

SmartTimber – even better customer service

**Full steam ahead for UK-based
SCA Merchant Services**

**Swedish students design
pine furniture for China**

SCA separates into two companies



Photo: Per-Anders Sjöquist

Daniel Wiklander, of Tunadal planing mill and painting facility, gives the thumbs up for the packaged timber containing products from the new SmartTimber concept.

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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 KarMin kommunikation

Repro & printing Åtta.45 Tryckeri AB, Sundsvall

Subscribe to Timber News, please contact patricia.knutsson@sca.com

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Exciting times ahead

Amid increasing talk of a need for a bio-based economy, it's an exciting time to be involved in the forest products industry.

Wood is experiencing strong growth as a building material in Europe, and interest is also growing in countries where timber construction is currently uncommon, such as China. In interior design, we're seeing more and more projects with designers showcasing wood as a natural and modern material, offering endless possibilities.

What's more, in the autumn SCA will become a pure forest products company. This will result in a greater focus on sales to our solid-wood products customers.

SCA TIMBER is more determined than ever to take advantage of these opportunities and face the challenges that lie ahead. Our business is becoming more complex and our customers demands in terms of products and customer service are growing. So we have to raise our game.

Product development, on-time deliveries, administrative service, etc. are all areas where we need to continue improving our performance.

Our development, involving a greater

proportion of supplies to builders' merchants, means a significant percentage of our sales now consist of finished products sold direct to consumers. This means we need to adopt new approaches to take advantage of the opportunities that arise in our value chain, from plant to finished product.

ON 1 APRIL, SCA Timber strengthened its marketing organisation by appointing a marketing director and a sales director. We will be working in parallel and focusing on both short-term operating issues, as well as long-term strategic issues. We will be focusing on our priority customers with the aim of being the most comprehensive and capable supplier of sawn solid-wood products and finished solid-wood products. We know we have made progress, but there is still much to do.

WE WANT TO LEAD development towards a future in which innovative solid-wood products can help improve quality of life for future generations. And we're prepared to work hard to achieve this.

These really are exciting times ahead!



Mathias Fridholm, Marketing Director



Raffaele Parlato, Sales Director

Photo: Per-Anders Sjöquist

SCA TIMBER is one of Europe's leading manufacturers of wood-based products, with an annual production of 2.1 million cubic metres. The product range is supplemented with distribution solutions for customers in the wood industry and builders' merchant sector.

SCA Timber is part of SCA's Forest Products business unit, which produces publication papers for newspapers, magazines and catalogues, as well as paper for packaging, solid-wood products, pulp and renewable energy. SCA Forest Products also manages SCA's extensive forest holding and supplies SCA's Swedish industries with wood raw materials, in addition to offering cost-efficient transport solutions to SCA's units.





New marketing material for the builders' merchants.

SmartTimber

– timber innovations and fresh thinking

The construction season in Sweden is well underway. SCA Timber Supply Skandinavien is now continuing its launch of the SmartTimber value enhancement concept, which includes a number of product innovations to meet demand for decking and cladding.

Supply Skandinavien's main focus this spring is to provide builders' merchant customers with better service.

"We've been in close dialogue with our customers and realised there's a need to support them, including within the sales process. They want us to provide written material that supports in-store sales. This is particularly important when new products are launched, so over the spring we've been conducting training with the builders' merchants that have chosen to take part in the SmartTimber concept," says Joakim Nehrer, Marketing Director at Supply Skandinavien.

The training courses have focused on issues like providing information about wood as a material, the functionality of products and added value, as well as how to handle complaints. In addition to the training, it has also been important to improve the information available in builder merchant stores.

"Our customers have not had the necessary product information to explain clearly to end-users what makes one type of decking better than another. We've now developed clear, basic information about our products for both end-users and builders' merchants sales staff, making it easy to answer the questions that customers ask in store," says Joakim.

It might sound obvious, but until now there has not been much of this kind of material available for wood products.

"Compared with other builders' merchant products, the wood industry still has a lot to do. We've now made some progress on this and it's really appreciated by our customers," adds Joakim.

SUPPLY SKANDINAVIEN has been working hard to develop new, innovative products, increase quality and provide better service, which are packaged together as SmartTimber.

"We want people to regard timber as a product and that products vary depending on the supplier. This is already happening in most other sectors but not for timber. It's our job to help our customers understand the difference between products so they can help end-customers select the right product for different purposes," says Joakim.

To achieve this, the first step is to identify needs and adapt the business to customer requirements.

"As part of that work, we've reviewed our work processes and procedures from a quality perspective. This has resulted in us being able to supply even better quality and more customised products in a way that saves time, both for builders' merchants and end-users," notes Joakim.

THE CONCEPT IS BASED ON a customer commitment to supply goods at the right time and the right quality.

"We're now expanding our customer commitment with a number of new products that all provide significant added value. And we're also including clear product information about how the timber should be handled and assembled. The aim is for the best possible results when the products are used. We're seeing significant demand for SmartTimber products and at many builders' merchants end-users can find new products like pine heart wood decking, Royal decking and semi-finished cladding with concealed fitting" says Joakim.

So what's actually the difference between normal decking and the SmartTimber decking now being offered?

"We've realised there's a need for products other than standard products. Customers are increasingly looking for additional functionality. Decking no longer just needs to be standard decking. It also needs to look good, be durable and environmentally sustainable. All products included in the concept feature increased



Joakim Nehrer, Marketing Director at Supply Skandinavien.

Photo: Per-Anders Sjöquist



quality, allowing customers to choose based on the properties that are most important to them,” explains Joakim.

Some of the products from Supply Skandinavien are initially included in the SmartTimber concept, but in the longer term the concept will encompass all products.

“WE’VE DEVELOPED new packaging marked with clear information about lengths. This provides for simpler logistics in store and saves time. Our products have a clear premium stamp and are marked with a barcode, providing a high level of service and making life easier for end-users. Other features we’re now offering include marking of shelf locations in stores and clear indication that these products have been specially developed by SCA.”

IN MAY, the general public in Sweden will also become aware of SmartTimber, with advertising in news and industry media, as well as on the back of buses, to spread the word about these products. There will be a particular focus on northern Sweden but stores in other parts of Sweden will also receive new marketing material. A website, www.smarttimber.com, has also been launched, initially just in Swedish.

The website contains information about the SmartTimber concept and its different products. The website features a brand new design, with up-to-date content and easy navigation.

“The new website showcases our products in a completely new way, making it clearer for both builders’ merchants and end-users what products we have and how they can be used for different purposes. We offer assembly instructions and maintenance advice, information on how to paint



the products and how our different warranties work. Overall, this provides really good customer support,” says Joakim.

The website will also provide inspiring examples of how solid-wood products can be used, and there’s an Instagram-based competition to highlight good examples.

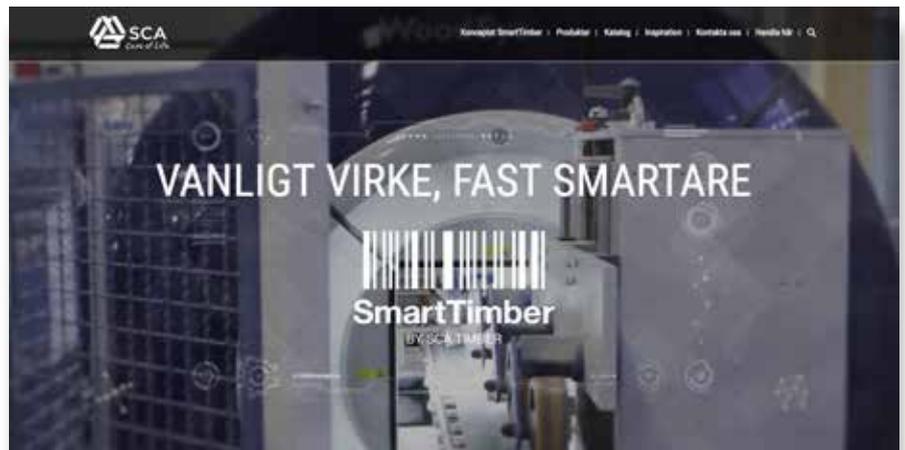
“We want to receive photos from end-users who have bought our products showing what they’ve built. There’s a real building boom in Sweden at the moment, so why not showcase these wonderful construc-

tions and help inspire others to use different types of solid-wood products?” notes Joakim.

The website also provides basic information for end-users about how to find retailers that stock different products from Supply Skandinavien.

THE SMARTTIMBER CONCEPT is being launched this spring and one customer that has placed an order for 45 trucks’ worth of decking products (pine heart wood decking, Royal decking and X-ray decking) is Optimera Sverige*. The products will be available in stores from early April.

“We’ve previously had quality issues with various decking products and we’ve now decided to focus on Swedish products that we know work. SCA’s products meet our customers’ needs really well. They want a concept that works, with high-quality, durable products that are environmentally sustainable,” says Steve



www.smarttimber.com is aimed at both builders’ merchants and end-users. It provides product information, assembly instructions, maintenance advice and more. At present, the website is only available in Swedish.



SmartTimber consists of timber products that both make work easier and provide better value for end-users. These include factory-painted exterior cladding that means half the job is already done, cladding with concealed fitting that increases durability and decking timber with extra strong protection against rot.

Photo: Per Helander

Olsson, Purchasing Director at Optimera Sverige.

Optimera will have all products on display in stores so customers can see the products in a larger setting and they come with clear assembly instructions and maintenance advice.

“It’s important for us that our customers have the right expectations of the products they buy. By understanding how a product works, what maintenance it requires and how it’s assembled, you reduce the risk of problems and of customers returning with complaints,” explains Steve.

“The SmartTimber concept very much supports what we’re trying to do and is completely in line with our aim to offer customers quality goods. Initially we’re buying in SmartTimber decking products and plan to move forward gradually from there. It’s really positive that such a major supplier like SCA is focusing on this and increasing its approach to quality,” adds Steve Olsson from Optimera Sverige.

TEXT PATRICIA KNUTSSON

*Optimera is part of the Saint-Gobain group.

ENTER THE COMPETITION at www.smarttimber.com



Photo: Per Helander

About the competition: The competition involves uploading a photo of your building project that uses SCA products from the SmartTimber range. Use the hashtag #SmartTimber. The most creative, attractive and functional construction project will win a garden cottage using SCA’s semi-finished cladding with concealed fitting and produced from heartwood pine decking. (N.B. the website is in Swedish only).

5 quick questions for Arne Carlström

Quality Control Manager at SCA Timber Supply Skandinavien



What’s your role at SCA?

“I work with quality control at SCA Timber Supply Skandinavien. My job is to ensure the raw materials that come in to the planing mills are of correct and consistent quality. I check the appearance of the timber, including the knot structure, and I’m involved in taking measurements and moisture readings to ensure the raw materials are suitable for the intended products. I also conduct continual training with operators to share knowledge about raw material quality and the sorting of planed products.”

“I check the appearance of the timber, including the knot structure, and I’m involved in taking measurements and moisture readings to ensure the raw materials are suitable for the intended products. I also conduct continual training with operators to share knowledge about raw material quality and the sorting of planed products.”

Why have you arranged in-house training for employees?

“We want all operators to have a broad base of knowledge so they all have the same approach to quality, and to ensure that sorting of our planed products is carried out based on consistent principles.

It’s important that our operators understand the limits of a particular timber and that the raw material is used in the right way. I also want the training to generate interest in the products we’re developing and create greater understanding of the end-products.”

Supply Skandinavien is launching SmartTimber, with increased quality for a number of products. How have you been involved in that?

“Our aim is for the raw material of a product to be of correct and consistent quality, whoever the supplier is. That’s really important for our customers, who want a product that looks consistently the same. The training we’re providing is part of that work, but we’re also working with our suppliers to encourage an understanding of this.”

“One new aspect is that there are now more inspections of both raw materials and sorted timber. Each package is accompanied by a signed document showing who it was inspected by and when. We also

include maintenance advice and assembly instructions with the products.”

What are you doing now that you weren’t doing a year ago?

“My duties are essentially the same, but we’ve reviewed our internal work processes and now have an even greater focus on supplying end-products that meet our customers’ needs. I also try to be available for colleagues for training. Our aim is always for the end-products to be of consistently high quality. We’ve also established new dialogue procedures and to provide rapid feedback about the quality of raw material between the sawmills and planing mills.”

SmartTimber initially includes decking and cladding products, but you have lots more products. What’s the plan going forward?

“We have a group that’s working on product development, so it’ll be exciting to see how we develop the concept and what new products are launched in future.”

Rebrand in the UK leads to successful builders' merchant business growth

In 2014 SCA Timber Supply UK re-branded their builders' merchant business stream to SCA Merchant Services. Since then SCA Merchant Services has thrived, supplying over 55,000 m³ of timber and associated products to the UK's builders' merchant sector.

Following the rebrand there have been many more changes within SCA Merchant Services which have helped to grow the business into what it has become today. Toby Lewis, Head of Sales for SCA Merchant Services, joined the business in 2014 and has led many of the changes that have impacted the business.

TOBY COMMENTS, "At SCA Merchant Services, we learn from our customers every day. Our approach to wood supply is knowledge-led and we want merchants to have only the products that they are most likely to sell. That's why we've listened to them and their customers, analysed our ranges and adjusted our product offering. Our team has expertise extending from market and product knowledge to range review capabilities and seasonal promotions to help our customers promote their local business. We want our customers to realise that we don't just want to sell to them, we want to help them to sell – we are after all on the same team!"

"WORKING WITH our customers we have been able to extend our range to offer a one-stop shop of timber products. We supplemented our core machined timber product portfolio with the introduction of sheet materials and we are constantly developing our decking and landscaping offer through our Outdoor Living brochure. We listened to what our customers need and having one supplier for a collection of timber products makes for a simple ordering and replenishment process. Our strengthened supply chain team has reinforced our purchasing ability. With new leadership and procurement managers for both timber and sheets, we have been able to source our materials at competitive prices."

"IT IS ALSO TESTAMENT to our market leading credentials that we are attracting



Toby Lewis, Head of Sales for SCA Merchant Services, and Simon Messam, Strategic Account Manager for SCA Timber Supply UK.

experienced individuals from within the industry to drive forward our thriving business. We have invested in and strengthened our sales and sales support teams. We now have a high calibre business development team who are very experienced in the market in which we operate. They are reinforced by our dedicated sales office, quality assurance and operational teams who provide the vital back office support we need to get our customer orders out on time and in full (OTIF). OTIF is one of our key business drivers to ensure that our orders are getting to the right place, at the right time, in the right condition – all of the time. This key service measure has improved customer satisfaction and given us an edge over the competition."

"LAST YEAR we acquired a timber supply business in Cumbernauld, Scotland. Dur-

ing tenders for new accounts it became clear that we required a distribution platform in Scotland to develop further builders merchant business and present SCA Merchant Services as a national operation. Acquired in September 2016, the business is now fully operational as part of SCA Merchant Services and making an impact in the marketplace."

"TESTAMENT TO THE DEDICATION, hard work and business changes we have made over the past three years, we have just signed a number of two to five year solus timber supply deals with some of our major customers and buying groups. 2017 is already looking to be a strong year for us – these solus deals are just the beginning!"

TEXT AMY SELLERS

Mediterranean timber market sees strong competition

Photo: ©VINGBILD/Berndt-Joel Gunnarsson



Scandinavian pine has an excellent reputation in the Mediterranean for providing shade and cool in this hot climate. SCA's sawmills in northern Sweden regularly export to countries such as Greece, Turkey and Israel.

Swedish sawmills have long had a presence on the Greek timber market. Carpenters in Greece have even coined the term 'Swedish wood', by which they mean visible wood of good quality, irrespective of whether the wood was grown in Russia, Finland or Sweden.

Of the current approximately 45,000 m³ of timber exports from Sweden to Greece, around 27 percent are supplied by SCA, principally by its sawmills in Bollsta and Tunadal.

"Our largest customer in Greece is the publicly listed company Interwood, with whom we've had a longstanding and stable relationship ever since the post-war years," says Nicholas Sitaras, SCA Timber's Sales Manager for Europe.

AS GREECE slowly recovers from the 2014 crisis, when one-third of the country's GDP was wiped out, tourism is the key driver. The number of visitors to Greek islands is increasing each year, and over the winter months work is underway to prepare, renovate and construct new-builds.

"Our customers have all faced tough times, but they're now on the way up again," says Nicholas Sitaras. Greece's islands are showing the way. And long-term relationships provide certainty.

ISRAEL imports around 90,000 m³ of Swedish timber each year, with SCA supplying around one-fifth of this amount.

For the past 20 years, much of the timber from SCA has been distributed to joiners and local builders' merchants owned by the Levkovitz family, whose company Interlen Ltd is the

country's leading timber importer.

Swedish pine is no longer used to a great extent in Israel for furniture or interior joinery. It's now employed instead in a number of exterior uses and is largely processed locally.

"Israel's economy is strong and its construction industry is growing," notes Nicholas Sitaras. "The country currently imports almost 600,000 m³ of timber, but this is expected to increase significantly."

TURKEY is a fairly new market for SCA. Most of the country's timber requirements are met by domestic provision and by imports from Ukraine and Russia.

Russian imports provide for most of Turkey's sawn timber requirements, corresponding to around 200,000 m³. The country imports a modest 20,000 m³ from Sweden, most of which is pine. SCA supplies around 20 percent of this figure, mostly for niche high-quality products for which slow-grown Nordic fibre is preferred.

Side boards from the sawmill in Bollsta are processed locally and used for ceilings, decking and various wallcoverings for private houses or the renovation of old timber palaces and mansions in the old parts of Istanbul and along the beaches of the Bosphorus.

Turkey has a young population with significant need for housing and is generally regarded as one of Europe's fastest-growing markets. The country's population is currently 75 million. In 20 years it will be 100 million.

"Turkey is an exciting market with significant potential. The country has just started discovering the qualities offered by Scandinavian timber," says Nicholas Sitaras.



Nicholas Sitaras, SCA Timber's Sales Director for Europe.

Photo: P-A Sjöquist

TEXT MATS WIGARDT

Design in Pine

Swedish furniture design for China

Design in Pine is the name of a cooperation project between Swedish Wood, Carl Malmsten Furniture Studies and two Chinese furniture manufacturers involving final-year students at Carl Malmsten Furniture Studies designing Swedish pine furniture for the Chinese market.



Mari Koppanen's The Golden Shelving System is a storage unit based on the harmonious proportions of the golden ratio, which occur all around us. The interior modules can be stacked on top of and inside one another and can be used both inside and outside the unit's frame.



Johannes Lif has adapted his design, The Braided Chair, for Chinese users, who usually prefer lower, wider furniture. The braided back of the chair, inspired by traditional Swedish basket weaving, highlights the versatility of pine – a light yet strong and flexible material.

target group and the market, about industrial furniture production, and also produced the prototypes.

SHOWCASING PINE from sustainable Swedish forestry was a natural step. Both because of the material's physical properties and because sustainable society is a growing consideration in Chinese customers' choice of products.

The raw materials used in the project, which consisted of pine timber from environmentally certified forests in northern Sweden, were supplied by SCA.

THE STUDENTS and furniture manufacturers communicated by email, Skype and social media. The prototypes were produced by the

At February's Stockholm Furniture & Light Fair, the third-year students from Carl Malmsten Furniture Studies showcased the results of the Design in Pine project.

They consist of nine furniture prototypes, each of which is a combination of Swedish design, Swedish pine and modern Chinese furniture manufacturing.

The two Chinese furniture manufacturers involved in the project have worked closely with the Swedish students, sharing knowledge about the young Chinese



The bedside table The Crane by Maja Björnsdotter is inspired by the symbolism surrounding the long-legged bird of the same name. The feather motif is repeated on the outside of the table, which is decorated with pine shingles, giving a light and airy feel.



Chinese companies based on in-depth discussions, drawings and detailed production plans.

ONE OF THE COMPANIES is Fujian Dushi Homelife Group, based in south-eastern China. Dushi has 1,200 employees, exports globally and works with companies including IKEA. Dushi is also SCA's largest customer in China.

The other company, Huari Furniture, has 3,000 employees and is China's largest manufacturer of furniture from solid wood, with a number of innovative collections. Both companies have ISO 14001 environmental certification.

CHARLOTTE DEDYE APELGREN from the trade association Swedish Wood notes that China has been identified as a growth market of strong interest for Swedish sawn solid-wood products. The country has a growing middle class with increasing purchasing power and environmental awareness who are keen to use wood in their home interiors.

"The challenge has been to give them access to attractive products made from Swedish pine," says Charlotte. "New opportunities are now opening up thanks to the cooperation between Swedish students and Chinese furniture manufacturers."

TEXT MATS WIGARDT. PHOTO MAGNUS GLANS

SCA to separate into two companies

The current hygiene and forest products company SCA is to separate into two standalone, publicly listed companies. This decision was approved by SCA's shareholders at the AGM in Stockholm on 5 April.

"The synergies between the businesses have decreased over time and SCA's shareholders now believe we'll have better opportunities to develop as separate companies," says Ulf Larsson, President of SCA Forest Products and future President of the standalone forest products company SCA. "We may be the smaller part of the SCA Group, but we're not exactly a small business. SCA's forest products business is around the same size as companies like Holmen, BillerudKorsnäs and Södra."

SCA WAS FOUNDED IN 1929 as a Swedish forest products company. Since then, the company has progressed into more processed products such as packaging and printing paper, pulp and solid-wood products for specific uses, renewable energy, and hygiene products. The hygiene business now accounts for around 85 percent of total sales and the forest products business for 15 percent.

"Our business will retain the SCA name and will continue to manage and develop the brand. The company will comprise all of SCA's forest and forest products assets and all the products, employees and other values associated with these. As well as solid-wood products, we develop and produce pulp, packaging and printing paper, and renewable energy," says Ulf.

THE CORE OF THE BUSINESS is the forest. SCA owns 2.6 million hectares of forest in northern Sweden. That's almost the same size as Belgium, and is the largest private holding of forest in Europe. Using this unique resource, SCA has developed a well-invested business in order to generate the greatest possible value. The by-product from one process provides the raw material for another process, and together with the forest holdings this creates a forestry eco-system based on efficient use of resources and sustainability.

"Over the past 10 years, SCA has invested over SEK 15 billion in its forest products business in northern Sweden," says Ulf Larsson. "Just one successful example from our wood business is the new sawline at Tunadal sawmill. Another example is our SEK 50 million investment in the Tunadal planing mill, which increases our capacity to produce the market's best-performing painted exterior cladding."

In addition, SCA is investing SEK 7.8 billion in doubling production at its Östrand pulp mill.

"Following the separation of the company, SCA will retain strong resources, with good opportunities for growth in both existing and new business areas. As a standalone forest products company, we will now have even greater opportunities to focus on our customers and our own development," says Ulf.

FOLLOWING THE RESOLUTION of the AGM, preparations are now underway for a separation of the companies relatively soon. The plan is for the hygiene company to be listed separately on Nasdaq OMX, Stockholm's stock exchange, and its shares distributed to SCA's existing shareholders. The timing of the separation has not yet been established, but it should take place in the second half of 2017.



Photo: Per-Anders Sjöquist

Ulf Larsson, President of SCA Forest Products and future President of the standalone forest products company SCA.

Meet Mathias Fridholm...

... SCA Timber's new Marketing Director, who took up the post on 1 April.

Tell us a little about your background.

"I'm a qualified forest ranger, and before starting my training I wasn't really that interested in forests and was planning to become a journalist. After completing my training, I started working at a company that sold plant nurseries all over the world. That's when I became interested in international sales and marketing. In 2000, I started working at SCA as Timber's Sales Director in Japan and was then Sawmill Manager at Bollsta sawmill for around three years. In 2005, I moved to Hong Kong to develop sales of sawn solid-wood products in China."

You've been living and working in China. What attracted you to the job in Sundsvall, Sweden?

"It's been great to experience developments in China in person for the past 12 years, both in terms of the society and the development of wood products from Sweden. Hong Kong has been a fantastic city to live in and work from and it will always be one of my homes. But 12 years is a long time and I felt it was time – both for work and socially – to move back to Sweden, closer to the company, to family and for a different lifestyle. It'll be a big change but I've always been good at adapting to change."

How do you view your role as Marketing Director?

"It feels like the perfect challenge to take on the role of Marketing Director! I love wood as a natural material, which offers a solution to many of the problems the world is currently facing. Sometimes it can be frustrating that we're a very traditional industry that doesn't really understand its own potential. As marketing director at one of Europe's largest sawmill companies, I feel I have the opportunity, as well as a real responsibility, to move developments forward. I feel fortunate to have the chance to work with something that I'm passionate about."



Photo: Per-Anders Sjöquist

"I'm looking forward to moving back to Sweden and to breathing clean air, going skiing, seeing my parents and my grandmother more often, but also to living in a large flat with a separate kitchen and going to the Eurovision Song Contest, without having to travel round the world."

You're passionate about wood as a material. Why is that?

"Wood is a beautiful natural material! It was the first material used by our civilisations, but it can also be used in the very latest applications. You can make things from it and if you want to make a heart out of a piece of wood, all you need is a knife. With plastic or metal, you need a huge amount of energy. Wood has soul! Think about when you get out of bed in the morning and step onto a wooden floor, as opposed to laminate flooring! And wood also captures carbon dioxide and after hundreds of years of use it can replace fossil fuels. Every piece of wood is unique! I love the fact that it's impossible to find two pieces of wood that are identical. It's nature's own design!"

MOVERS AND SHAKERS



RAFFAELE PARLATO joined SCA Timber Mill Sales' central marketing organisation on 1 April. Raffaele will also continue as European Sales Director.



JOHAN TÄNNFÅLDT was appointed Manager of Rundvik sawmill from 1 January. He was previously Production Manager at Rundvik sawmill.



MARKUS HALÉN joined the Mill Sales Skandinavien sales team on 1 April. He was previously Assistant Business Manager.



DANIEL HOLMGREN has been appointed new Production Manager at Munksund sawmill from 13 February.



ANNA SCHÖNSTRÖM has been recruited as new Site Manager at Supply Skandinavien Tunadal.



ANNA FORSHELL has been recruited as Business Manager at Tunadal sawmill.



HENNY BODÉN has been appointed Business Optimiser at Tunadal sawmill.



CARL LINDMARK has taken up the role of Business Optimiser at Tunadal sawmill.

Good outlook for solid-wood market this year

THE MARKET FOR SOLID-WOOD PRODUCTS is showing strong consumption globally and continued imbalance in demand versus supply, which is driving up prices. Production is increasing in most countries, but is assessed to not be sufficient to meet rising consumption.

Construction activity in the US has strengthened further in early 2017. The anticipated decision regarding import duties has been postponed until May, which has also driven prices higher for futures on the Chicago Stock Exchange. Canada is continuing to supply the US and reducing its exports to other countries. The combination of high prices and a favourable dollar exchange rate is reflected in the strong increase in European exports to the US.

IN EUROPE TOO there has been a substantial improvement in the construction sector, with strong performance in Nordic countries. Southern regions of Europe are also showing an improvement and there are indications these countries are emerging from the downward spiral. Interest rates remain low and property prices are starting to rise. Timber construction is continuing to show positive development, as reflected in the announcement of increased investments in CLT, which will benefit the entire wood industry. The home improvement and packaging sectors are still showing positive growth.

Construction activity in the Nordics is at a very good level and this year is expected to see a considerable increase in consumption across all areas. The UK construction segment is performing well, and Brexit has not adversely affected wood consumption so far.

IN NORTH AFRICA conditions are starting to normalise, with strong purchasing activity from Egypt, where inventories had reached historically low levels and access to foreign currency appears to have improved, at least temporarily, following an IMF loan.

CHINA'S CONSUMPTION is continuing to increase in the furniture and interior decor segments, which are important for Nordic exporters. Russia is continuing to shift volumes from MENA countries to China and is taking the place left by Canada. In Japan, consumption remains good and the outlook is also positive for 2018, when increased housing construction is forecast with one million units expected to be reached.

The only difficulty is the lack of containers from Europe to Asia. This is having a negative impact on our deliveries and our profitability as prices have more than doubled over the past four months. This will soon also be reflected in inventories of our buyers in China and Japan. Most people believe, however, that this situation will return to normal in the second quarter.

PRODUCTION of spruce goods remains high in the Nordic region. Despite growing consumption, inventories showed growth in the first quarter. Pine is showing more stable production development and the growing purchasing activity in MENA countries has also meant that sales of lower qualities have also risen.

With consumption high globally, low inventories across all sectors and good exchange rates, 2017 should be a good year – as long as the transport market stabilises.

RAFFAELE PARLATO, SALES DIRECTOR

MOVERS AND SHAKERS



DANIEL WIKLANDER has been appointed Site Manager in Bollsta, in charge of managing the treatment business and subcontracted manufacturing. He began in his role on 1 April.



IDA NORBERG has been appointed Deputy Business Manager at Bollsta sawmill, focusing on the sawn products market. Ida was previously Business Developer at the sawmill.



ALEXANDER RAMEN has been given the role of Business Developer at Bollsta sawmill. He previously worked as Production Manager at SCA Skog.



DAMIEN PATROULLAULT has been appointed Salesman for SCA Timber France. He is responsible for the west sector. He previously worked in sales at VM timber frame and construction for 14 years.



ROBERT LUNDGREN has been appointed Deputy Business Manager at Bollsta sawmill, focusing on post-processing. Robert was previously Business Optimiser at the sawmill.



RUSS ELLIS has been appointed Production Development Manager in the UK, initially for a 12 month period. His previous position was General Manager Welshpool.



PETE HALL has been appointed interim General Manager for Welshpool, initially for a 12 month period. His previous position was Supply Chain Manager Welshpool.

One million cubic metres!



SCA Timber China & S.E. Asia, with Stanley Tsai following delivery of the millionth cubic metre.

SCA Timber has supplied its millionth cubic metre of wood to Asia. It was delivered to Guan Tian in Taiwan, one of SCA's largest customers in the region.

In January 2011, SCA Timber established a sales office in Hong Kong to meet the growing demand for solid-wood products from China and Southeast Asia. The volumes were initially small, but given China's strong growth SCA assessed there was good potential for increased volumes in the future.

"We were confident we could increase volumes, but reality has exceeded all our expectations," says Edmund Tong at SCA Timber China & S.E. Asia.

CHINA IS NOW one of SCA Timber's largest export markets, with seven people working at the office in Hong Kong.

March 2017 saw a further milestone reached, as the millionth cubic metre was shipped to Asia. It was supplied to Taiwan-based Guan Tian.

"We're delighted the millionth cubic metre was supplied to Guan Tian," says Susan Tsang, Sales Manager for Taiwan and Southeast Asia. "We've had excellent cooperation with them since 2012 and they are one of our largest customers in the region."



Mathias Fridholm, Edmund Tong and Stanley Tsai at the inauguration of Guan Tian's new factory and warehouse in March 2017.

AT A SMALL CEREMONY Mathias Fridholm, President of SCA Timber China & S.E. Asia, presented Stanley Tsai of Guan Tian with a certificate.

"I'm excited about my warehouse receiving SCA's millionth cubic metre. Instead of selling it, I think it'll have pride of place in my office," says Stanley with a smile.