



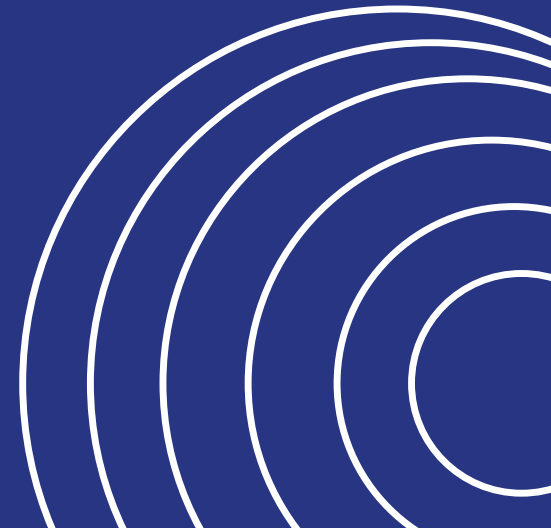
finnish sawmills

69th International Softwood Conference in Helsinki

14.10.2021 Kai Merivuori



Finnish Economy and Forest Industries



Finland is Back on Solid Growth Track

- Very Robust GDP growth in Q2 (vs Corona in 2020)
- Removal of COVID restrictions
- Solid growth of private consumption
- Busy housing market — but increasing costs
- Increasing exports
- Growing investments

- Bottlenecks in production and availability of labour
- Unrest in the labor market
- Increasing public debt
- Raising inflation (housing, energy)
- Increasing interest rates

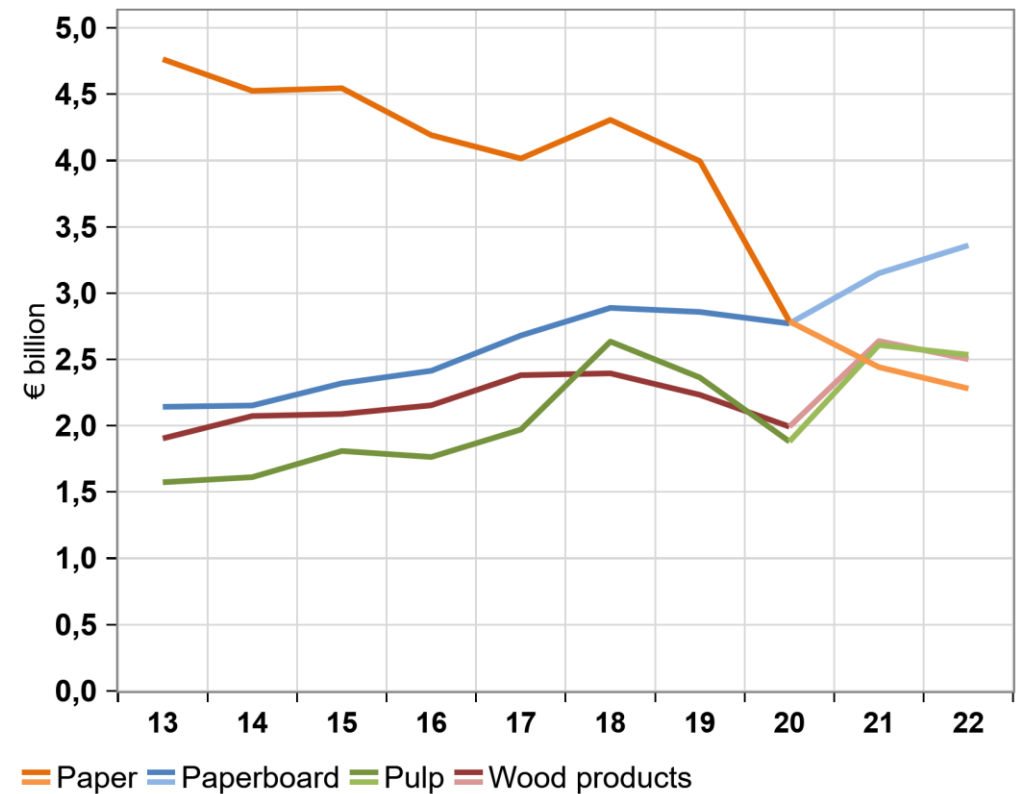


Lähde: Tilastokeskus, Macrobond

Structural Change Within the Finnish Forest Cluster Continues

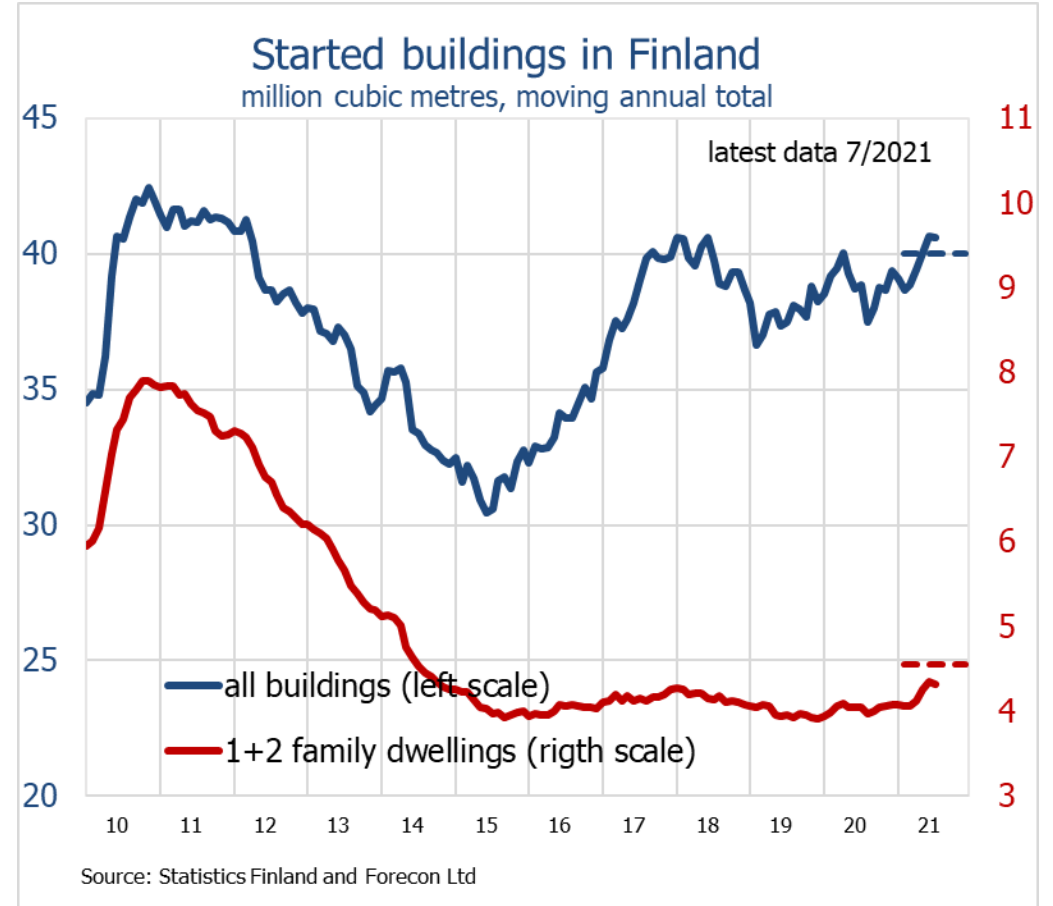
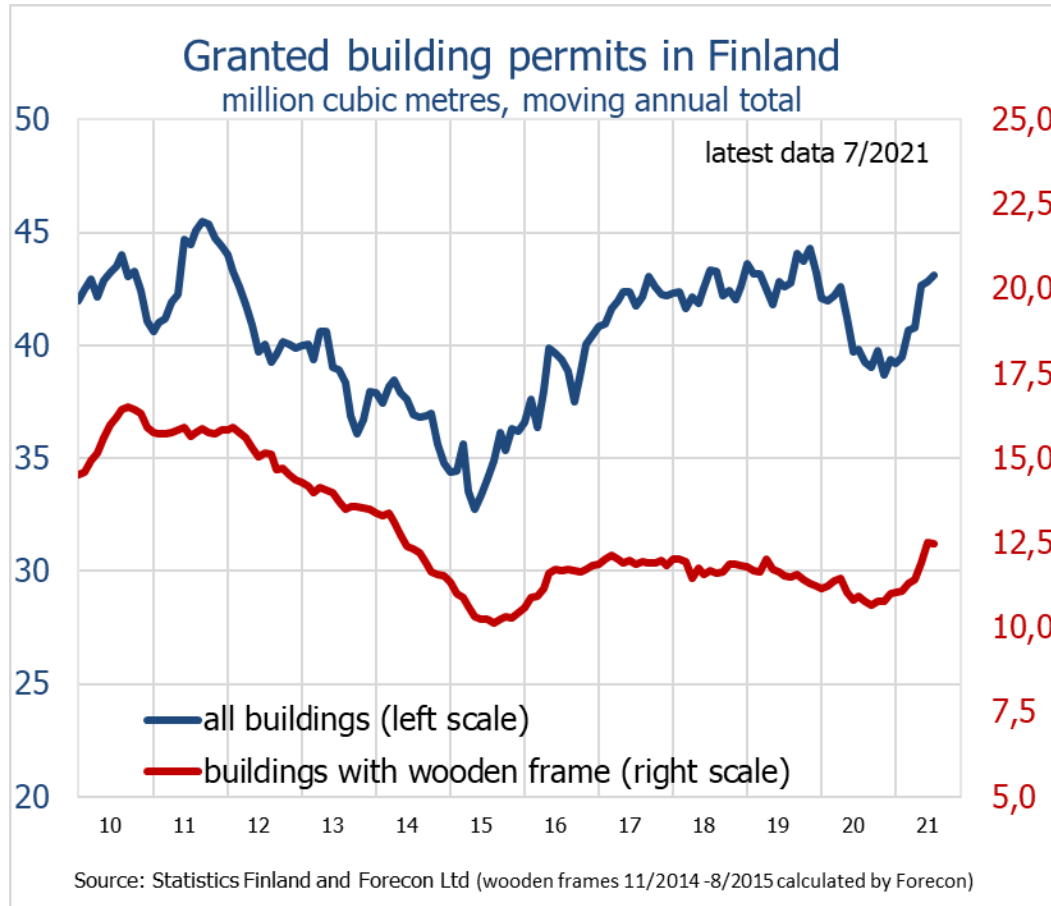
- Changes in the forest product market structure
- Wood availability challenged by new influencers
- Brisk softwood pulp market
- Declining demand of graphic papers
- Increasing demand of packaging solutions
- Brisk demand of sawn softwood
- Challenges in logistics

Export value of Finnish forest industry

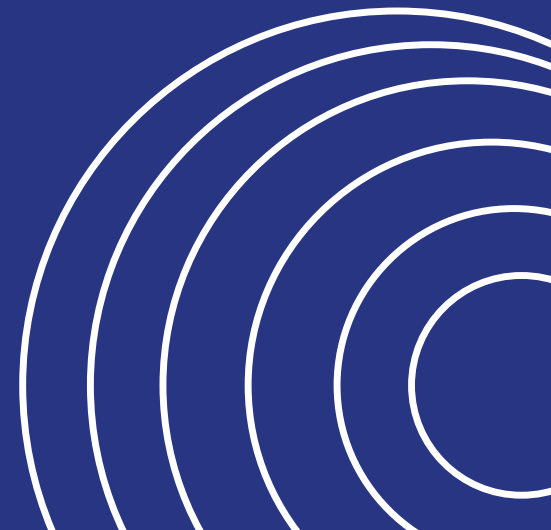


Source: Luke, Macrobond, PTT forecast

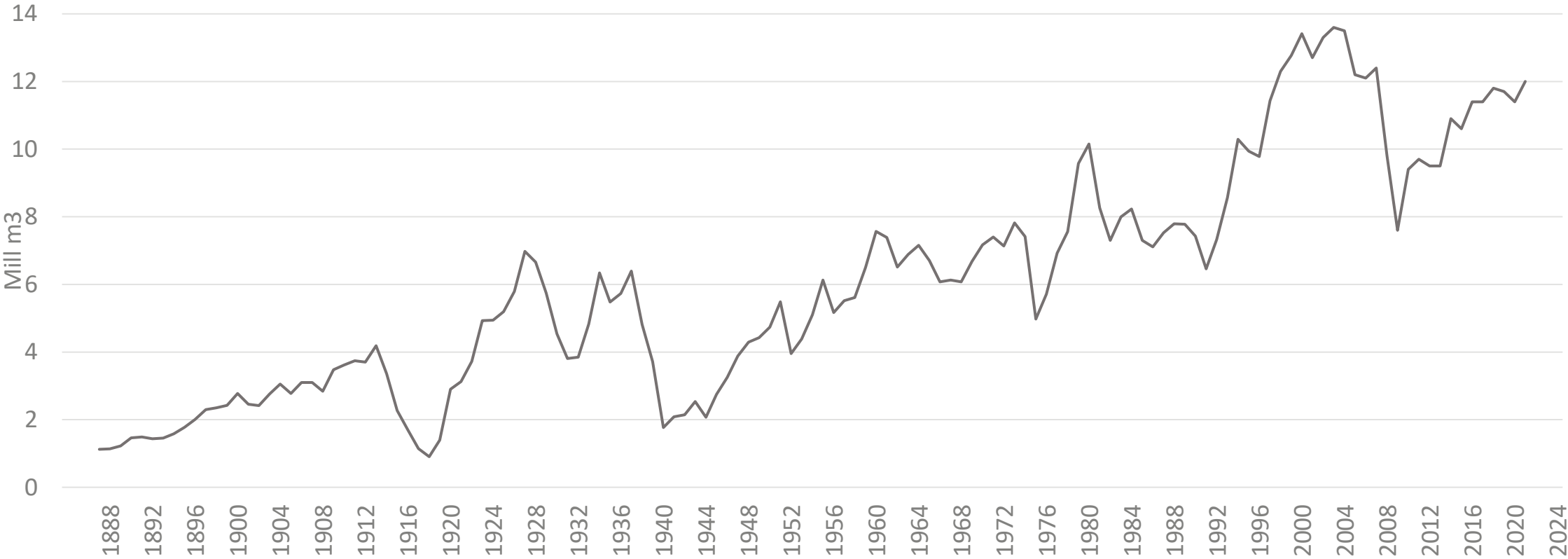
Positive Construction Market Despite Increases in Costs



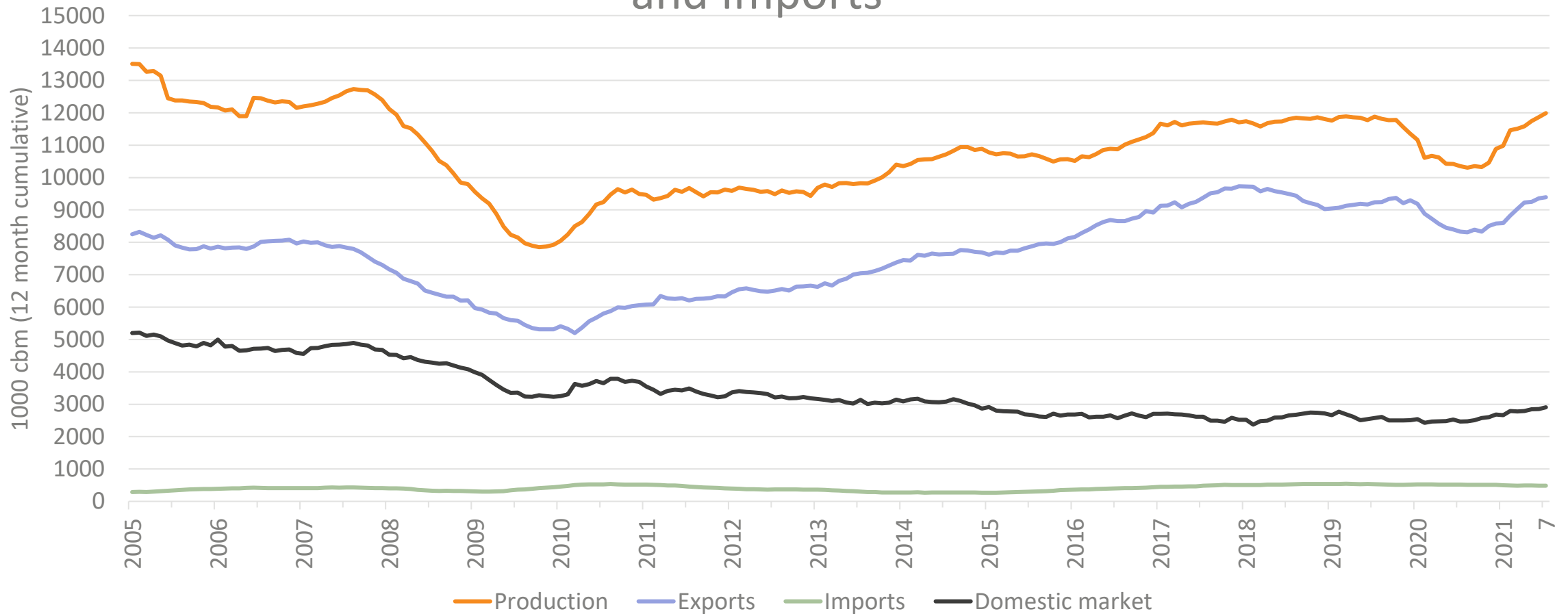
Sawmills



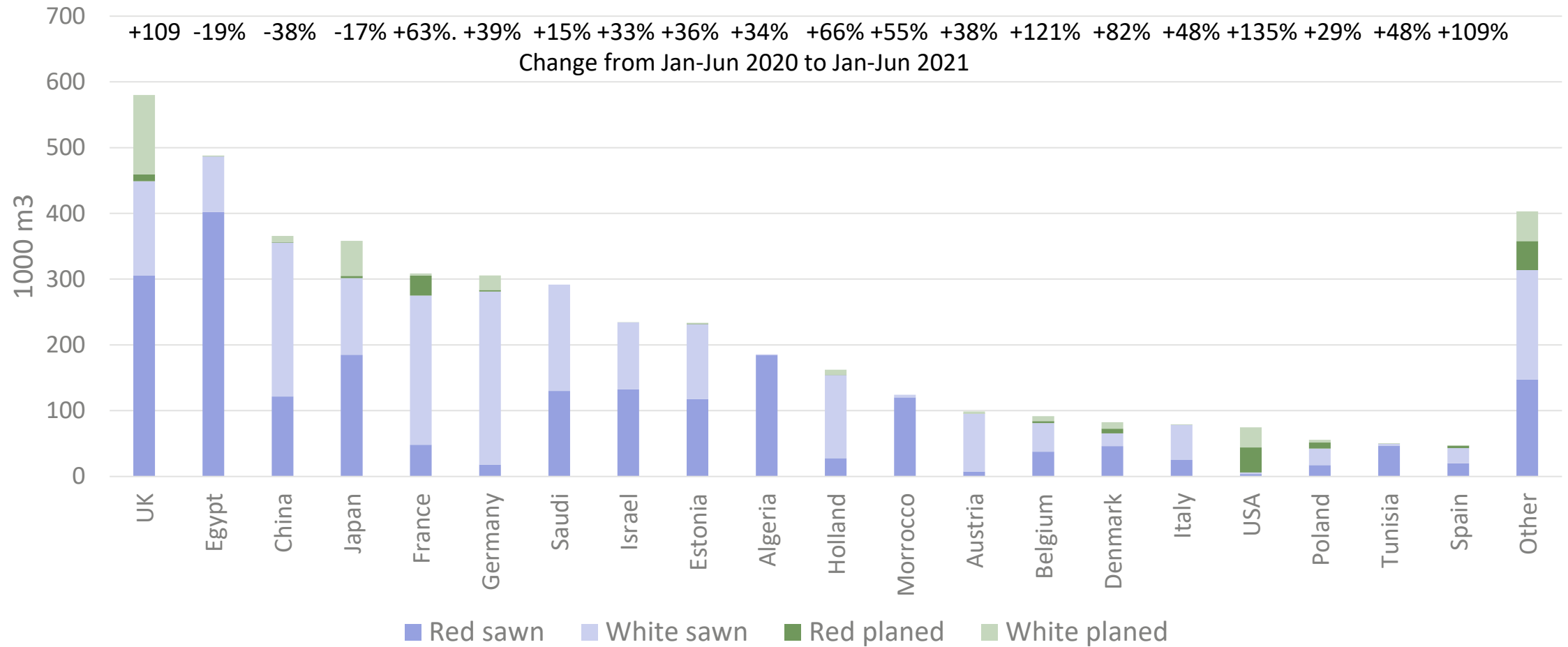
Annual Production of Finnish Sawn Wood in 1887-2021F*



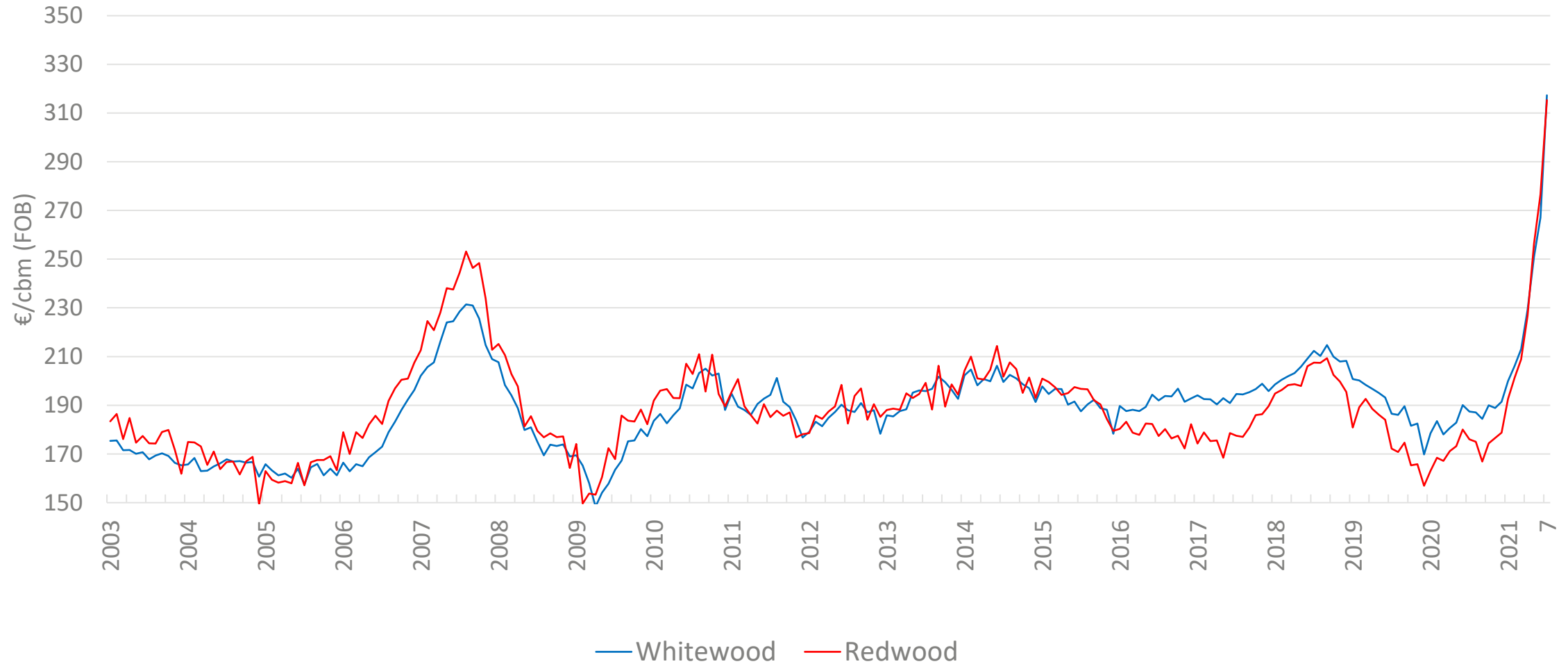
Finnish Sawn Softwood Production, Exports, Domestic Sales and Imports



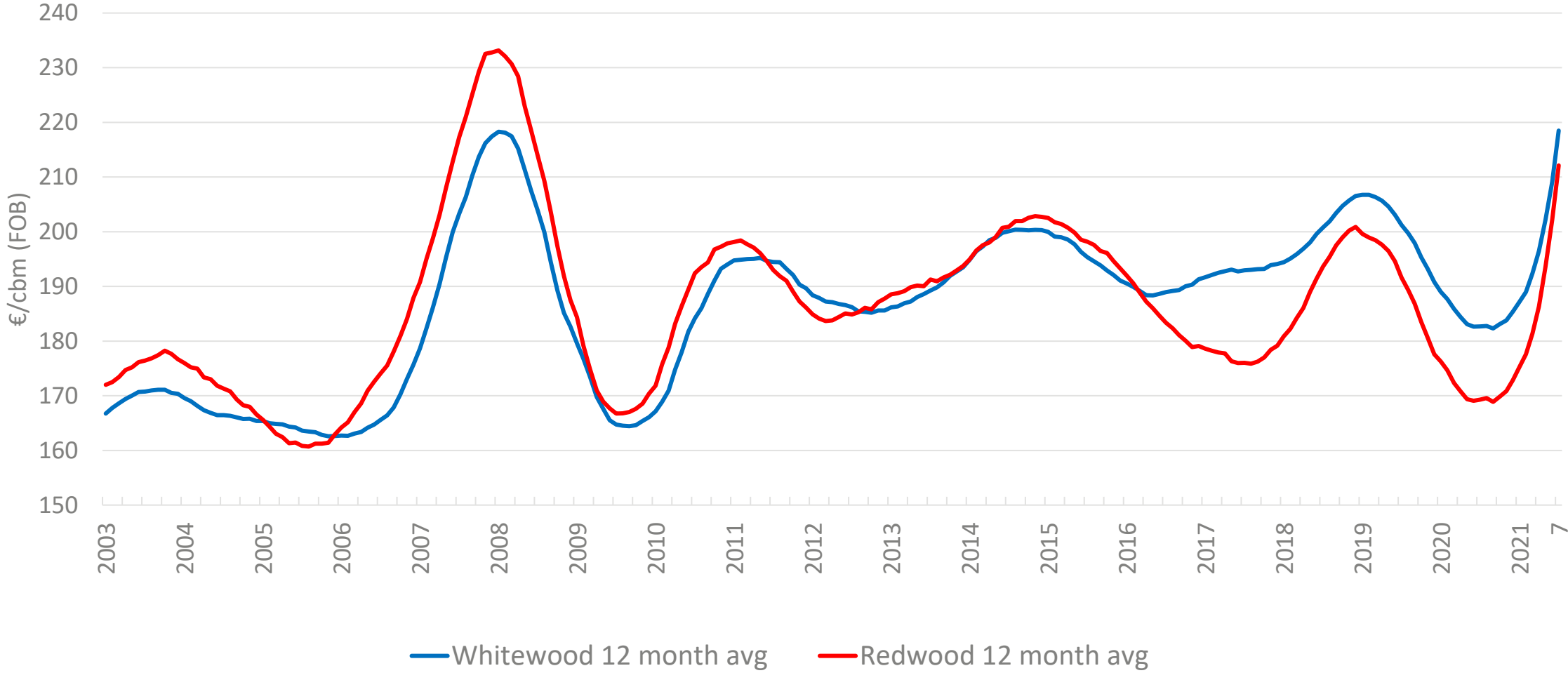
Export of Sawn and Planed Softwood from Finland Jan-Jun/2021 (+20%)



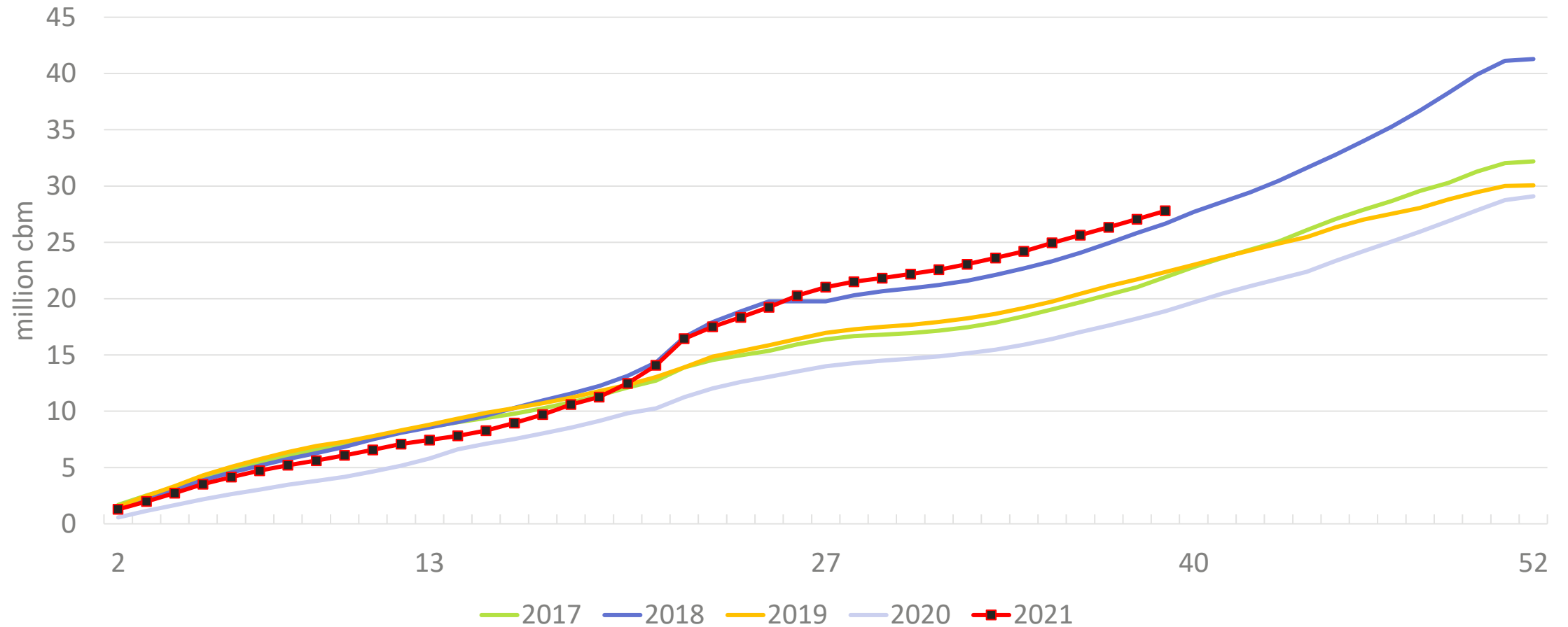
Monthly Export Price of Sawn Softwood from Finland



12 Month Average Export Price of Sawn Softwood from Finland, monthly



Cumulative roundwood procurement volume weekly



Conclusions

- Sawn timber provides climate friendly solutions – but must be linked to the value chain from the forest to the customer
- Strong increase in sawn softwood prices in 2021, will stabilize in 2022
- Several sawmill investments taking place, both greenfield and replacements
- Major risks related to wood availability
 - EU regulation – one size fits all approach
 - All aspects of sustainability must be considered –also economic
 - Carbon compensation schemes etc etc
- Long life-cycle wood products are well positioned in the markets.



Thank you

