America



One reason for the decrease was caused by strike at sawmills in Finland in Q1

Algeria

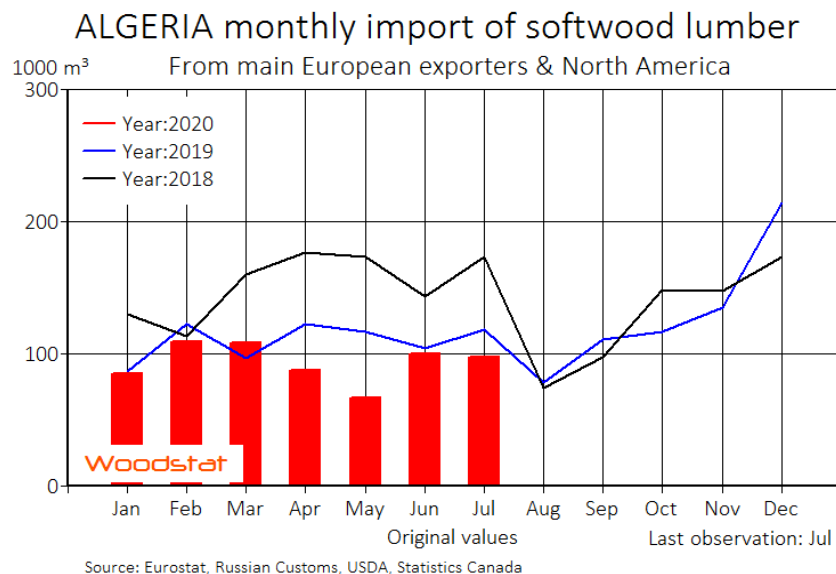


- Corona situation; abt 50 000 cases and abt 1700 deaths. All land borders are closed, nightly curfews in major part of the country. Number of new cases is decreasing since beginning of August.
- Algeria is strongly dependent of revenue from oil and gas which stands for 60% of the total budget.
- Algeria expects energy revenue to fall by USD 10 billion to USD 23 billion this year. In 2014 the revenues from oil and gas sales were at USD 60 billion.
- Due to the pandemic has major governmental housing-projects been postponed.
- The new president and government use the situation and have banned all public protests during the corona pandemic

Forecast Overview
(source; Trading economics,
Office National des statistiques)

	Actual	Q3	Q4	Q1	Q2	2021
<u>GDP Annual Growth Rate (%)</u>	-3.90	-5.2	-5.6	1.7	3	5.2

Algerian Softwood market in a nutshell



Algeria import of softwood lumber (1 000 m³)

	Jan - Jul 2020	Jan - Jul 2019	2020/2019
Austria	240	256	-6%
Sweden	218	226	-4%
Finland	160	255	-37%
Germany	31	26	+19%
Other	2	2	-
Total	651	765	-15%

- Demand on a normal level.
- The decrease of the softwood import this year mainly caused by slower market due to the corona pandemic.
- The decrease of finnish export is caused by less output due to strike in the beginning of the year.

Morocco



- Corona situation; abt 105 000 cases and abt 1900 deaths. Increasing trend of new cases since beg. of August. Travel restrictions and nightly curfew in Casablanca.
- Morocco's trade deficit shrank by 18% in the first seven months of 2020. The global coronavirus pandemic has reduced the cost of energy imports and slowed trade but at the same time has income from tourism and agriculture decreased
 - - The income from the agriculture sector will be less due to ongoing droughts.
 - - High risk that small companies will suffer and even go bankrupt.
 - + Some recovery of the economy has been seen the last months
 - + Gov. announced plan to build 800,000 housing units by 2022

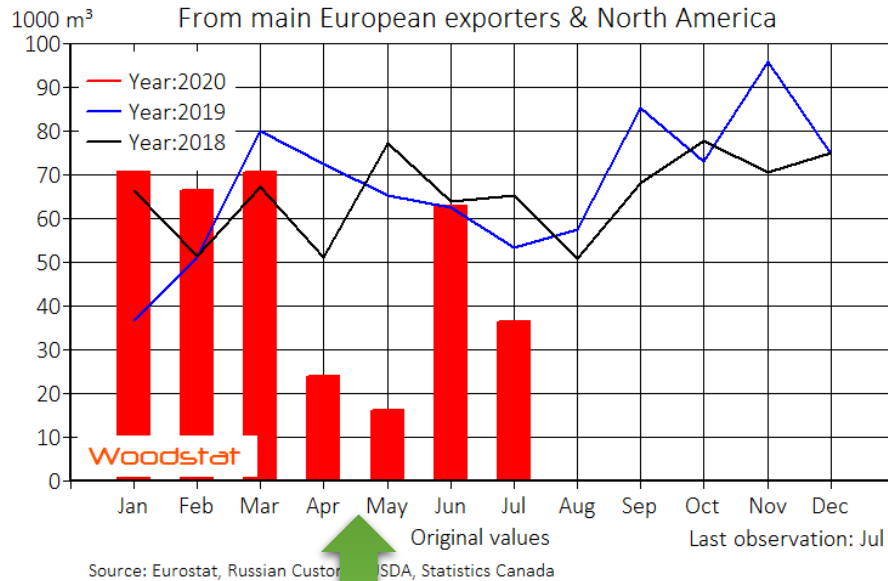
Forecast Overview (source; Trading economics,
Haut commissariat au plan)

	Actual	Q3	Q4	Q1	Q2	2021
<u>GDP Annual Growth Rate (%)</u>	0.10	-6.5	-5	3	3.5	4.3

Morocco Softwood market in a nutshell



MOROCCO monthly import of softwood lumber



Morocco import of softwood lumber (1 000 m³)

	Jan - Jul 2020	Jan - Jul 2019	2020/2019
Sweden	175	232	-25%
Finland	100	122	-18%
Austria	36	42	-14%
Germany	17	17	-
Other	18	7	+157%
Total	346	420	-18%

- Due to the corona pandemic the softwood import decreased heavily during April/May.
- The demand for Softwood products has returned and are currently higher than normal

Saudi Arabia



- Corona situation; abt 330 000 cases and abt 4500 deaths. Since mid July are new cases decreasing. Saudi has opened up step by step and Mecca will open up for foreigners in Nov.
- Additional to the corona pandemic has also the decline of the oilprice a huge impact on the Saudi economy.
- Huge financial packages in the range of 75 billion USD has been launched to stimulate the economy.
- The government increased the VAT from 5% to 15% July 1st which has been repressive for the economy.
- The national program Vision 2030 is still running. One pillar in the vision is the housing program where the main target is to provide homes for main part of Saudi citizens.
- Since the Saudi Riyal is fixed to the USD the decline of USD has a negative impact on the import of Euro rated products.

Forecast Overview

(Source; Trade economics,
Central dep of statistics and information)

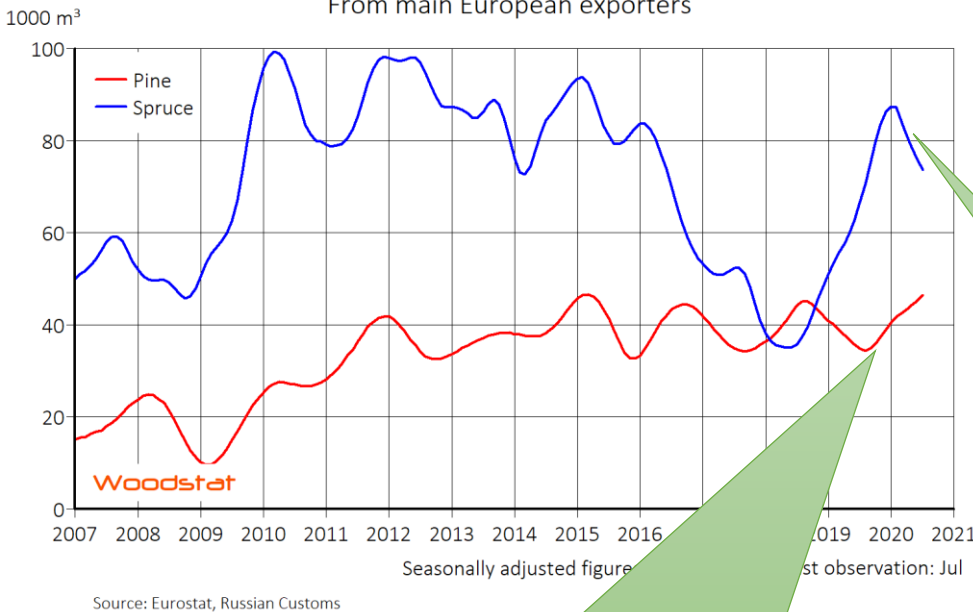
	Actual	Q3	Q4	Q1	Q2	2021
<u>GDP Annual Growth Rate (%)</u>	-1.00	-5	2.5	2.2	4.5	3

Saudi Arabia Softwood market in a nutshell



Saudi Arabia import of softwood lumber

SAUDI ARABIA monthly import of softwood lumber
From main European exporters



- Stable demand for pine for joinery and furniture



- Demand dropped in March due to corona pandemic, regain some speed in June prior the VAT-increase and are now back to normal

	Jan - Jul 2020	Jan - Jul 2019	2020/2019
Finland	309	266	+16%
Sweden	196	182	+8%
Romania	133	78	+71%
Austria	116	58	+100%
Chile	101	159	-36%
Germany	61	37	+65%
Baltics	52	44	+18%
Other	78	78	-
Total	1005	902	+16%



Slightly decreasing demand for spruce boards for construction

Summary and Future, short and long term



EGYPT

- **Short term:** Slow market situation in Egypt at the moment 
- **Long-term:** Looks promising with growth of 5-6% the coming years 



ALGERIA

- **Short term:** Stable market situation in Algeria at the moment 
- **Long-term:** The economy will continue to grow with about 3% the coming years 

MOROCCO

- **Short term:** Demand for softwood products has increased 
- **Long-term :** Morocco has a stable economy and steady growth 

SAUDI-ARABIA

- **Short term:** Stable market situation with good demand for softwood. 
- **Long-term :** Liberalisation and peace in the region will be a base for growth 

Thank you for your attention
Merci pour votre attention



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