



**Cutting costs and carbon dioxide
Investments boost competitiveness
Solid wood customers
from far afield visit Sweden**



timber news

Peter Butterfield, Brand Support Director of Grafton Merchants GB participated in SCA Timber Supply's special conference on 'Forests, Wood Supply and the Low Carbon Economy'.
Photographer: Prestige Photography

Boards from SCA on the shelves at Home Depot
3

Cutting costs and CO₂
4

Strategic investments in good times and bad
6

Swedish products attract customers from far afield
8

Faster loading at SCA's ports
10

A dearth of sawn solid wood products
11

SCA's only chapel celebrates 100 years
12

SCA Timber is one of the largest sawmill companies in Europe and includes seven sawmills, wood-processing units, distribution and wholesale operations. The total production of solid-wood products amounts to 1.8 million cubic meters.

SCA Timber is part of SCA's Forest Products business area, which produces publication papers for newspapers, magazines and catalogues, pulp and forest-based biofuels. SCA Forest Products also manages SCA's extensive forest holdings, supplies SCA's Swedish industries with wood raw materials and offers cost-efficient transport solutions to SCA's units.

TimberNews SCA Forest Products AB
SE-851 88 Sundsvall
tel +46 60 19 30 00
www.scatimber.com

Timber News is published four times a year

Editor-in-chief Björn Lyngfelt

Production Fryklunds

Repro & printing Tryckeribolaget

Subscribe to Timber News, please contact ingrid.lofqvist@sca.com

Feel free to quote us, but please name us as your source.



Together we cut costs and carbon

Cutting costs is always one of our top priorities. In a competitive world, a pound saved through focused and persistent work is worth more than a pound gained through increased price. The saved pound remains even when competitors under pressure challenge us through lower prices.

We do not seek just to reduce costs within our own company. We strive to work with the whole supply chain, from the raw material in the forest to the finished product at the customer's. To an increasing extent we work with projects that go deeply into our customers' processes. We also give higher priority to customers that want to cooperate with us to develop the whole supply chain, than to customers who want to hang on to a more traditional business model where the wrestling over price is seen as the most important component.

When we can specialise production towards a well defined end product or specification by the customer, we can cut unnecessary costs in production, transportation and reduce waste, this also having a positive impact on cutting carbon. Through integrated further processing we can bypass steps in the normal sawmill production chain. By doing this we achieve a reduced cost for the actual m³ produced this way. And as we at the same time release capacity in the mill we can increase the total production and reduce the cost per unit. We also continually invest in state of the art processing machinery, organisational competence and IT support in order to develop our sawmills into large, cost efficient and competitive mills.

One example of successful integrated further processing is our increasing production of industrial blanks. Another example is our increasing deliveries to the builders' merchants, where we aim to combine minimised production costs for volume products through integrated further processing in our Swedish sawmills with products that are produced and stored close to our customers, all in order to offer a full assortment at a low cost.

An intelligent supply chain from raw material to delivered finished product also benefits the envi-

ronment. It minimises the use of resources, the waste and the transports. On top of this wood as material generally has a lower impact on the environment than competing materials and products. Wood has a small carbon footprint and we can now calculate and present this in an understandable and transparent way. We can also help our customers to calculate and present the carbon footprints of their finished products.

Stephen King
Sales Director, SCA Timber Supply UK



Stephen King
Photo: Chris Randles

Boards from SCA on the shelves at Home Depot

1979, US chain Home Depot has opened more than 2,200 DIY and home furnishing stores, with many of their shelves stacked with timber products from SCA's sawmills in Rundvik and Bollsta.

In the space of 30 years, Home Depot has managed to establish itself as the world's biggest DIY and home furnishing chain. The company's huge stores, many of which are open 24 hours a day, showcase everything you need to build a house, from floor to roof.

Everything about Home Depot is on a massive scale. The Group's 300,000 employees are spread throughout the US, Canada, Mexico, Puerto Rico and China. More than 40,000 different products are available to the 22 million customers that pass through the company's doors every week.

"Home Depot has broken the home down to its smallest constituent components," says Birgitta Boström, product manager at SCA Rundvik. "The number of barbecue grills available alone exceeds 150."

A wide range of products at low prices, good parking facilities and excellent service are factors that have contributed to giving Home Depot 25th place on Fortune's list of the biggest companies in the US. What's more, it's also one of the most lucrative, racking up profits in excess of USD 514 million for Q1 2009.

The extensive range of building products on offer at Home Depot also includes planed, environmentally labelled and barcoded Swedish timber products that have been adapted to be easily loaded onto customers' roof racks. The select group of suppliers who contribute to ensuring that the shelves in Home Depot stores are never empty has included SCA Timber since 1997.

Satisfying demanding customers such

as Home Depot demands a complex supply and service puzzle where all pieces must fit precisely together. Price and quality are just two of the criteria that must be satisfied. Others include delivery reliability, service and product range.

"We've successfully completed our undertakings for over 10 years," says Boström.

Once clear of the narrow eye of the needle through which each supplier to Home Depot must pass, the potential for remaining in the exclusive group that keeps the shelves of the company's more than 2,000 stores filled is good.

"Home Depot is one of SCA Timber's biggest customer," summarises Boström. "Of the 180,000 cubic metres of product manufactured at Rundvik, around 57,000 cubic metres ships to Home Depot stores in the US. In addition, approximately 14,000 cubic metres are shipped from SCA's sawmill in Bollsta."

This means that SCA currently supplies around 25% of all solid wood products exported from Sweden to the US, equating to approximately 10% of all European solid wood product exports to the same destination.

"Once the financial situation in the US has stabilised and construction starts to pick up, volumes will increase further," believes Michael Wicklund of Kelowna, Canada, who is responsible for SCA Timber's sales in the US and Canada.

One of the key factors in the success of Rundvik sawmill maintaining good relations with Home Depot over the past 10 years is that the delivery chain has remained intact, from forest all the way to

shipping. In order for each load to be identical, there must be a steady stream of raw material that is cut to the specified length.

"If you've miss something in one month, it's impossible to recover during the next," explains Boström.

Every five weeks, a ship leaves the port at Rundvik and heads to Philadelphia, which is where SCA has its distribution centre for the American market, with up to three weeks' worth of product held in stock on site.

Using forecasts and stock level information collected from Home Depot's stores, trucks and trains are ordered up to supply nine of Home Depot's regional warehouses with solid wood products from Rundvik and Bollsta. In turn, each regional warehouse serves between 80 and 120 Home Depot stores.

"This means that planed 19x89 and 19x140 boards from SCA Timber – in four different lengths – are sold in almost 500 Home Depot stores," says Boström, who has a positive view on the potential for taking over responsibility for supplying more of Home Depot's regional warehouses.

"The economic crisis has brought many sawmills to their knees," she says. "And when they are unable to meet their commitments, we will be in a position to move in and fill the vacuum created."

Mats Wigardt



Planed timber products from SCA Timber are sold in almost 500 of US DIY chain Home Depot's stores.

Photo: Per-Anders Sjöquist

Two for the price of one: Cutting costs and CO₂

The link between cutting CO₂ emissions and cutting business costs was the focus of SCA Timber's June conference on 'Forests, Wood Supply and the Low Carbon Economy'.

To mark the 10th anniversary of its FSC forest management certification, SCA Timber Supply's special conference on CO₂ and cost reduction in June brought together business across the wood supply chain, from procurement and sustainability managers to suppliers – builders' and timber merchants and wood product manufacturers.

Conference delegate David Berry is managing director of independent builders' merchants C&W Berry Ltd and timber chairman of merchant buying group CEMCO. "As individuals we have our own personal concerns about climate change. At business level we are also aware of the government's

interest in carbon reduction and are monitoring it closely," he commented. "When tendering for business, pre-qualification questionnaires now demand that companies are able to tick certain boxes such as timber certification and waste management. As carbon becomes a matter of competitive advantage, so companies will make the changes necessary to continue winning business."

The conference heard that the carbon footprint of one cubic metre of wood products from SCA, from tree nursery to despatch quayside in Sweden, is 33kg CO₂ – roughly the footprint of one family-sized roast beef joint for Sunday lunch, or to using 14 litres of diesel. Compared to other construction materials, this equates to slightly more than five per cent of the emissions from the production of a corresponding weight of aluminium and far less than five per

cent of the emissions from the same weight of PVC.

The growth of one cubic metre of wood in SCA's forests in northern Sweden sequesters 1.3 tonnes of carbon dioxide from the atmosphere. Since the growth in SCA's forest is 25 per cent higher than felling, a net total of 250 kg of carbon dioxide is sequestered for every cubic metre of sawn timber produced. Additional climate benefits derive from SCA utilising its production sawdust as biofuel.

SCA uses the sawdust from producing a cubic metre of sawn timber to make biofuel pellets for energy. To put the additional benefits into perspective, if substituting oil-based energy for this small amount of pellets, the CO₂ emissions from the oil would amount to more than the emissions from SCA's production and transport of the cubic metre of sawn timber delivered to SCA Timber Supply in the UK.

Many organisations in Britain that fall beyond the scope of EU emissions trading are now subject to a new cap and trade scheme: the Carbon Reduction Commitment. It affects SCA's larger UK wood customers, many of whom were amongst the conference audience. From national builders' merchant chain Travis Perkins plc, Environmental Manager Jez Cutler was interested in the presentation of SCA's carbon facts and figures: "Travis Perkins anticipates that customers will soon be asking for detailed information on carbon footprint. We will in turn be asking our suppliers for their data. It is good to see SCA bravely contributing to the debate, and coming forward with well-founded information."



CEMCO's Timber group chairman David Berry of C & W Berry (right) talks with Rob Simpson of SCA.

SCA Timber Supply's Environmental & Quality Assurance Manager, Bob Bastow, had produced a model to help customers calculate the effect of their demands upon SCA product carbon footprints. His research revealed that delivering 'small' orders increases the distribution element of a product's carbon footprint by 50 per cent. Since road transport is expected to be included in EU's Emissions Trading Scheme by 2013, this difference can be translated into money.

Bob Bastow, who has already helped many UK timber customers to achieve FSC-certification, is now starting to help customers to map their SCA product carbon footprints: "Working together with customers using our 'carbon calculator', an accurate figure can be pinpointed for the CO₂ generated for each cubic metre of timber delivered to end users. Cutting transport and packaging will reduce everyone's business costs," Bob confirmed to conference delegates.

SCA Timber Supply's Sales Director Stephen King detailed the company's focus on helping customers to reduce wood waste by tailoring products to their needs. "We are now embarking on technical efficiency projects linking the whole supply chain, from SCA as producers through to the construction and maintenance organisations which eventually utilise our material in homes and buildings," he outlined.

"An interesting revelation, as you start mapping carbon footprints, is that reducing carbon dioxide emissions is very much a matter of efficient resource management", said Robert Simpson, Managing Director of SCA Timber Supply. "In partnership with our customers, we can enhance the climate benefits of wood products. Efficient production, designing out waste and developing efficient distribution reduces costs throughout the supply chain."



Mike Jeffree, Editor of Timber Trades Journal and Timber & Sustainable Building, kindly acted as host for the conference Q&A sessions. Here he puts SCA's Bob Bastow under the spotlight.

With several methodologies for calculating carbon footprints currently available, delegate Bob Deadman, Group Negotiator for Grafton Merchanting GB and Selco, gave his reaction to the SCA conference: "I found the proceedings most illuminating. The key is that we should all move forward together as an industry on carbon calculations and reporting. If we don't there's a danger that carbon

labelling could become like food labelling in the UK, with so many systems in operation that the public close their minds to the whole issue. The road to perdition, as they say, is paved with good intentions. The industry is beginning to move the right way but there's a distinct danger of fragmentation, which should be avoided at all costs."



Meeting of minds: foreground – John White, CEO of the UK Timber Trade Federation (left) talks with Jermain Cheetham, Environmental Manager, Wolseley; rearground: Stephen King of SCA talks with Mark Bowers, Procurement Director, Timber Group, Saint-Gobain Building Distribution.

Photo: Prestige Photography

Strategic investments in good times and bad

Over the past 10 years or so, SCA has invested billions of kronor in its sawmill business. This year alone, investments worth almost SEK 600 million are either underway or have been completed. The investments are carefully planned and selected in order to support and enable the implementation of SCA Timber's strategy of becoming a strong supplier to the timber industry and builders' merchant sector.

A good starting point for describing SCA Timber's investments is 2000, which saw the opening of Bollsta and Munksund sawmills within the space of just a few weeks. Both instances involved the purchase of completely new pine sawmill plants of the highest calibre in Europe in terms of volume and technology. Furthermore, both investments were worth SEK 500 million each and constituted the biggest investments in new sawmills ever made in northern Sweden.

"Since then, we've invested a further SEK 1 billion in our sawmill operations," says Jerry Larsson, technical director at SCA Timber and responsible for the company's investment programmes and plans. "A further SEK 500 million has also been invested in projects that are currently underway or have been completed, and we're very clear about the direction we intend to take over the next few years."

Of course, one of the aims of making such investments is to improve efficiency and productivity.

"Sawmills are becoming increasingly like the processing industry," says Larsson. "Facilities must be large and efficient to be competitive. When Bollsta and Munksund were built, they were able to produce 2,000–2,500 cubic metres annually per employee,



In March, SCA Timber opened its window component factory in Munksund

which at the time was the highest production rate in Europe. Today, our productivity is 50% higher, with the very best European mills aiming for a production of 5,000 cubic metres annually per employee. It's always a fluid target."

Part of the company's investment strategy has involved acquiring technology designed to improve the assessment of the quality and suitability of raw materials.

"In all our sawmills, we now employ timber sorting that utilises 3D measurement technology," says Larsson. "This technology allows us to accurately select the correct log for each product. We're also in the process of introducing x-ray sorting in our larger pine sawmills. By using x-rays, we can determine the proportion of heartwood in a log, which is particularly important when making top-grade products such as window frames.

"We're also bringing automated and reliable measurement technology into sawing, trimming and planing. Manual assessment is being replaced with objective and uniform measurement. This means

that we can set and satisfy precise quality criteria in a totally different way."

SCA Timber has adopted two principal directions in its strategy. Firstly, to become a supplier to the wood processing industry, providing products that have been made ready for the next stage in the processing chain and, secondly, to become a supplier of finished solid wood products to the builders' merchant sector.

"We've improved our understanding of the needs of the timber industry and can, to an increasing extent and in conjunction with our customers, find ways of eliminating steps in the processing chain," says Larsson. "One example of this is the window component factory we commissioned in Munksund last winter. Our customer has been able to rationalise its raw materials management and so, by having an efficient facility, we can produce finished components that are compliant with specific customer requirements.

"Our experience has been so good that we're investigating the

possibility of building a similar factory adjacent to Bollsta sawmill. We have the raw material and the expertise to become an important and specialist supplier to Europe's window industry. However, these initiatives must be implemented in close collaboration with customers to realise their full potential.

"Another initiative that sees us go even further along the processing chain is our storage shelf production line set up for IKEA in Kramfors. Working in conjunction with a subcontractor, we're in the process of building a modern and efficient factory that will produce 1 million sets of shelves per year."

For its builders' merchant initiative, SCA needed to build up both its production capacity and expertise. In 2003, SCA acquired the British distributor BCL, which had a distribution centre and some processing capacity in Stoke-on-Trent. In 2007, SCA purchased Severn Timber in Welshpool, supplementing operations in Stoke. In 2008, SCA Timber started to focus seriously on the Scandinavian builders' merchant sector.

"It's taken time for us to understand the needs of the builders' merchant sector, which in many respects differ from those of the timber industry," says Larsson. "Of course, efficient distribution is a key factor, but, over time and through changing business cycles,



Jerry Larsson, technical director at SCA Timber.

we must also be able to supply a large number of builders' merchants with an agreed range of products. We also have to ensure that our operation is cost-effective."

This means that SCA Timber now produces a range of finished products in large numbers and with consummate efficiency in the company's Swedish sawmills and further processing plants. Other products are better suited to be finished in smaller facilities closer to the market in which they are to be sold.

"We have a number of investment plans that will enable us to become a better supplier to the builders' merchant sector," says Larsson. "Not only is it a matter of increasing further processing capacity, but also having the ability

to provide surface coating and pressure treatment.

"We've also learned to supplement our own products with items that others can produce at a lower cost and to a better standard. Specialist subcontractors are springing up around our efficient sawmills, each one able to efficiently handle certain processing stages whilst we take care of sawmilling and sales to the market."

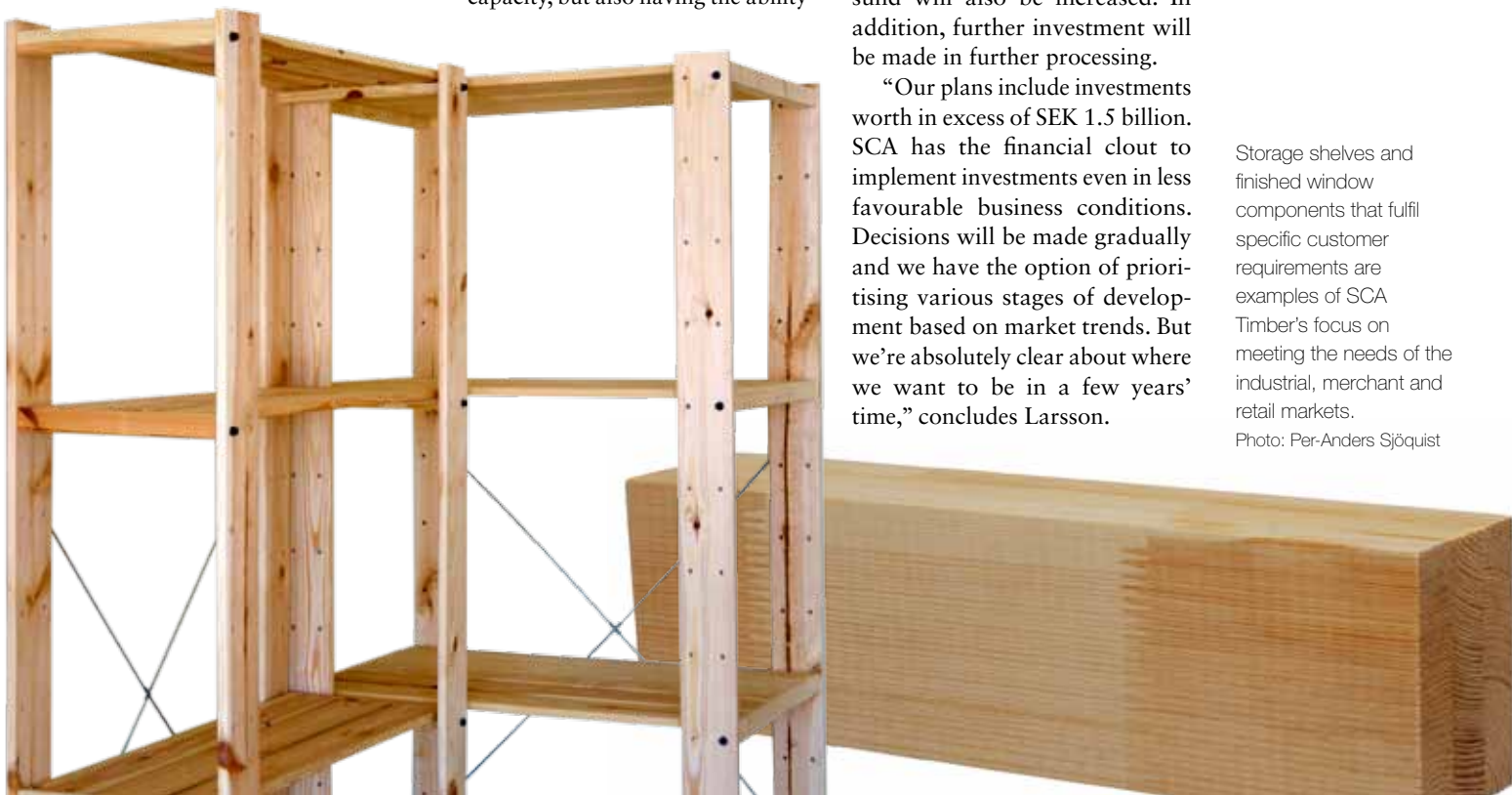
In March, SCA Timber opened its window component factory in Munksund. This autumn will see the new grading and packaging plant at Tunadal Sawmill go into operation, the culmination of an investment of SEK 210 million. Bollsta Sawmill is currently extending its timber sorting, including the addition of an x-ray measurement facility.

"In total, more than SEK 500 million is being spent on investments that we are currently working with or will be commissioned this year," says Larsson. "In the longer term, we will do all we can to ensure that our three biggest sawmills, Munksund, Bollsta and Tunadal, achieve the highest manufacturing class in Europe. For Tunadal, this means introducing a new log sorting facility, a new sawing line and, perhaps, a new high speed further processing line, raising sawmill capacity to around 750,000 cubic metres per year. Production in Bollsta and Munksund will also be increased. In addition, further investment will be made in further processing.

"Our plans include investments worth in excess of SEK 1.5 billion. SCA has the financial clout to implement investments even in less favourable business conditions. Decisions will be made gradually and we have the option of prioritising various stages of development based on market trends. But we're absolutely clear about where we want to be in a few years' time," concludes Larsson.

Storage shelves and finished window components that fulfil specific customer requirements are examples of SCA Timber's focus on meeting the needs of the industrial, merchant and retail markets.

Photo: Per-Anders Sjöquist





Timber buyers from the Middle East and North Africa gathered at SCA's sawmill in Bollstabruk.

Photo: Mats Wigardt

Swedish solid wood products attract customers from far afield

At the height of the Swedish summer, some 50 or so of SCA's solid wood product customers from nine countries throughout the Middle East and North Africa paid a visit to Sundsvall and Bollstabruk.

"It was an unique event," says Carl-Henrik Sandström, CEO of Uni4 Marketing AB.

Never before has the breakfast buffet at Hotel Knaust in Sundsvall been enjoyed by so many timber buyers from so many countries at the same time.

They included representatives from many of SCA's customers in the Middle East and North Africa: Lebanon, Morocco, Saudi Arabia, Algeria, Yemen, Tunisia, Jordan and Egypt.

The programme for the event included visits to NorrPlant, SCA's nursery, and the company's sawmill at Bollstabruk. During their five days in Sweden, delegates also visited Martinsons Trä in Bygd-siljum, Holmen Sawmill in Iggesund and Södra Sawmill in Kinda.

The host and promoter of the event was Carl-Henrik Sandström, CEO of sales company Uni4 Marketing, a joint venture between Martinsons Trä, SCA Timber, Holmen Timber and Södra Timber.

For many years, Uni4 Marketing has worked on selling Swedish solid wood products to customers throughout North Africa and the Middle East. Recently, Uni4's market share in the region has increased significantly and the company now supplies approximately half a million cubic metres of solid wood product.

"Demand for Swedish solid wood products is increasing in line with population growth, while availability of Russian and Finnish products are falling," says Sandström. "By inviting all Uni4 Marketing's North African and Middle Eastern customers to Sweden, we get access to our customers for a longer period of time, not just for a short visit to their offices in Alexandria or Algiers," he explains.

During their time in Sweden, the 50-man delegation got to meet representatives from Uni4 Marketing's four owners, visited sawmills and nurseries and attended a felling operation. In addition, time was also set aside for a number of informal meetings between hosts and guests.

A customer event involving so

many participants from so many countries has never been staged before.

"We want to demonstrate the totality, commitment and long-term vision of Uni4 Marketing's four owners," explains Sandström.

After breakfast and check-out from the hotel in Sundsvall, it's time for a presentation given by SCA. Ulf Larsson, President of SCA Forest Products, believes that North Africa and the Middle East is a market that is becoming increasingly important, thanks to a stable regional economy and a population with a younger demographic profile.

"We're delighted about the great interest this event has generated and want to assure our visitors about our long-term ambitions," he says.

Jonas Mårtensson, CEO of SCA Timber, sees the visit as a unique opportunity to highlight the complete raw materials flow, from sapling, via the forest, to pulp mill, paper manufacture and sawmill.

"It's important to show that SCA is more than just a producer of sawn timber," he says. "And that our substantial forest holdings give

us a strength and long-term vision that the majority of our competitors lack.”

After coffee, the party leaves on a coach for NorrPlant, SCA’s nursery. There, they are greeted by Hans Forsmark and Stefan Svedin, who explain the sensitive process involved in transforming seeds into the 101 million saplings produced.

The idea of using snow to protect saplings from the cold during the winter is a little difficult to understand, particularly when the thermometer is showing that the temperature outside the greenhouses is nearing 30 degrees above zero.

Saad Azmi, procurement manager for the Casablanca-based Robelbois Group, considers putting a spruce sapling in the button hole of his jacket to take home, but believes that growing conditions are probably much better in Sweden than back home in Morocco.

Hamid Hajoui, CEO of Maroquine et Nordique des Bois, Manorbois, another Casablanca-based company involved in timber imports, says that the entire event is an excellent idea.

“Getting to see sawmills and sharing experiences with colleagues from other North African countries has been very valuable,” he summarises.



Stefan Svedin of NorrPlant, SCA’s nursery facility, talks about the initial development of a spruce sapling.

The journey then continues north, to SCA’s sawmill in Bollstabruk, where the delegates are welcomed by sawmill manager Katarina Levin and guided in the direction of the sawmill buildings.

“We’re a little tired,” admits Essam Hussein of Alexandria Construction & Supply. “First there was the long journey from Egypt, then the light nights, and finally the packed programme of events.

“But,” he adds quickly, “it’s all been very interesting and well-organised.”

Kristoffer Lundholm gives the party a full tour of the sawmill, from timber intake to the unloading dock. The visitors follow in his wake with a growing sense of curiosity. Many question marks

are straightened out and hundreds of photographs immortalise every detail of the sawmill.

Rayed Abdullah Al-Ajaji of Jeddah-based Al-Muhaidib Building Materials is most impressed by what he saw at the NorrPlant nursery.

“You’ve demonstrated long-held knowledge and expertise that I wasn’t aware of before,” he says.

Gilles Hotelin, CEO of the Robelbois Group, is also satisfied with the visit to Sweden. It isn’t the first time he had been to Sweden, but it is the first time he’s experienced an event of such scope and importance.

“I’ve learned a lot of new things,” he summarises. “But, above all, I’ve had the opportunity to meet my colleagues and competitors. Despite everything, we’re all brothers.”

Mats Wigardt



Sawmill manager Katarina Levin welcomes the delegates to Bollstabruk.

About Uni4 Marketing AB:

Uni4 Marketing AB is joint venture between SCA Timber, Holmen Timber, Martinsons Trä and Södra Timber.

It is a leading supplier of solid wood products to the Middle East and North Africa. In recent years, supplied volumes have increased substantially.



Photo: Ingrid Löfqvist

Faster loading at SCA's ports

By increasing the loading capacity at SCA's ports by up to 75 percent, more goods can be dispatched on fewer ships, thereby reducing costs.

"We've become faster and more efficient," summarises Lars Norberg, Logistics Manager at SCA Timber.

For several years, Norberg has worked tirelessly to increase the capacity of SCA's ports: Holmsund, Rundvik, Bollsta, Lugnvik, Sundsvall and Tunadal.

The aim has been to ensure that, over time, all ports will be in a position to handle a loading capacity of at least 300 cubic metres per hour.

"It was felt that we needed to conduct a thorough review of procedures," says Norberg.

By regularly measuring port capacity, clear statistics have been produced, making it easier to get an overview of the long-term improvement potential. The results of these measurements have subsequently been discussed and analysed in a series of working parties. Work times, internal communication and management are just a few examples of the issues addressed.

"There's no magic involved in our work," says Norberg. "Quite the opposite, in fact. It's simply a matter of openness and an exchange of experience, and accepting the

possibility of changing and developing operations."

Through clarity and focus on the issue at hand – making SCA's ports more efficient and attractive to external agents and shipping lines – this 'joined-up' approach has succeeded in improving loading capacity by between 50 percent and 75 percent, depending on the port.

Less time in port equals lower costs and increased competitiveness.

"As in all periods of change, it's important that there's also a change in attitude," says Norberg and gives everyone involved a big pat on the back for their efforts.

"Provided everyone realises that we must save money and become more attractive so that we don't lose volume and thereby work opportunities, we will be able to achieve further major improvements," he says.

Mats Wigardt

In new posts



Lars-Erik Jönsson, Sawmill manager at Jämtlamell Sawmill.

Lars-Erik, formerly site manager, has taken over as sawmill manager at Jämtlamell Sawmill.



Stefan Wiklund, product manager at Jämtlamell Sawmill.

Stefan, formerly assistant product manager, has taken over as product manager at Jämtlamell Sawmill.



Anders Andersson, assistant product manager at Tunadal Sawmill.

Anders was most recently site manager at AB Norrby Såg. He succeeds Lena Larsson, who has retired.



Order SCA Timber's Product catalogue

The **SCA Timber Product catalogue** gives a comprehensive presentation of SCA Timber's range of products, from sawn standard products to processed solid wood products in both the Living-with-Wood and Building-with-Wood areas of use.

The **Product catalogue** is available in English and can be ordered through your local SCA representative or direct via ingrid.lofquist@sca.com. The catalogue is also available as a downloadable PDF file from www.scatimber.com.

Cutbacks in European production result in a dearth of sawn solid wood products

After a turbulent winter characterised by the effects of the global financial crisis, the market underwent radical change during Q2. Until the middle of March, the inflow of orders was quite sluggish. Since then, however, demand for sawmill products has gradually increased to a level where we no longer have the capacity to offer a full range.

During the past year, profitability in the industry has been very weak, which has led to extensive production cutbacks, particularly production originating in the Eurozone.

Between January and May, European production was at 70 percent of the peak year of 2007. This fall-off is so extensive that prices are now rising rapidly, the result of which is that production levels are gradually starting to increase again.

The financial crisis is having a significant negative impact on residential and other types of new builds. This affects both construction companies and their subcontractors, e.g. the joinery industry. Customers' profitability has been weakened markedly, increasing the risk of sawmills losing business.

All major markets are reporting falling figures for the new build sector. Many forecasts for this sector indicate that volumes will be two-thirds down on those of recent years. Examples of such forecasts include construction forecasts published by the Swedish National Board of Housing, Building and Planning and the UK's Construction Products Association.

What's important to remember, however, is that consumption of wood-related products in Europe is primarily linked to the renovation, maintenance and conversion sector. Renovation is not monitored to the same extent as new builds, which is why these figures are not as readily available. In our opinion, which is partly based on SCA Timber's business to builder's merchants and outlets in the UK and Scandinavia, we in this important sector will be experiencing a decline of only 5–10 percent.

Production is now increasing again from the very low level during the winter and spring. The biggest problems are currently being faced by the Finnish, German and Austrian industries, which are hampered by a strong Euro and the need to keep the cost of logs at reasonable levels.

Russian production will continue to remain low due to a number of internal problems primarily linked to the supply of logs. However, Sweden will probably be up to full production during the autumn. In my opinion, production levels (measured as an annual rate) for Europe as a whole will be down 10 percent during the autumn compared to 2008 (as against being down 30 percent during the spring). This reduction is on a par with reduced consumption and should constitute a sufficient limitation to balance supply and demand.

The price of sawn solid wood products grew rapidly during the latter part of the spring. Since March, the price of pine has increased by approximately 30 percent and spruce by approximately 20 percent.

This improvement stems from lower production. Following a further marginal increase in prices during late summer, it is likely that the situation will remain relatively stable for the rest of the year. The current increase in production will limit these price spikes as consumption continues to be weak as a result of the financial crisis.

Anders Ek, Marketing Director, SCA Timber



SCA's only chapel celebrates **100 years**

SCA doesn't only own forests, saw-mills, or paper and pulp facilities. It also owns a chapel: Ljungå chapel in south-east Jämtland. This year, the chapel will be celebrating its centenary.

Over the years, the small, red-painted chapel has been a focal point for people in the district, playing host to numerous church services, christenings, weddings and funerals. Nowadays, services are primarily held in the chapel's light and airy sanctuary on major holy days.

There has been a chapel in Ljungå since 1865. Skönviks AB built the first

chapel in the village, where the company already had forest holdings and owned a sawmill.

The original chapel was destroyed in a fire and replaced with a new building in 1909. The new chapel was designed in Stockholm by the architect Karl Rudolf Teodor Arborelius. The cost of the building came to SEK 6,500, excluding of the cost of timber.

In 1929, Skönviks AB became part of SCA and merged fully with the company in 1954. Since then, Ljungå chapel has been directly owned and managed by SCA.

"Over the years, SCA has owned nine churches and chapels," says Kjell-Åke

Hermansson, head archivist at SCA. "The reason for this lies far back in history, during the emergence of ironworks in northern Sweden in the 17th and 18th centuries and during the sawmill era of the 19th century. The aim was to satisfy the spiritual needs of the workers, with works chapels and churches being built on the initiative of the works owners."

SCA has since gifted ownership of all its chapels and churches to the local parishes – with the exception of Ljungå chapel, which will be granted historic building status during the autumn.

Photo: Per-Anders Sjöquist