Norway’s timber industry on a roll

Optimera sees bright future

Fish industry provides greater return on timber
We’re a supplier you can rely on

A few months into my role as CEO it’s clear to me that SCA Timber is a highly effective company that’s performing well against competitors.

We have efficient, competitive sawmills and we work with some of the most demanding customers all over the world. Our dynamism and strategies have made us a great supplier to the solid-wood industry. A supplier you can rely on.

We have taken over tasks from our customers to minimise waste and costs throughout the supply chain. We have focused on being a strong supplier for the construction industry and we have achieved our ambition of creating an offering that meets their customers’ needs.

But of course our competitors have not been idle. They have also improved significantly, which means we need to make even greater efforts.

Enhancing productivity is a task that never ends. Every day, we have to ask ourselves what we can do better, and how we can offer our customers greater value. The two key factors are working on things we can change and identifying the areas that have the greatest potential for improvement.

It’s also important that we review our methods in order to continually improve in the best possible way.

Potential improvements exist in all areas, and most important of all is health and safety.

Of course, our ultimate goal is to eliminate occupational accidents. We want all workers to return home from work healthy and to feel safe and secure at their workplaces.

We have come a long way, especially in terms of raising awareness of health and safety. We are continuing to focus on this area and gradually improve in order to achieve our aims.

Last but not least, I’m pleased to note that the solid-wood products market remains strong, resulting in significant demand for our products.

Everything we can do to achieve a high level of production is therefore of great value to both us and our customers. I believe the watchwords here are dynamism, continual development and constant improvement.

I’m really looking forward to continuing to develop SCA Timber together with all my colleagues. Together we can inspire more people to use solid-wood products so that future generations can prosper.

Jerry Larsson, President, SCA Timber

At the heart of SCA’s business are the 2.6 million hectares of forest in northern Sweden.
We have developed an advanced value chain around this unique resource, based on renewable raw materials from our own and other forests.

The Solid Wood business area is the part of SCA that produces sawn solid wood products from the forest.
We are one of Europe’s leading suppliers of wood-based products, producing 2.1 million cubic metres annually.
The product range is enhanced through customer distribution solutions for the wood and builders merchants’ industries.
The Norwegian wood industry is booming. More logs are being harvested, production of sawn solid-wood products is growing, and last year exports increased by 11 percent. And now the world’s tallest timber building, the 81-metre-high Mjøstornet, is being constructed mainly from locally produced components.

Heidi Finstad is a well-known name when it comes to flying the flag for the Norwegian wood industry, both nationally and internationally. She is CEO of the Norwegian Wood Industry Federation, a trade association that works to develop and increase competitiveness throughout the value chain, from forest to product.

“We’re working on a raft of different issues that are important for the Norwegian wood industry,” says Heidi Finstad. “At the moment it’s sustainability, skills and digitalisation that are the main focus.”

As demand for wood as a construction material grows for public buildings, so does demand for an industry-wide platform for product information and documentation of the properties of the wood used, from emissions and fire resistance to costs and time gains.

“For customers to feel confident, we also need to be able to provide facts to support the arguments in favour of all the advantages of wood,” says Heidi Finstad. “And that’s information that should be possible to provide digitally.”

Skills are another key issue. Now that buildings such as tower blocks are being constructed from timber, including the 18-storey and 81-metre-high Mjøstornet in Brumunddal, western Norway, this is generating both interest in the possibilities offered by timber construction and the skills required to ensure continued development of Norwegian timber building.

“We have to encourage new skills in the Norwegian solid-wood industry now that the focus is shifting from people’s own homes to centrally located buildings in excess of four floors,” notes Heidi Finstad. “This also includes strategic decision-making capabilities, to clearly understand the importance of future investment and the new business models resulting from digitalisation.”

However, the key to greater use of timber in Norway and the rest of the world is having a circular economy. That means an economy based on a sustainable cycle. Greater use of timber in the construction industry contributes to a more sustainable society, according to Heidi Finstad.

“What’s interesting is that the steel and concrete industries also depend on the use of wood in their processes to achieve their environmental goals,” she adds.

The ‘Trenettverket’ group, which is a tool for the entire Norwegian forestry industry, includes the Norwegian Wood Industry Federation and other organisations such as Trefokus, whose CEO is Aasmund Bunkholt. He regularly visits local authorities, organisations, architects and building contractors throughout Norway to promote the importance of a long-term increase in the use of timber for more sustainable urban development.

“But we don’t regard wood as the only acceptable choice of material,” he says. “Sustainable development involves more than wood. It can also involve hybrids in which wood and other materials interact. But we do pass on knowledge about wood and timber construction.”

And the percentage of timber construction is increasing throughout Norway. Schools, preschools, cultural centres, industrial facilities, warehouses and clinics. Timber construction is taking place like never before.

“We’re noticing that our work is bearing fruit,” notes Aasmund Bunkholt. “It has opened lots of doors, and prefab and industrial production have reduced costs. As a construction material, wood is an extremely competitive option.”

Text: Mats Wigardt
Optimera’s headquarters are in an industrial area on the outskirts of Oslo, right nextdoor to one of the group’s 10 logistics centres. The flow of traffic through the gates is constant; trucks are loaded and unloaded, forklifts weave between the trucks, people come and go. Inside the office building things are calmer. A coffee machine burbles, staff on reception are busy attending to calls, a table is scattered with glossy construction magazines.

Optimera, which is part of the international Saint-Gobain Group which has 170,000 employees across 67 countries, is Norway’s largest producer and distributor of building products. “We have just over 25 percent of the Norwegian structural timber market and one-fifth of the building materials market,” explains Pål Erichsen once we’ve sat down in a conference room fitted with a large wall-mounted screen providing a presentation of the company.

Pål Erichsen is a ‘category director.’ In his case, this means responsibility for purchasing large volumes of building boards from countries such as Russia, China, Chile and Finland. He also purchases sawn solid-wood products from 18 different sawmills, five of which are in Sweden. One of these is SCA’s sawmill in Gällö, which is the main supplier for Optimera’s operations in Trondheim and Central Norway, where Optimera’s single largest builder’s merchant has just opened.

“In total, we buy in around 450,000 cubic metres of sawn timber annually, which makes us the largest operator in construction timber in Norway,” says Pål Erichsen. Optimera has three other Norwegian brands: Flisecompaniet, which sells paving and tiles, Montér for tradespeople and home improvement customers, and Byggi, a chain of independent builders merchants for which Optimera is the main supplier. Each customer category – construction firms, contractors, carpenters and private individuals

Recipe for success for Norway-based Optimera

Off-the-shelf solutions and efficient logistics

Wood is the future! That’s what Optimera’s Pål Erichsen is betting on. Optimera is Norway’s largest distributor and retailer of building products. Interest in large and tall timber constructions has grown considerably. For Optimera this means explicitly focusing on off-the-shelf solutions and efficient logistics.
About Optimera Norway

- Sales of NOK 10 billion, of which B2B accounts for 75 percent.
- 200 sales outlets.
- 2,200 employees.
- Purchases of 450,000 m³ of solid-wood products and 110,000 m³ of building boards annually.
- Four production units for prefabricated building components.
- Four brands: Optimera, Montér, Flisekompaniet and Byggi.

The new art museum in Oslo is an example of Norway’s growing interest in large timber constructions.
Gällö Timber
Focusing on wood packaging for Norwegian fish industry

Demand for farmed salmon from Norway is growing around the world. As Norway aims to become less dependent on oil and gas, exports of salmon are expected to increase five-fold by 2050. And supplies from SCA's jointly owned sawmill in Gällö to the Norwegian fish industry are increasing.

On Frøya and the other islands scattered off the coast near Trondheim, fishing has always been an important source of employment. Now around 60 articulated lorries pass by carrying fish every day, all year round, via the two tunnels that link the islands to the mainland.

Norway’s fish industry is well on the way to overtaking oil and gas as the country’s most important industry. Currently, salmon worth a total of NOK 60 billion is exported every year, and this is expected to increase five-fold by 2050.

There are 800 fish farms along Norway’s coast, together producing one million tonnes of salmon each year. Many of these farms are based off Frøya, which despite its small size is home to three of Norway’s largest publicly listed fish companies. Every week, the island produces 350,000 pallets of fish. A single pallet contains 620 kg of fish and a trailer carries 33 pallets.

“Everything here is about fishing or tourism,” says Odd Arild Strand from the company Øypall AS. He previously worked at a small sawmill, but in 2006 he founded Øypall AS, which produces packaging for the fish industry.

“I have two men and a robotic machine that nails the pallets that the fish are packed in before they’re loaded onto the HGV,” explains Odd Arild Strand.

Every year, Øypall AS uses large amounts of ready-cut spruce timber. Much of this is supplied by Gällö Sawmill in Sweden’s Jämtland region. The sawmill is equally owned by SCA and Persson Invest.

Gällö Sawmill is well equipped and has grown considerably in recent years. SEK 80 million has been invested in streamlining production, increasing capacity from 150,000 m³ to 330,000 m³ since 2010. The mix of timber is 90 percent spruce, 10 percent pine.

“Around one-third of production goes to SCA Supply in Stugun and Valbo Trä, where it’s planed and sold to builders..."
merchants. The remainder goes to customers in Scandinavia and China, which is a strong growth market,” explains Jonathan Mattsson, Business Manager at Gällö Timber.

Jonathan Mattsson has been Business Manager since the start of 2018, and is being mentored by former Business Manager Sven Nilsson.

Jonathan’s family owned forestland when he was growing up. When he was older, he started his own forestry planning business. He joined Gällö Timber as a wood buyer following Scandinavia’s ‘Strom Ivar’ a few years ago.

Gällö Timber’s focus on packaging timber for Norway began in 2014.

“This work is geographically ideal for us and there’s significant potential in Norway,” says Sven Nilsson. “It also gives us a market for sales of lower-quality wood towards the outside of the log, close to the bark that can otherwise be difficult to sell.”

From Gällö, the timber is shipped to a subcontractor where it’s cut into finished pallet dimensions.

Once delivered to the customer in Norway, it goes straight into their pallet production line. The raw materials are either collected by the customer itself or shipped to Norway by truck by Gällö Timber.

“At the moment we’re supplying 5,000 m3 to Norwegian pallet producers, like Øypall AS on Frøya,” says Jonathan Mattsson. “But with the market growing and the advantages of our logistics, there are good opportunities for significant increases in volumes.”

Gällö Timber has also started, on a smaller scale, supplying higher-quality timber direct to Norwegian planing mills, which then produce panels and joists that are stocked by builders merchants. And, it seems, these are products that are well suited to Gällö Timber’s mature range of both spruce and pine.

“And activity in the Norwegian construction industry is more consistent than in Sweden, which has much larger fluctuations,” says Jonathan Mattsson.

But with an attractive product portfolio, newly added niche products and currently favourable market conditions, along with efficient logistics operations from Sweden to Norway, the near future looks bright for Gällö Sawmill. This is something both the current and previous business managers agree on.

“We’re keen to develop our relationships with customers in Norway,” adds Jonathan Mattsson. “And the packaging industry plays an important role in our plans for the future.”
Located at the very heart of Europe, with easy road access to customers in most major European markets, Vandecasteele Houtimport has over the years consistently followed the strategy of becoming Europe’s number one timber stockist. To support this long-term approach, the company has its own storage capacity accommodating more than 150,000m³ of sawn timber products. With an additional building currently being constructed, the company’s main warehouse will total almost 200,000m².

A visit to Vandecasteele Houtimport’s base in Aalbeke, close to the city of Kortrijk, is fascinating for anyone who works with wood. Surrounded by greenery and adjacent to a man-made lake where swans swim, lies a uniquely designed timber warehouse where you can find almost every species of wood from around the world. From the most expensive and rare hardwoods, to a full range of softwoods in all qualities and sizes, everything is neatly barcoded and displayed. Customers can move swiftly through the warehouse and take a good look at the quality of each pack. The entire site is as clean and tidy as a shop.

Experienced staff unload incoming lorries and prepare outgoing deliveries in a smooth, orderly and expert procedure that shows how much the company loves what it does and respects its products and customers.

SCA’s sales to Vandecasteele consist mainly of the highest quality pine and spruce sideboards. These can be used by Vandecasteele Houtimport’s customers for the production of clear mouldings, panelling, or other demanding visible interior or exterior applications for which SCA’s northern, slow-grown fibre is ideally suited.

As soon as a delivery from SCA arrives at Vandecasteele, the protective plastic covering is removed from all the packs and taken for recycling. Mr. Jeroen Platteau, Vandecasteele’s purchasing manager for softwoods, visually inspects the parcel, before each pack is assigned its barcode/label and taken to a precise, computer-trackable location in the company’s vast warehouse. Jeroen says the good presentation and high quality of the specially graded sideboards from SCA make customers who try them return to order more.
So what are the main changes that Vandecasteele currently sees in the import and distribution of timber products?

“I would say it’s the ever-growing requirement for certification in both hardwoods and softwoods, and being able to check the legal origin and sustainability of all wood used in Europe,” says Jeroen.

Vandecasteele Houtimport embraced this early on, adopting environmental objectives far exceeding current legislative requirements and aiming to be a leader in the industry by setting a strong, positive example of sustainability. Two experts in the company constantly assess the legality of all supplies. The demand for strong environmental credentials creates long-term potential for more growth in the use of European wood.

“Another major change that we see in the European timber business is how customers place their orders. Small and medium-sized timber traders and end-users want to keep almost no stock. The average volume of each order is therefore often much smaller than in the past, even during seasonally busy times of the year when the total number of orders may be high. This suits us very well,” says Jeroen.

“We strategically stock a wide range of dimensions and qualities in all species, aiming to offer a high level of service with a suitable solution for almost every special pick-a-pack request. Our customers can view this stock as their own: they can depend on fast delivery of their chosen packs within 24 or 48 hours, thanks to the modern fleet of 16 forklifts and about 100 lorries that we’ve invested in.”

The rapid growth in digitalisation is also reshaping the modern timber trade, with the younger generation of end-customers appreciating the ability to log in and view Vandecasteele Houtimport’s stock in real time. The company is working on dedicated customer portals that will allow customers to prepare their own orders. In a world where consumers are looking for an instant response to any enquiry, Vandecasteele Houtimport’s sales representatives must be able to process every request from surrounding countries swiftly. Whether sitting at their desks in the office, or visiting customers in Belgium, the UK, France, Holland, Germany and working from a tablet, they have real-time information on all inventory moves. Constant development of the IT tools to support this demand for speed in sales is as important for the company as having the goods in stock. Deliveries are followed in real time via live GPS lorry tracking, so an immediate response can also be given on the whereabouts of each load.

With the strong foundations of more than 130 years of trading in wood, family values that govern its relationship with customers and suppliers, and continual investment to ensure success in the years to come, Vandecasteele Houtimport is looking with confidence to the future.

Text: Nicholas Sitaras
Photos: Vandecasteele Houtimport

SCA Timber’s Sales Manager Europe, Nicholas Sitaras together with Jeroen Platteau, Purchasing Manager at Vandecasteele Houtimport.
In mid-March of this year, one of Asia’s largest wood trade fairs was held in Bangalore in southern India. More than 800 exhibitors met in excess of 50,000 visitors over the course of a week. SCA Timber was among the exhibitors.

“It’s was great, and really inspiring to meet so many interested and enquiring people, both people in the timber business and representatives of the packaging, furniture and door industries,” says Håkan Persson, Managing Director of SCA Timber China and South East Asia.

India is still at the early stages in terms of using wood from northern latitudes. India imports a lot of solid wood, but it’s mostly round timber from Southeast Asia and New Zealand, which is sawn on site at Indian ports. Ready-sawn softwood products are currently imported mainly from Canada and Germany.

“SCA has sold sawn solid-wood products on the Indian market for a number of years and we have seen a steady increase, albeit from a low level. That experience is valuable as we look to expand gradually in new segments such as construction timber for smaller, simpler builds,” adds Håkan.

India is currently one of the world’s fastest-growing economies and that is also reflected in its increasing industrial production. The country has united under the slogan ‘Make in India’ to further boost growth and the rate of development. There are over 1.4 billion citizens working under this slogan and striving for a better quality of life and living standards.

“The challenge is to encourage the Indian solid-wood industry to understand that wood from northern Sweden offers significant advantages, and SCA intends to be there with its products when things take off,” adds Håkan Persson.

Text and photos: Håkan Persson

### MOVERS AND SHAKERS

Ville Liimola started as Purchasing Manager for raw materials on 1 April. Ville joins to further strengthen the purchasing department by coordinating existing transactions and ensuring increased cooperation within SCA.

Nicholas Sitaras has been appointed Key Account Manager for the Central European glulam sector. Nicholas will also retain his current role as Sales Director for Southeastern Europe.

Lars-Ivar Eriksson has been assigned as Sales Manager for the Baltic furniture sector. Lars-Ivar will also retain his current role as Sales Director for Scandinavia.

Robin Mikaelsson has been appointed Sales Manager for customers in Germany, Poland and Hungary. Robin will also retain his current role as Sales Representative for Scandinavia.
In April 2018, new legislation required UK organisations with more than 250 employees to publically declare their gender pay gap and bonus payments made to male and female employees.

The gender pay gap specifically measures an average hourly rate of pay for female employees against an average rate of pay for males, which is then recorded as a percentage.

Over 10,000 organisations reported their results by the April deadline, and an average median pay gap of 9.7 percent was finally reported across the UK.

For SCA, a gender pay gap of -1 per cent was reported. In real terms, this means SCA pays female workers 1 pence more per hour than male workers, suggesting ‘little to no’ pay gap.

“SCA are pleased with the results. We now need to focus on where we can improve,” says Lynsey Pace, HR Manager of SCA in the UK. “With females only making up 11 per cent of our workforce, mostly in junior and administration positions, we need to seriously focus on attracting more females to our production and warehouse functions, as well as into senior management positions.”

Lynsey, who is the only female member of the UK Management Board, wants to see more women attracted to careers in the wood industry.

“A career in the wood industry is fascinating! Our products, the perception of factory work environments and shift patterns are potentially not attractive to women. It’s only when women see our culture and opportunities within the business that they realise what a great place it is to work.”

On 26 April SCA presented its earnings for the first quarter of 2018. Compared with earnings for the same period last year, sales were up 11 percent and profit (EBITDA) increased by a strong 47 percent.

“I’m delighted to present such good earnings results,” says SCA’s President and CEO Ulf Larsson. “The increase in profit was mainly due to price increases in wood, pulp and kraftliner, but there were earnings improvements across all product areas.”

Despite unusually tough winter conditions, wood supplies to SCA’s production facilities were stable, and no facilities were forced to stand idle because of a shortage of wood. Transportation and harvesting operations were affected, however, resulting in slightly higher costs for the period.

Demand for solid-wood products remains strong in all main markets, on the back of a healthy construction industry and growth in the renovation market. Additional price increases were implemented in the first quarter.

The positive trend in the pulp market, with healthy global demand, is continuing. The price of long-fibre sulphate pulp increased in the quarter. The expanded Ostrand plant is entering service in June 2018, and will gradually be run in to full capacity. The project is going according to plan, both in terms of schedule and cost.

The kraftliner market remains strong, with growing demand and tight supply. In addition to positive economic performance in Europe, growth in e-commerce is increasing demand for shipment packaging. During the quarter, a price rise was announced for all qualities of brown and white kraftliner at EUR 60 per tonne.

Capacity reductions in printing paper led to a better supply and demand balance in a structurally declining market. The improved balance has resulted in a more stable market with higher prices.

Mid-May saw the launch of the new sca.com. The new website focuses on customer needs and interests and aims to make it easy to find what you’re looking for. The website boasts a brand new look based on SCA’s visual identity and also uses our own type face, SCA Sans.

“The new website is more customer-oriented, focusing on our offerings, products and services. We’ve also clarified things to make it as easy as possible for customers to contact our different businesses,” explains Patricia Knutsson, project manager for sca.com.

“As before, there is also up-to-date and relevant information for shareholders and investors,” adds Patricia.

“We wanted the new website to communicate more clearly how we take responsibility and safeguard the entire value chain, with sustainability an important aspect of our production. We also want to attract new customers, investors and co-workers with an inviting and modern website. Come and visit us at sca.com!”
The island of Grip in Norway has been known as an important fishing village since 15th century. Today Grip no longer has any permanent population, but its colourful old houses remain. And tall tales of past fishing exploits abound.

North of Kristiansund, on Norway’s west coast, is an island with the world’s smallest fire engine and one of Norway’s smallest wooden stave churches. The fire engine was built specially for the village’s narrow lanes and tight corners.

For a long time, the little fishing village was also Norway’s smallest municipality, with an area of just 0.48 square kilometres. The lighthouse on Bratthårskollen, however, is Norway’s highest at 47 metres above sea level.

Today, Grip is a colourful tourist destination, but fishing continues. Until 1964 the island was a standalone municipality with around a hundred weatherworn inhabitants. The well-maintained buildings are now mostly summer houses for the descendants of the fishing community who once lived on the island.

The exposed group of islands lies around 14 kilometres out to sea and consists of 200 islands and skerries, a 40 minute boat ride from Kristiansund.

Before the arrival of motor boats, it was important to live near the fishing sites and up to 2,000 seasonal fishermen from across northern Norway would rent lodgings on Grip to fish for cod and dry salt cod.

Grip was known as a fishing village as far back as the Middle Ages and is probably one of the region’s oldest population centres. In the Middle Ages the group of islands was owned by the Archbishop of Nidaros (the old name for Trondheim), while in the 18th century the islands belonged to Kristiansund merchants.

Since the last permanently resident fisherman on Grip hung up his boots and sou’wester to move to the mainland around Christmas 1974, time appears to have stood still in this fishing village, with its narrow lanes lined with houses painted light hues of yellow, red and blue.

In the summer, daily boat trips can be taken to Grip from Kristiansund. The island isn’t big; it takes just 15 minutes to walk from one end to the other.

Electricity from the island’s own power station is only available for 16 hours a day and drinking water is in short supply. There’s a café with a few rooms available for bed and board. And the island has a pleasant laid-back atmosphere where you can enjoy the abundant sea breeze. Which is really all you need.