

EUROPEAN FOREST PRODUCT MARKET DEVELOPMENTS AND TRENDS

FOREST PRODUCTS ANNUAL MARKET REVIEW 2012-2013



METSÄ 2013
10 December 2013, Rovaniemi
Antti Koskinen

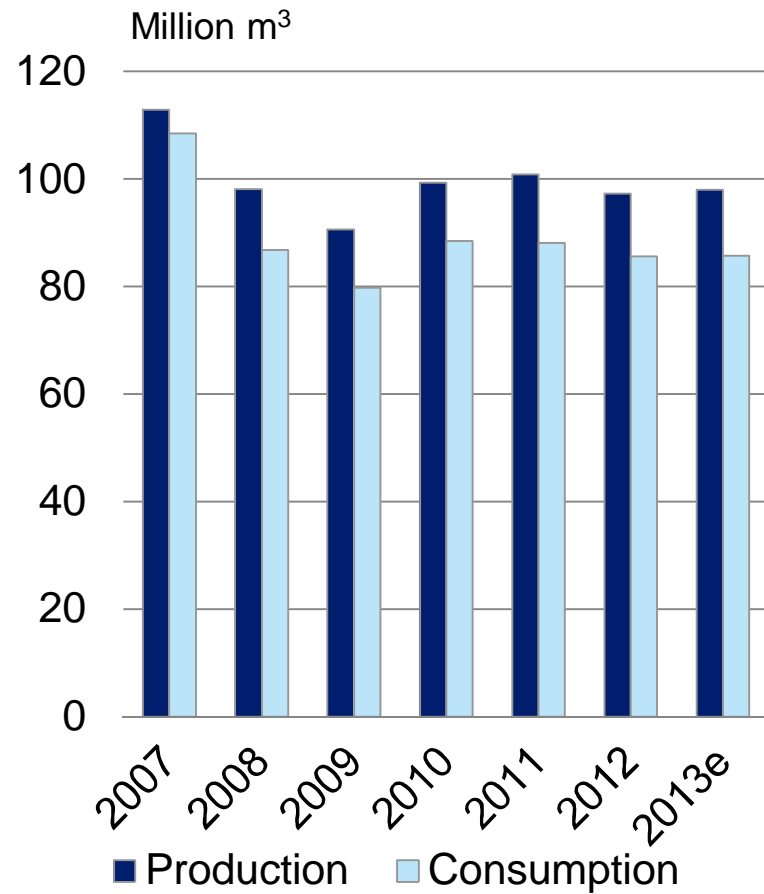
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Key findings of the Forest Products Annual Market View

1. Sawn hardwood
2. Sawn softwood
3. Plywood
4. OSB
5. Particleboard
6. MDF
7. Graphic papers
8. Packaging papers
9. Mechanical pulp
10. Chemical pulp
11. Industrial roundwood

EUROPE – SAWN SOFTWOOD

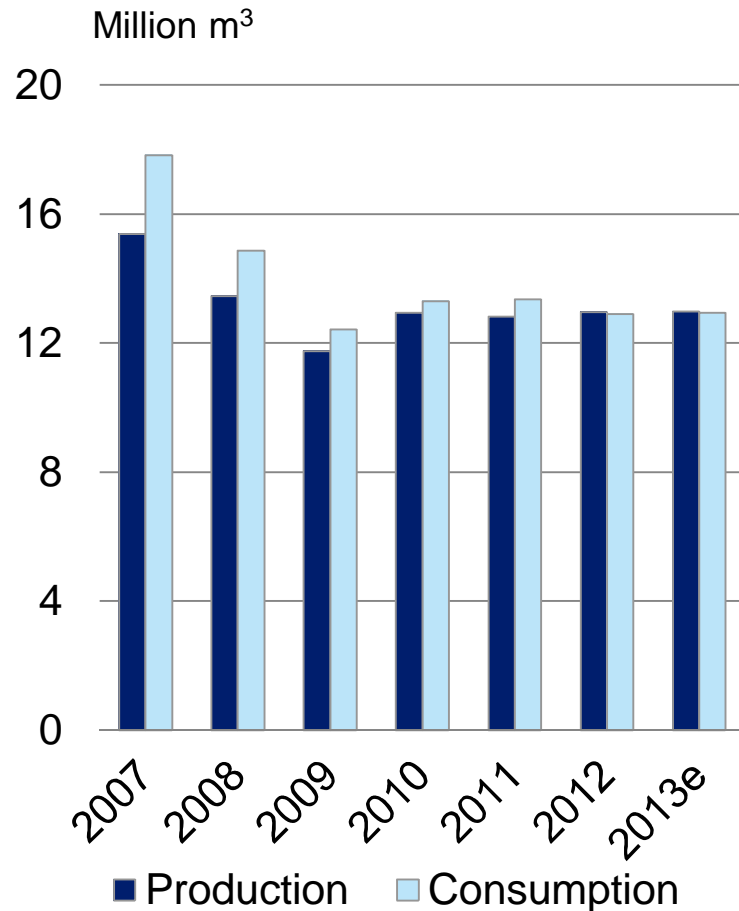
2011-2012: Production -4%, Consumption -3%



- Weak construction activity
- Overcapacity
- Overseas exports stable
- Price and availability of sawlogs

EUROPE – SAWN HARDWOOD

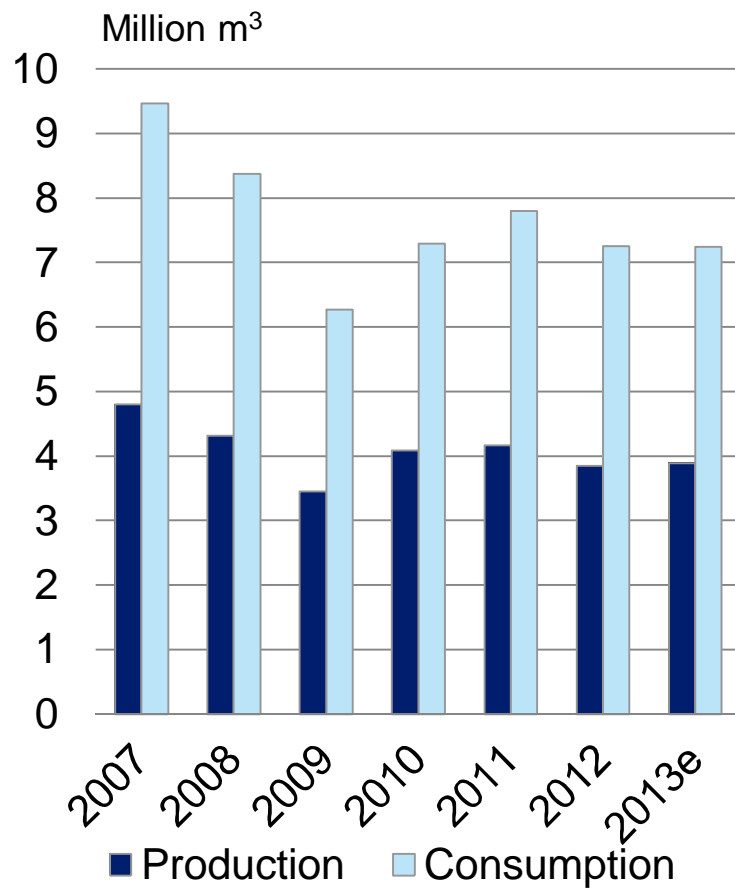
2011-2012: Production +1%, Consumption -3%



- Hardwood log overseas exports
- Remanufacturing moving to low cost countries
- Substitution by lower cost materials
- Consumer preferences
- EUTR

EUROPE – PLYWOOD

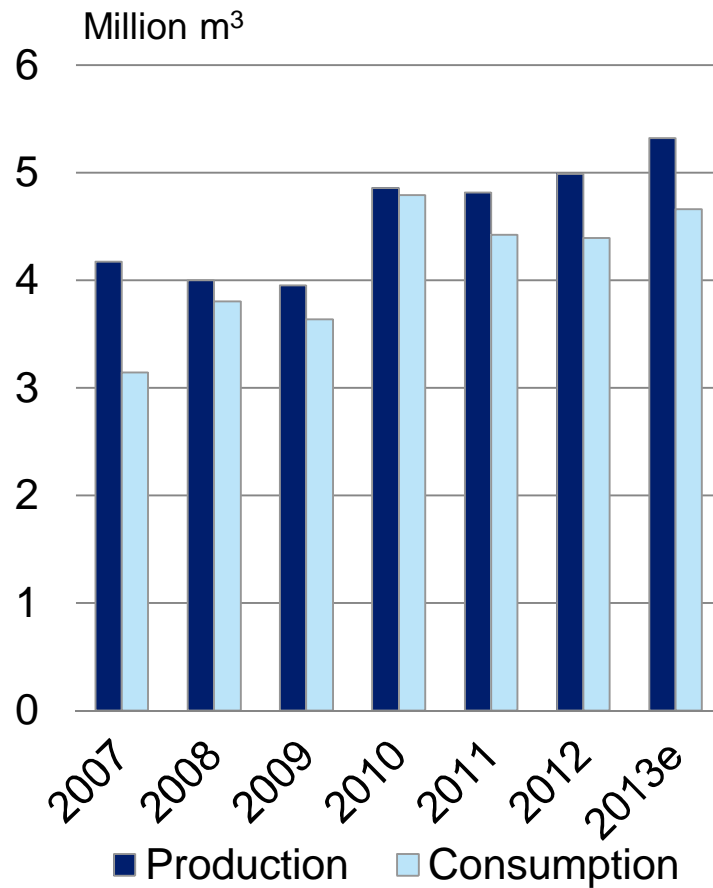
2011-2012: Production -8%, Consumption -7%



- Price and availability of plylogs in Western and Central Europe
- Imports from China, Brazil, Chile
- Tropical plywood declining
- Weak construction activity
- Bankruptcies and closures in the West
- Russian production growing and industry investing

EUROPE – OSB

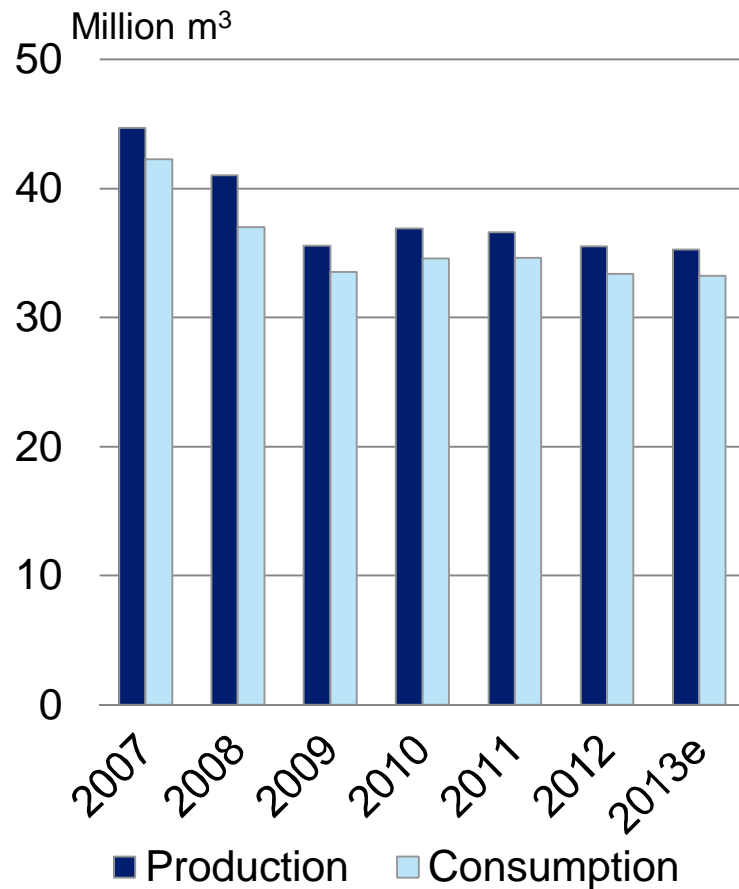
2011-2012: Production 4%, Consumption -1%



- OSB still in growth stage
- Substituting other products, mainly plywood, sawn softwood and particleboard
- New capacity coming to Russia and Belarus
- Eastern Europe growing

EUROPE – PARTICLEBOARD

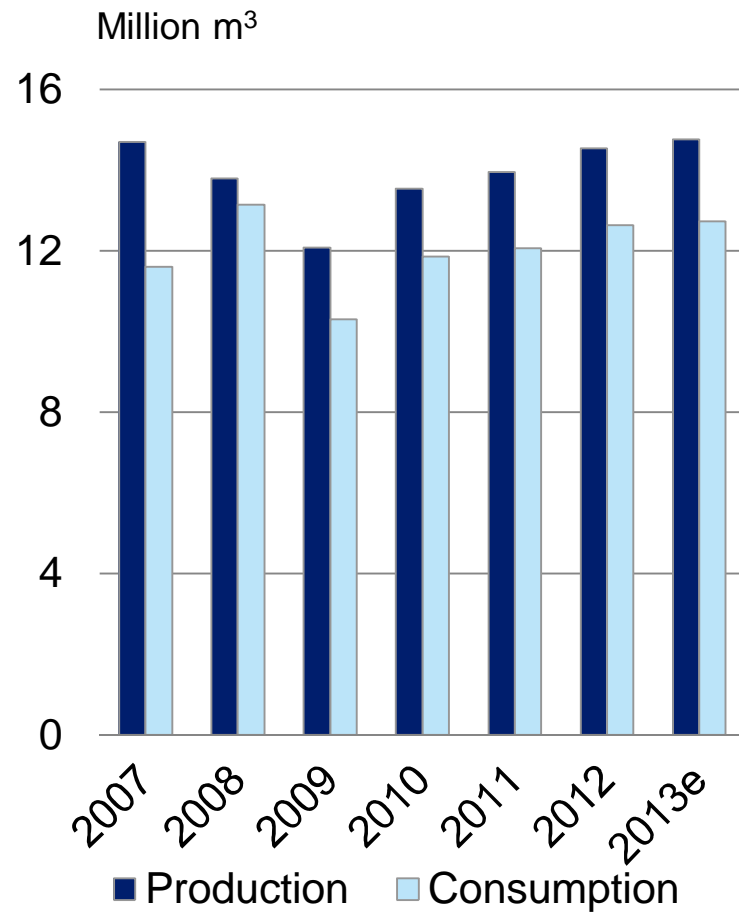
2011-2012: Production -3%, Consumption -4%



- Southern and Western Europe declining consumption
- Competition on wood raw material with bio energy industry
- Industry consolidating, mill closures e.g. in the UK, Iberia and France
- Eastern Europe growing
- New capacity coming to Russia and Belarus

EUROPE – MDF

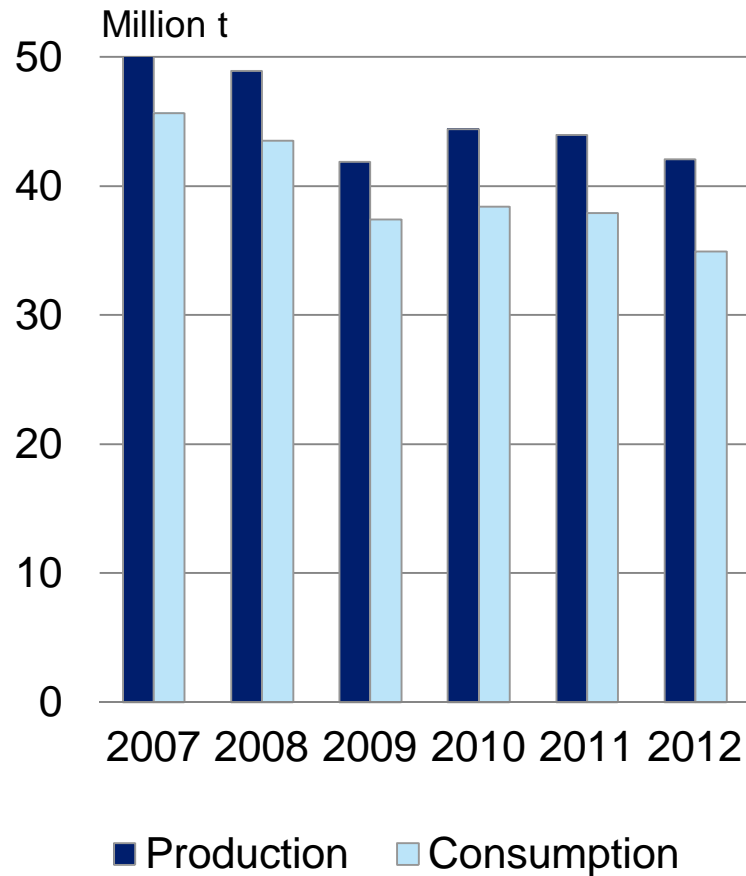
2011-2012: Production -1%, Consumption 9%



- Southern and Western Europe stagnant
- Industry consolidating, capacity closures in the West and South
- Eastern Europe growing
- New capacity coming to Russia and Belarus

EUROPE – GRAPHIC PAPER

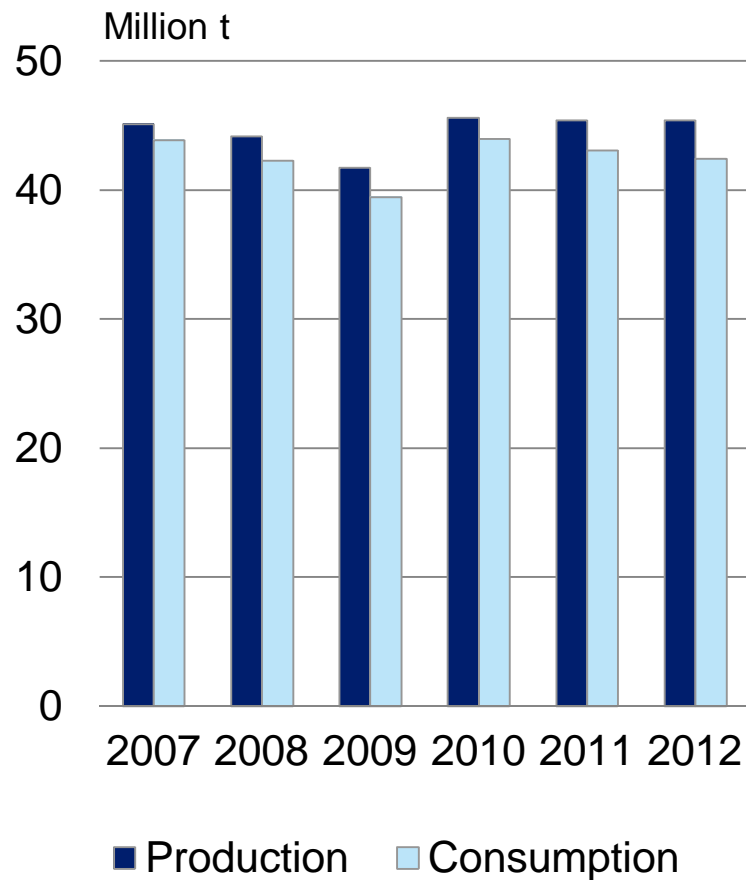
2011-2012: Production -4%, Consumption -8%



- Tumbling demand especially in Western Europe
- Digital transition and changing consumer habits
- Weakening export opportunities
- Overcapacity
- Prices remained on low level

EUROPE – PACKAGING PAPER

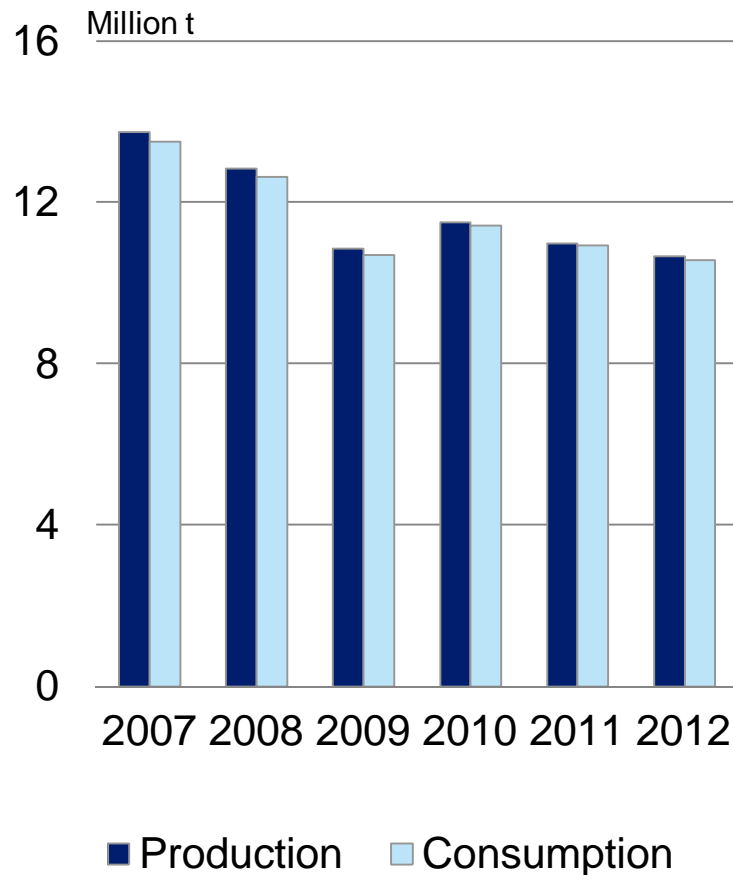
2011-2012: Production 0%, Consumption -2%



- Stable demand
- Continued weakness of general economy and sluggish industrial production
- Fibre packaging considered as sustainable option
- Sourcing RCP becoming a challenge
- Relatively good market balance in Europe excl. Russia
- Prices on fairly good level

EUROPE – MECHANICAL WOOD PULP

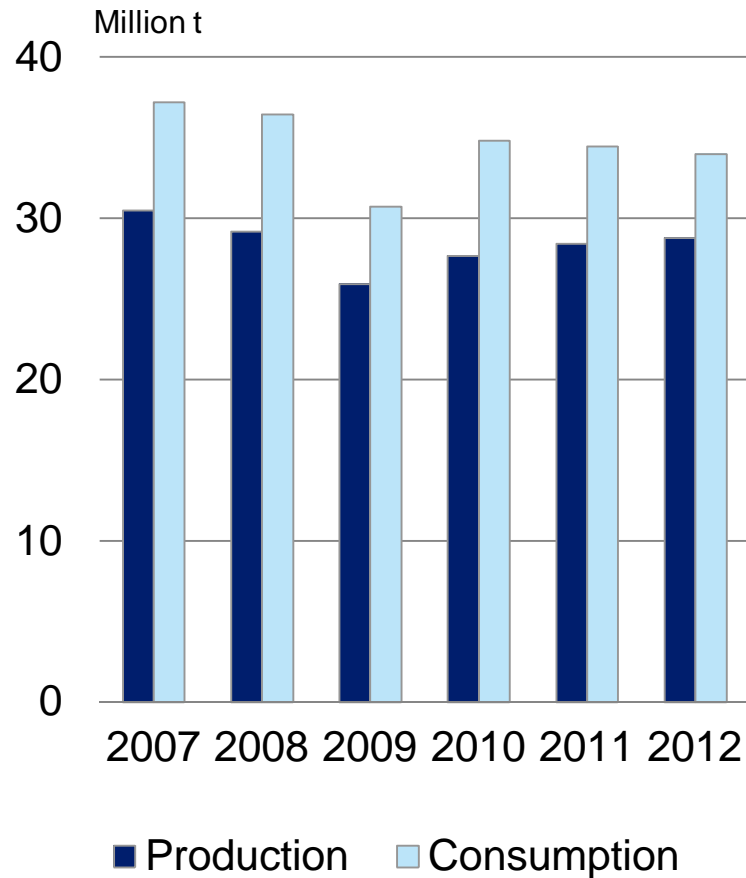
2011-2012: Production -3%, Consumption -3%



- Consumption declining due to graphic paper meltdown
- Largely integrated production – limited market pulp volumes
- Stable consumption in packaging sector

EUROPE – CHEMICAL WOOD PULP

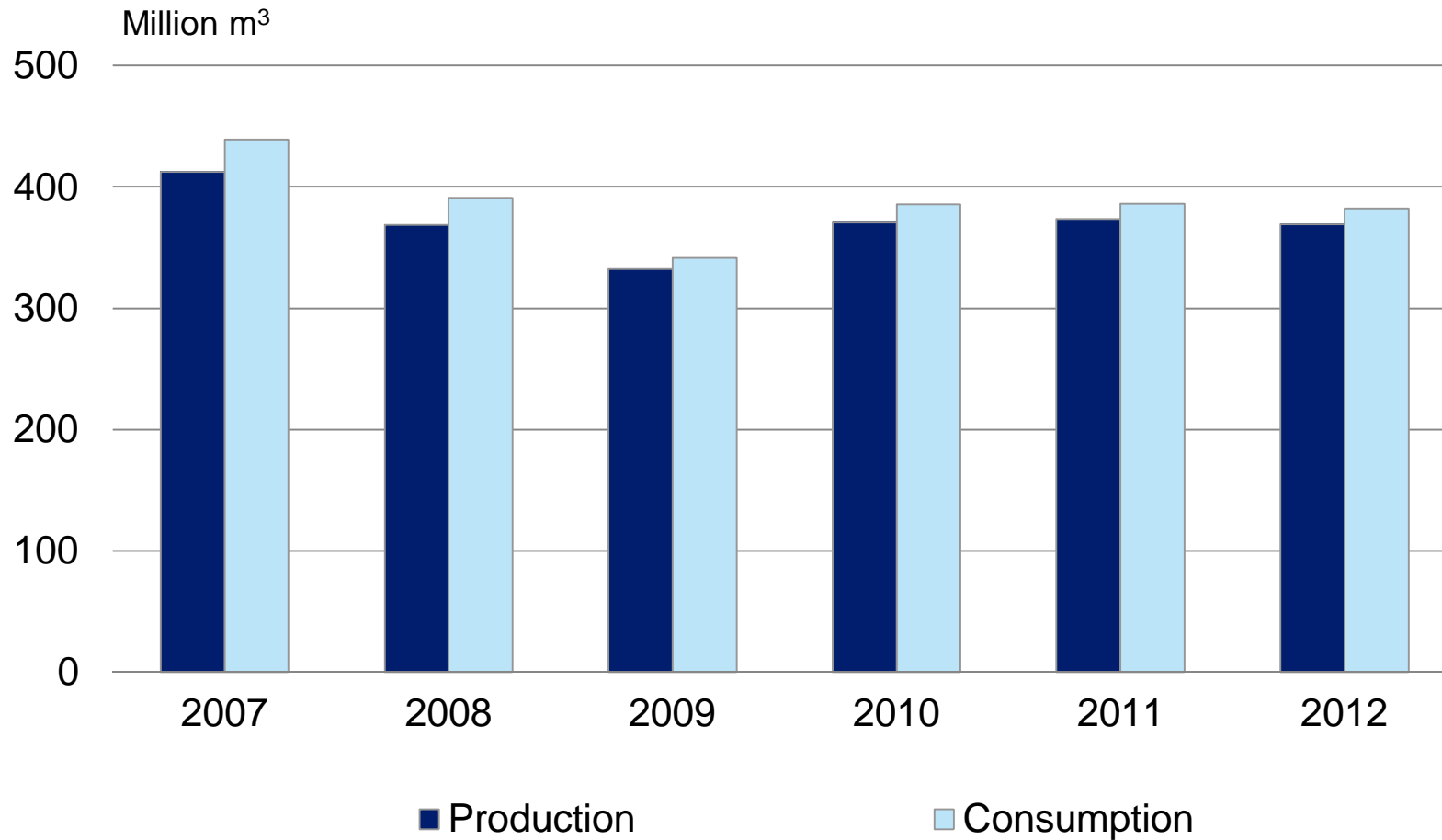
2011-2012: Production 1%, Consumption -1%



- Declining woodfree paper consumption and production
- Overseas export opportunities – BSKP in China in particular
- Global commodity – Global pricing
- Current prices close to 5-year average

EUROPE – INDUSTRIAL ROUNDWOOD

2011-2012: Production -1%, Consumption -1%



EUROPE – MARKET SUMMARY

- Sawnwood, plywood and particleboard are suffering from the uncertainty in the European economies and weak construction activity
- OSB and MDF markets have developed more positively
- Markets in Eastern Europe developing more positively compared to west
- Graphic papers suffering from structural changes
- Packaging papers relatively stable – renewable packaging
- Pulp and roundwood markets follow the product market developments
- Industry structure differs between the industries, but structural changes are needed.

THANK YOU!



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CONTACT:

ANTTI KOSKINEN

SENIOR CONSULTANT

MAIL: ANTTI.KOSKINEN@POYRY.COM

PHONE: +358 50 543 5262