

Overview of the European sawr. softwood market in 2017

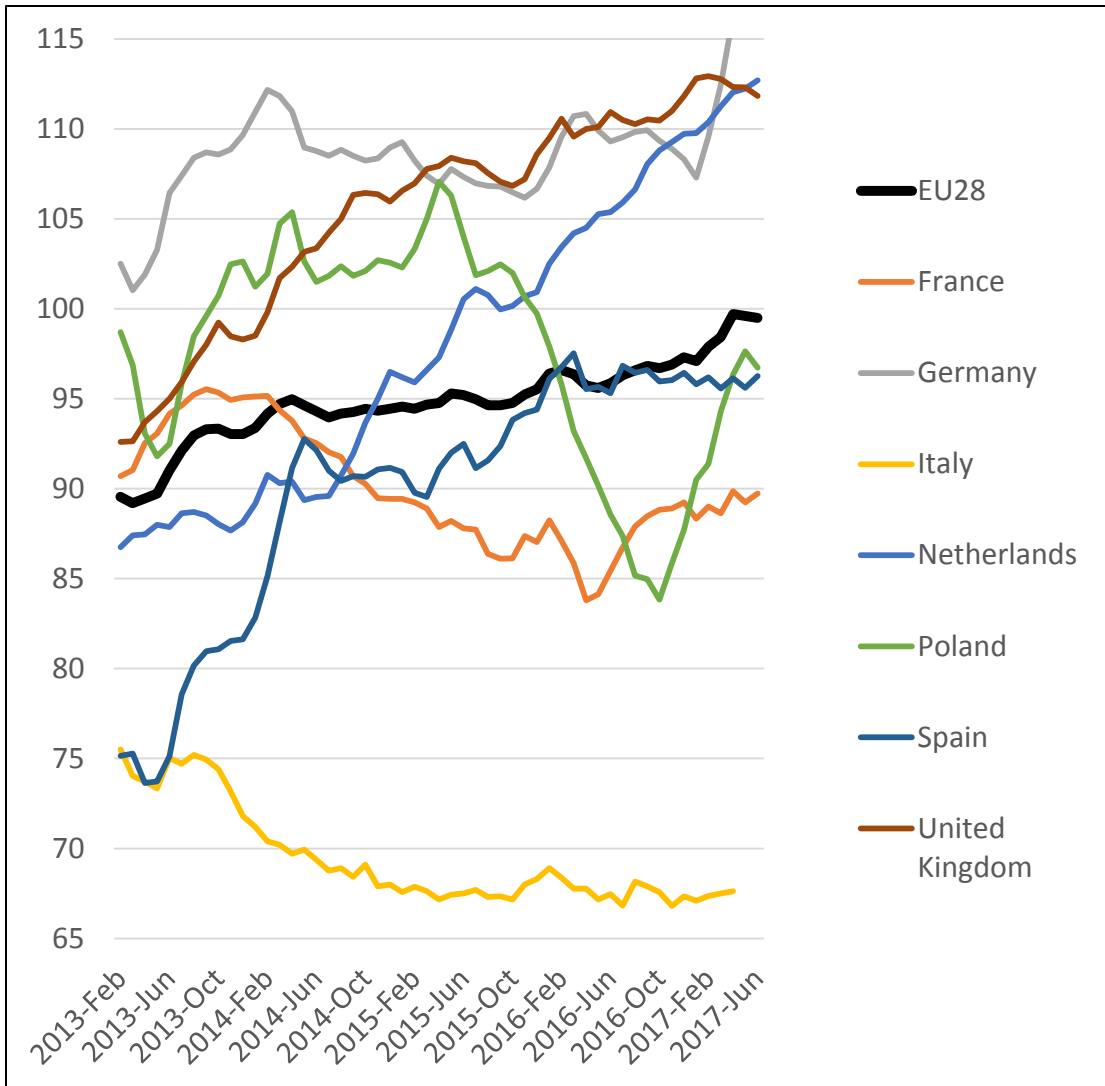


International Softwood Conference Hamburg, October 2017

Andreas von Möller,
President ETTF

Eurostat construction production index for the EU Member States

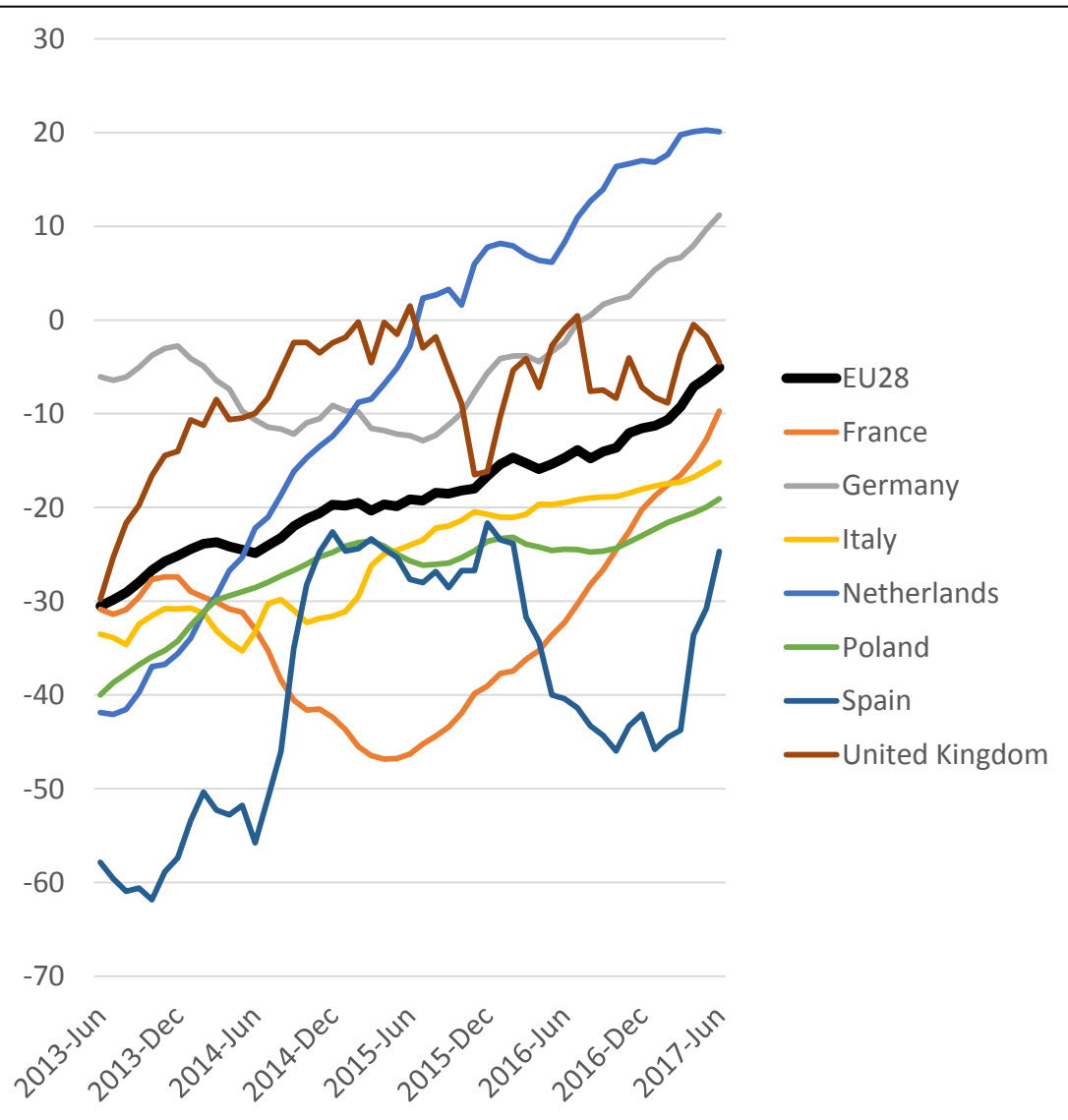
€ Value of seasonally and calendar adjusted production output (2010 = 100)
Monthly for the period February 2013 to June 2017



Stabilizing trend of recovery in construction

- Value of EU construction in June 2017 just 0.5% lower than in 2010.
- Construction activity stabilizing in 2017
- Construction activity Poland recovering after dip in 2016
- Still high construction activity in Germany & UK
- Strong recovery The Netherlands
- Stabilizing activity Spain, France and Italy

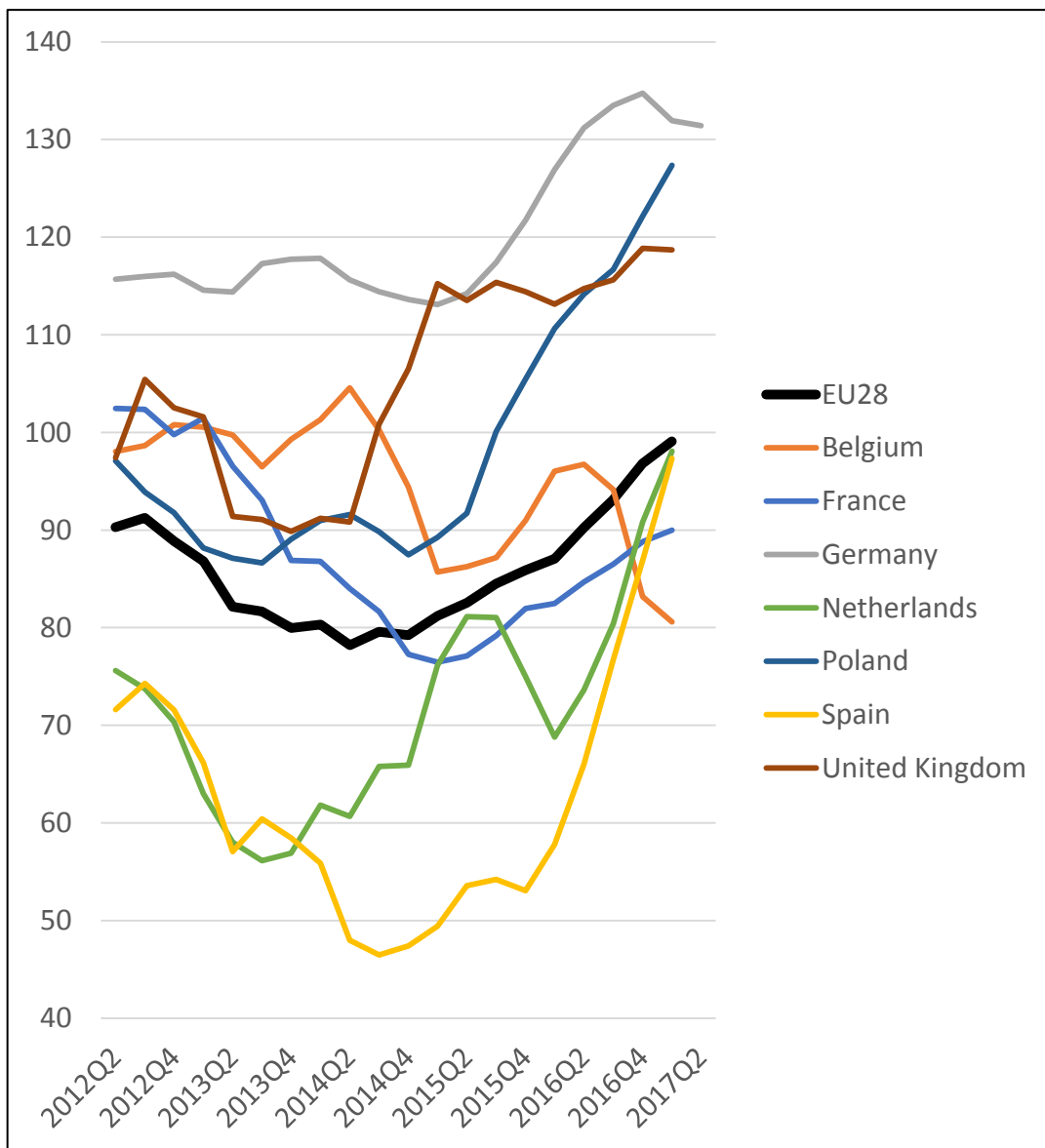
Eurostat construction confidence index for the EU Member States 2Q 2013 -- 2Q 2017



Confidence EU generally rising

- Increase in confidence The Netherlands levels off
- Confidence France, Germany, Italy and Poland rising consistently
- Confidence UK still unstable
- Confidence Spain recovering strongly in 2017

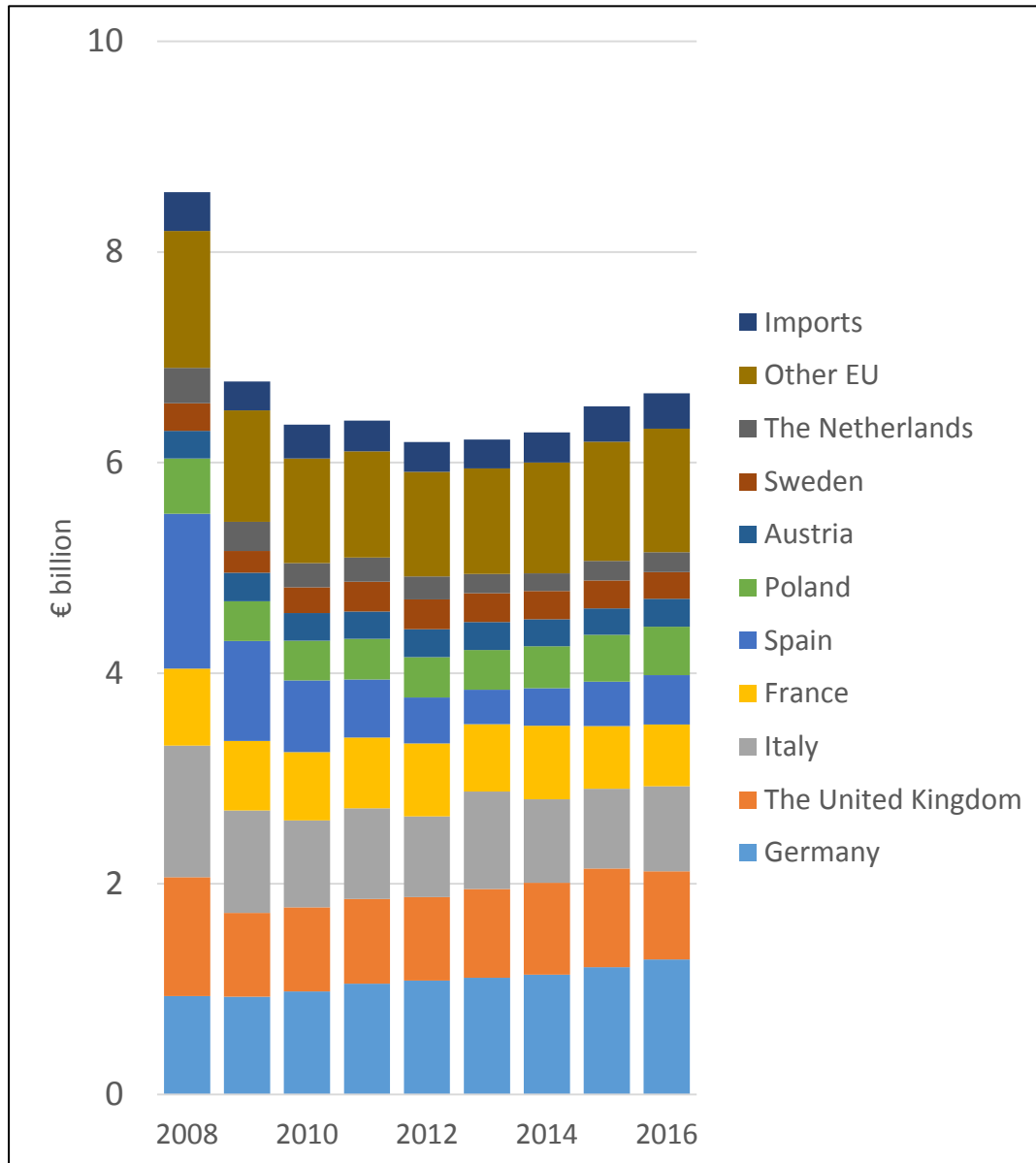
EU Building Permits Index 2Q 2012 -- 2Q 2017 2010=100



Building Permits EU getting close to index level 2010 again.

- Strong increase Germany leveling off in 2016
- Building permits increasing strongly in Poland, The Netherlands and Spain.
- UK and France rising slowly.
- Decline in Belgium in 2016
- Q2 2017 not yet available for any countries but Germany.

Value of wood doors supplied to the EU market by source



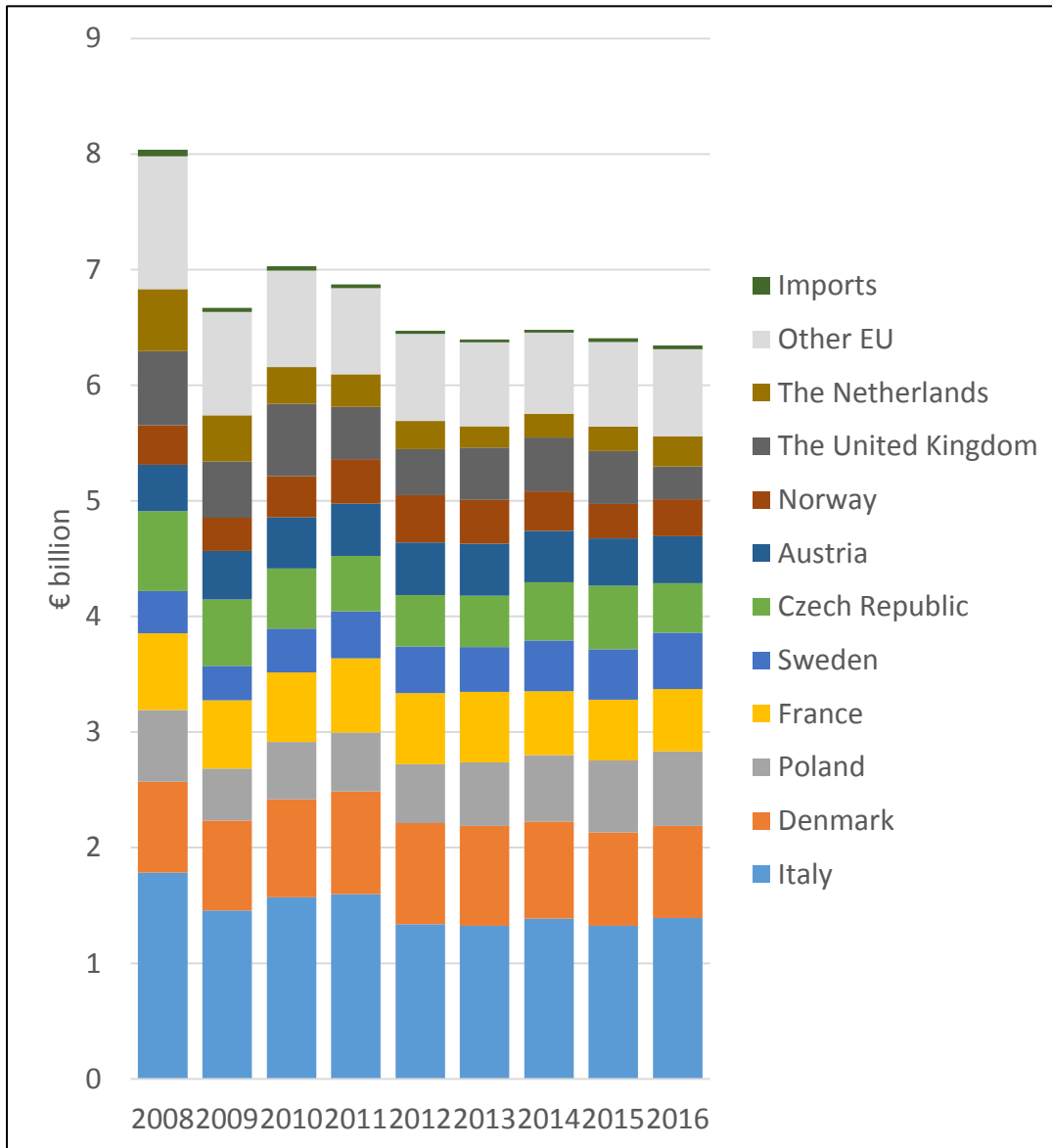
EU wood door sector with slow recovery

- Total value of wood doors supplied to the EU28 increased 1.9% in 2016
- Production value in 2016 :
 - Increased in

Germany	+6.0%
Italy	+6.6%
Spain	+10.4%
Poland	+4.1%
Austria	+5.2%
 - Declined in

The UK	-10.7%
Sweden	-3.7%
 - Remained stable in The Netherlands and France

Value of wood windows supplied to the EU market by source



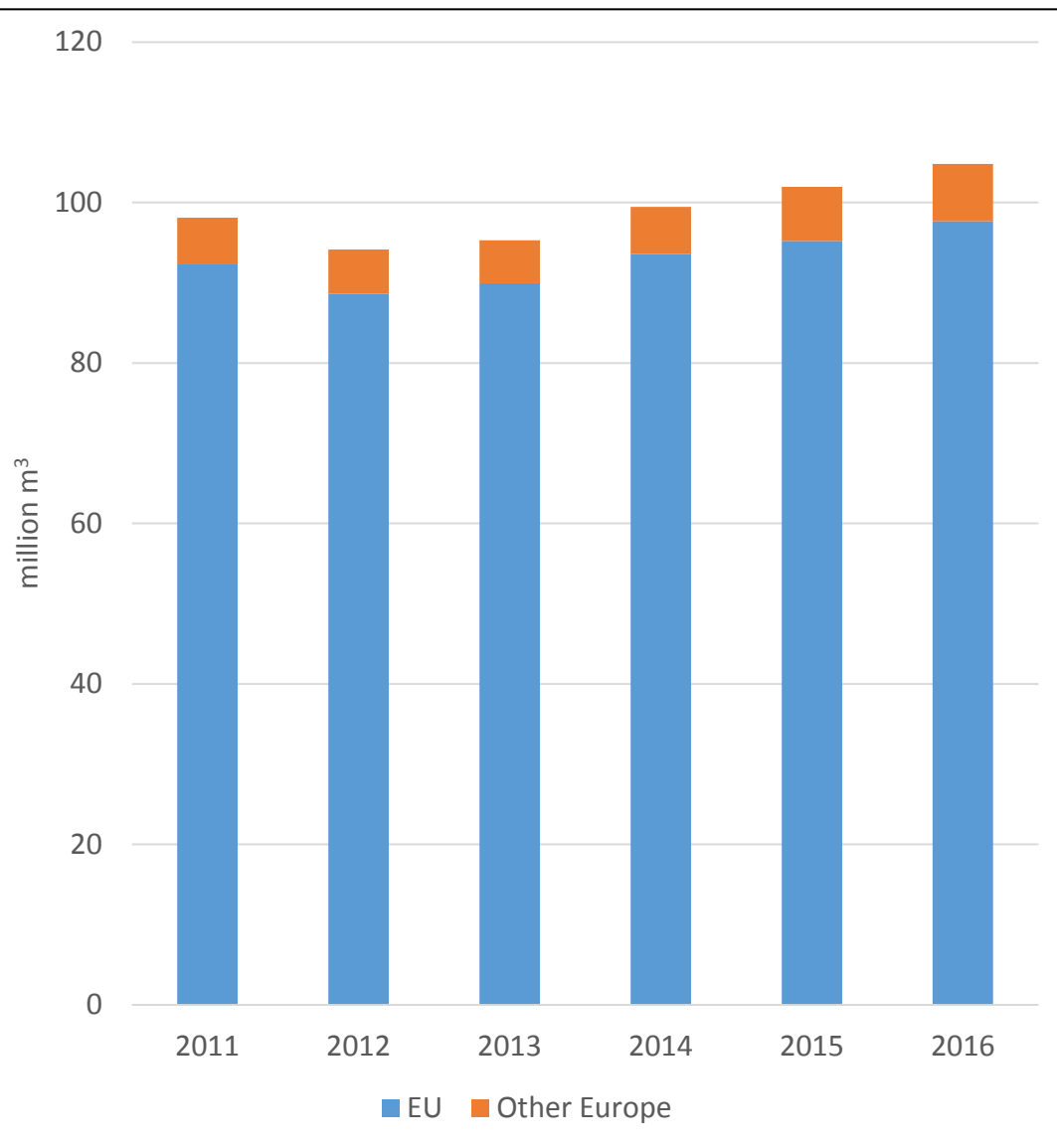
EU window sector stable, but slight decline in 2016.

- Total value of wood windows supplied to the EU28 declined 1.0% in 2016
- Production value in 2016:
 - Increased in

Italy	+5.0%
Poland	+3.8%
France	+2.3%
Sweden	+11.7%
Norway	+5.8%
The Netherlands	+23.2%
 - Declined in

Czech Republic	-22.1%
The UK	-37.1%
 - Remained stable in Denmark and Austria

Europe sawn softwood production 2012-2016

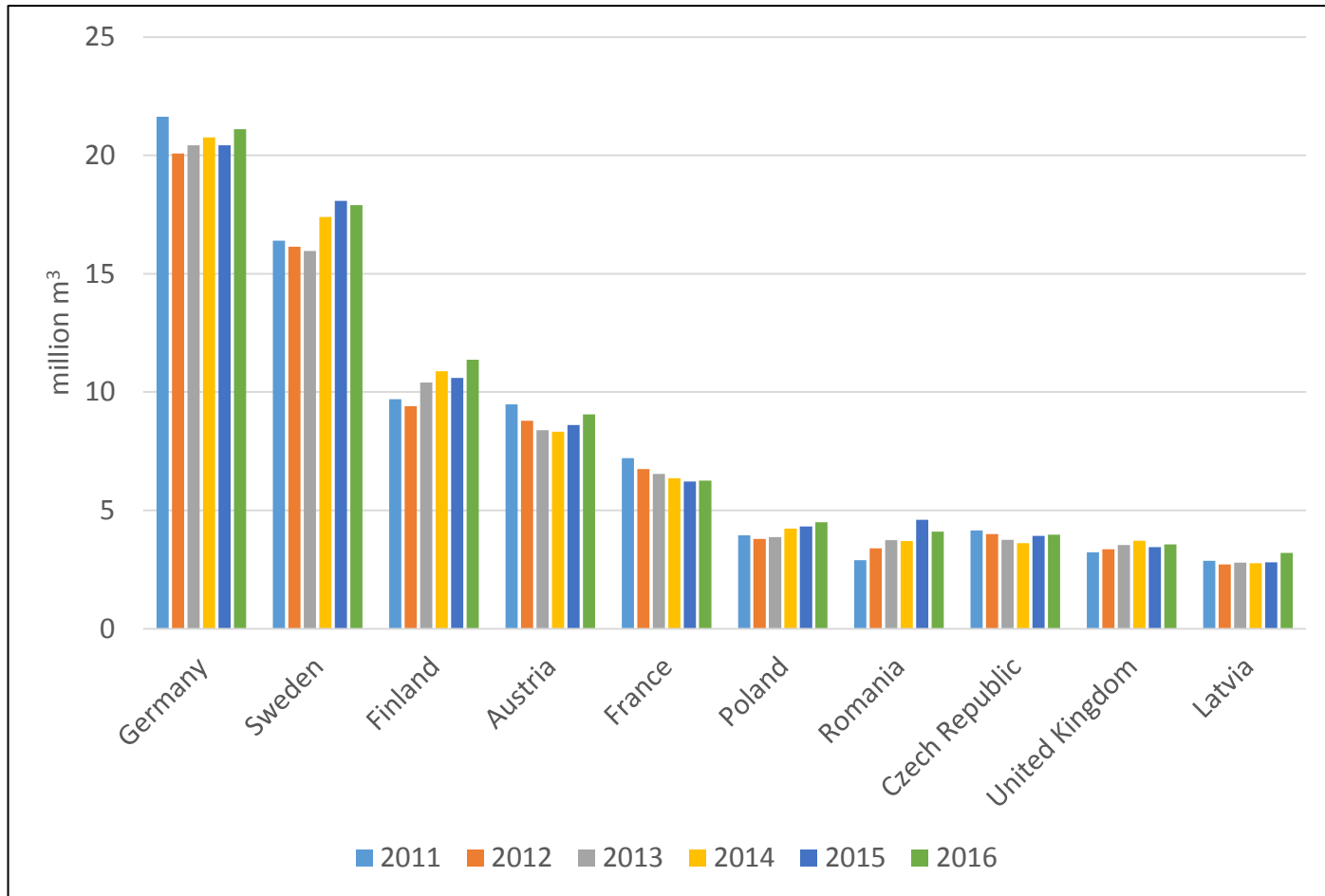


Slight increase in European sawn softwood production

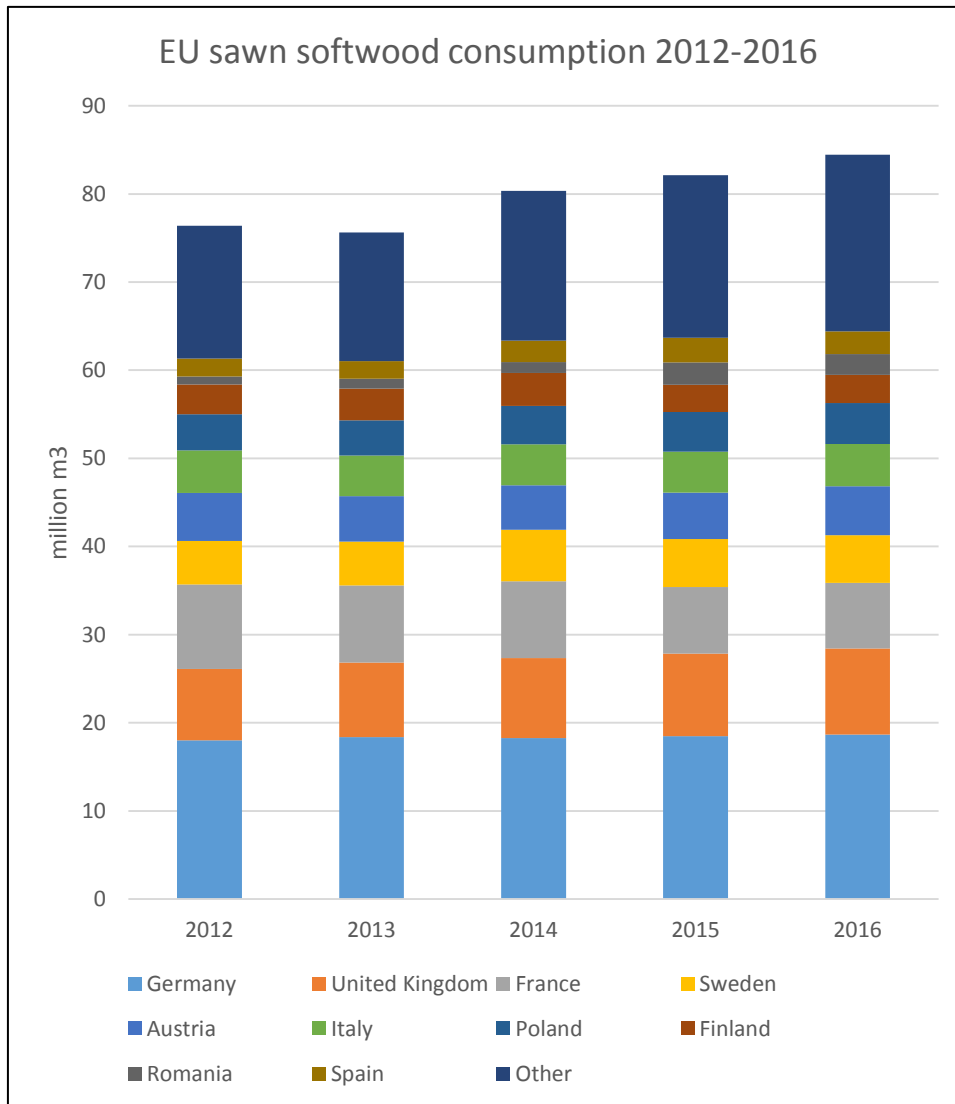
European production increased with 3.9% to 107 million m³ in 2016

EU28 production increased with 2.6% to 98 million m³ in 2016

EU's 10 largest softwood producers 2011-2016



EU sawn softwood consumption 2012-2016

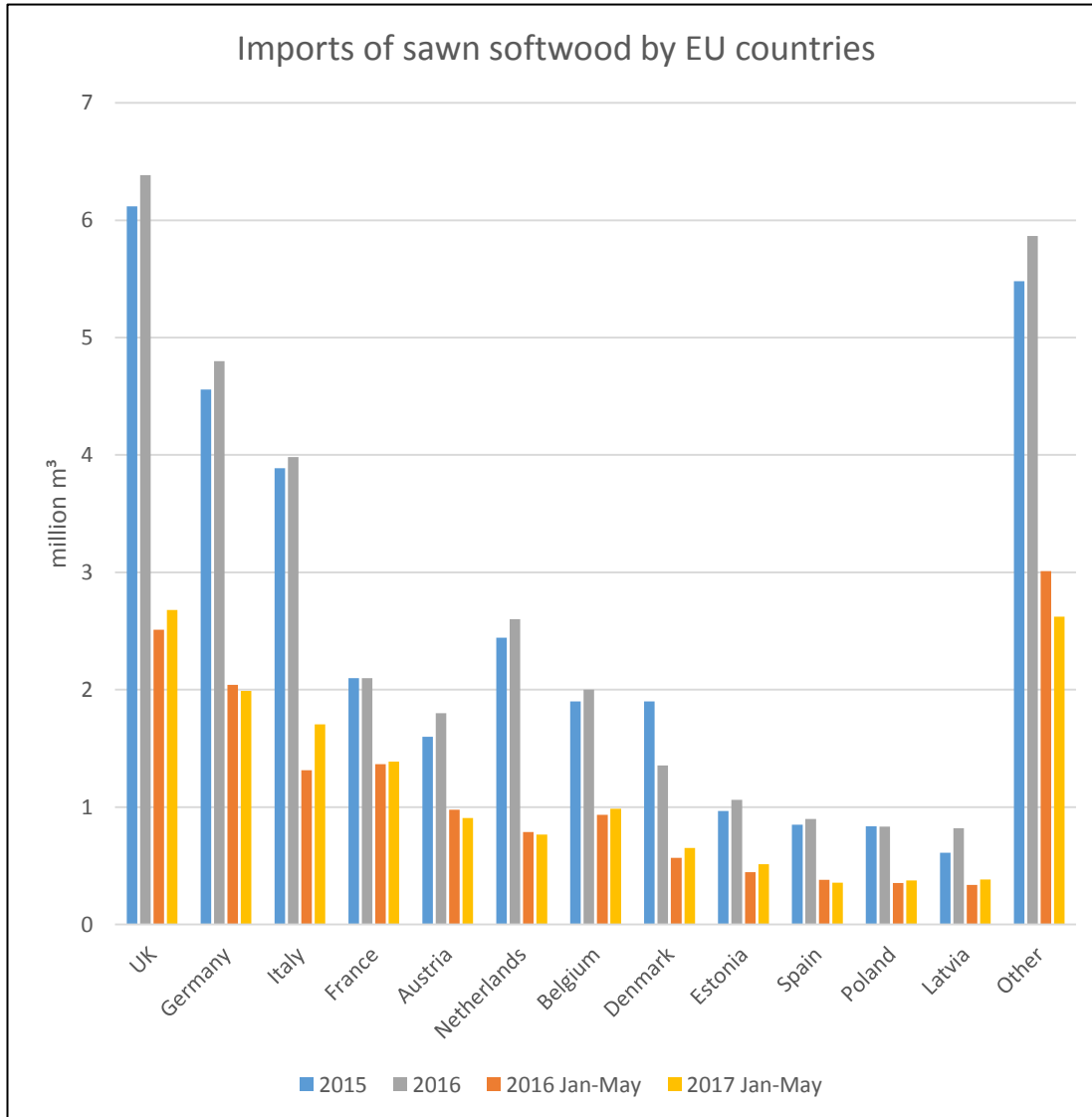


Estimated increase EU sawn softwood consumption 2.8% in 2016

- Consumption rises from 82.1 million m³ in 2015 to 84.4 million m³ in 2016
- Consumption top 10 countries
 - Increased in:

Germany	+1.0%
UK	+4.3%
Austria	+5.7%
Italy	+3.0%
Poland	+3.3%
Finland	+3.2%
 - Decreased in Sweden (0.9%), France (1.6%), Romania (5.9%)

Exports of sawn softwood by EU countries 2015-2016, Jan-Jun 2016-2017



Slight growth in exports by EU countries

3.7% in 2016 to 49.9 million m³

0.3% in Jan-May 2017 to 21.2 million m³

In the first 5 months of 2017:

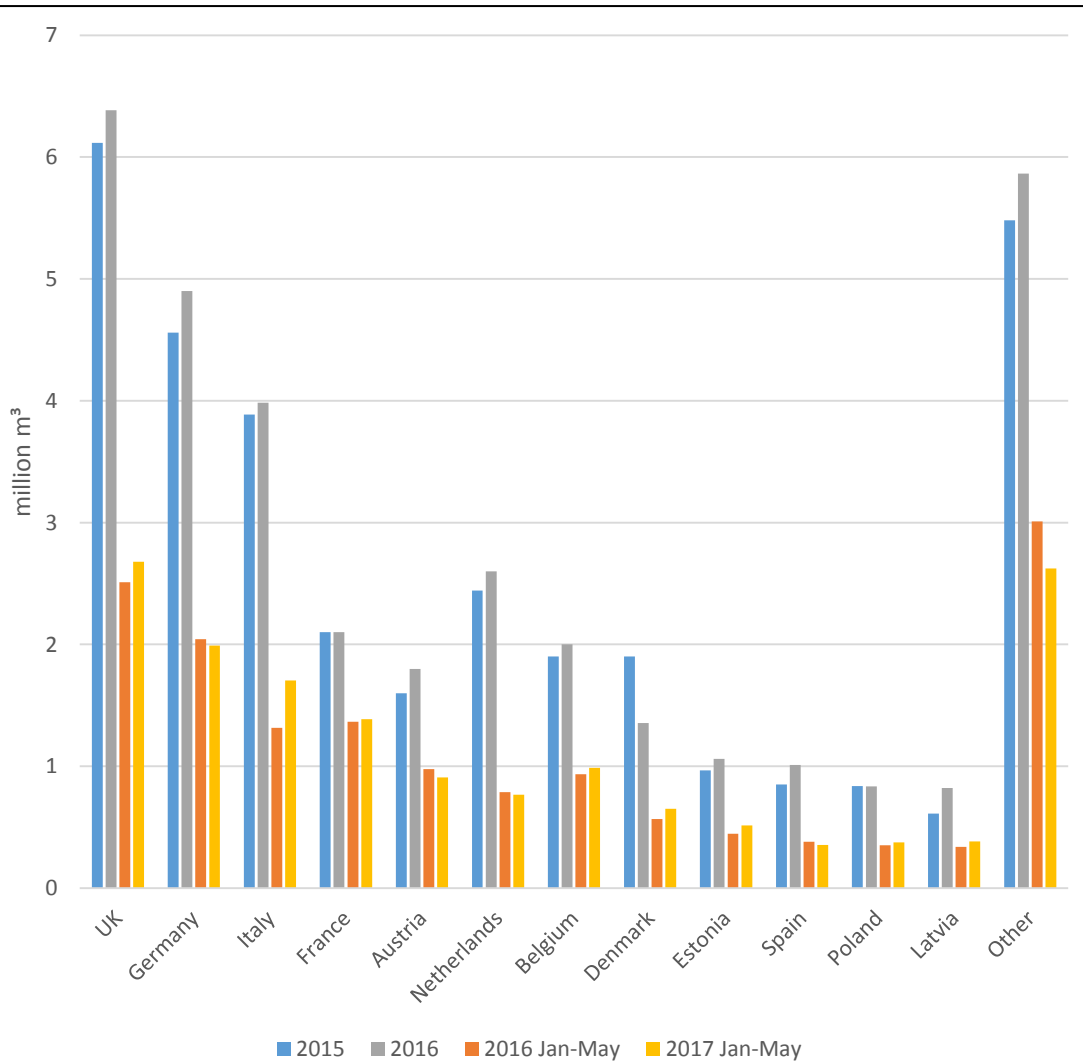
Exports increased from:

- Finland +7.5% to 4.1m m³
- Austria +2.9% to 2.5m m³
- Czech Rep. +1.2% to 0.8m m³

Exports decreased from:

- Sweden -2.6% to 5.5m m³
- Germany -1.4% to 2.9m m³
- Latvia -7.2% to 1.1m m³
- Romania -5.9% to 0.6m m³
- Slovenia -18.3% to 0.5m m³

Imports of sawn softwood by EU countries 2015-2016, Jan-Jun 2016-2017



Growth in imports by EU countries

5.2% in 2016 to 35.9 million m³

2.0% in Jan-May 2017 to 15.3 million m³

In the first 5 months of 2017:

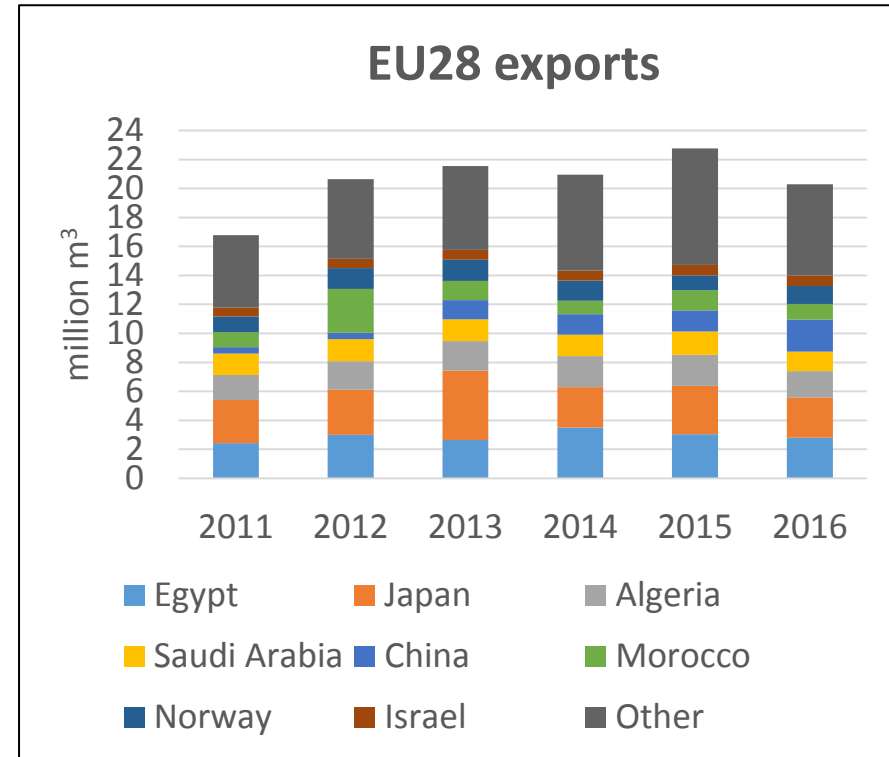
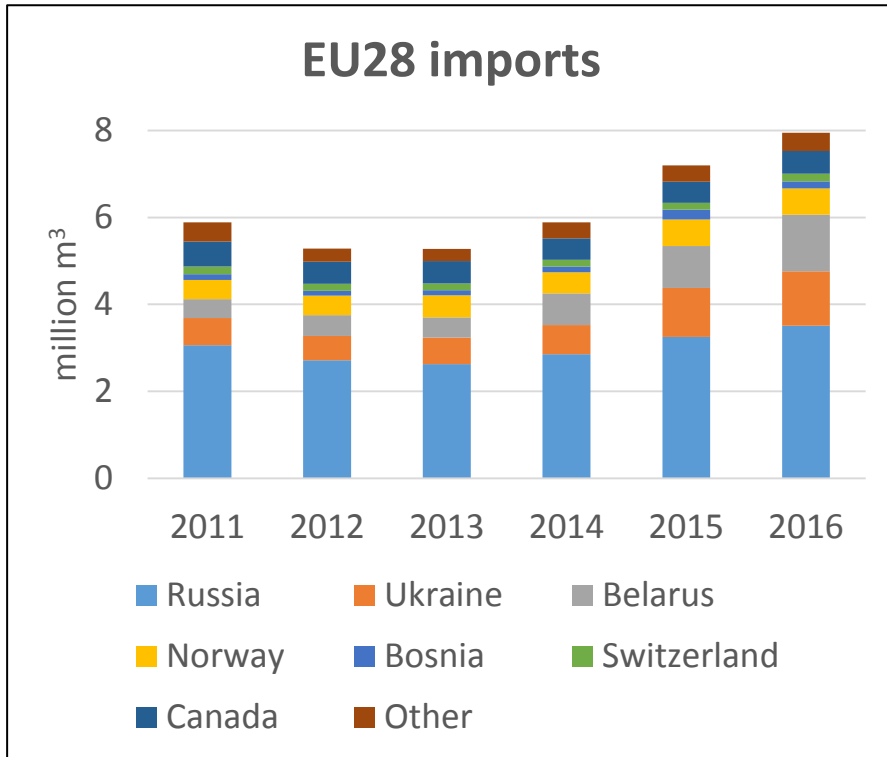
Imports increased in:

- UK +6.7% to 1.4 m m³
- Italy +2.9% to 1.7 m m³
- France +1.5% to 1.0 m m³
- Belgium +5.5% to 1.0 m m³
- Estonia +14.8% to 0.5 m m³
- Poland +6.1% to 0.4 m m³
- Latvia +13.5% to 0.4 m m³

Imports decreased in:

- Germany -2.6% to 2.0 m m³
- Austria -7.0% to 0.9 m m³
- The Netherlands -2.5% to 0.8 m m³
- Spain -6.6% to 0.4 m m³

EU external sawn softwood trade





Overview per country



The Netherlands

- Economy is recovering. 2Q17 growth +3,4%
Forecast 2017: +3,2% and 2018: +2,4%
- Unemployment 2013: 647K vs 2018: 395K
- Housing permits 2013: 26.200, 2017: 55.000, but still under pre-crisis level
- Recovery of softwood-market.
Import resp consumption 2016: + 5% resp + 9%

Greece



- 9th year of recession. Cumulative loss of GDP since 2018 approx -30%
- Unemployment 2008: 8%, 2016: 23,5%
- Interest on loans +10%
- Construction-sector: -87% since 2005
- Markets for softwood expect to stabilize
- Sector expects turning point to slight recovery

Denmark



- GDP expected to grow with 1,7% in 2017/18
- Unemployment rate from >7% to 4,4% in 2017
- Sawn softwood imports 2016: +7,6% , forecast for 2017: +3/5%
- Construction sector continues to perform well
- EUTR-concerns. Active Competent Authority

France



- Construction-market lost abt. 30% in 5 years
- Recovery strengthening for new construction
- Building-market is getting closer to pre-crisis level. 2017 strong recovery. Growth multi-family houses
- Unemployment rate still high. Around 10% in past 3 years
- Consumption of softwood slight growth, but levelling off

Belgium



- Turnover in 2016 developed positively. Performance of the sector in Q1 more than satisfactory
- Share of wood in new dwellings: +9% in 2016 vs only 6% in 2011
- 2016 record year for renovation
- For 2018 permits decreasing mainly due lack of insulation material

Spain



- Despite a slight uncertainty
- The market in Spain is ‘behaving’ quite well
- Construction is increasing in main areas of our most important cities
- The financial system remains very tight and is still being restructured
- By 2017 an increase in activity of 10% is expected, although still from/at a very low level
- Expectation 2018 increase will slow down



Italy

- The general economy is overtaking the plan: GDP forecast for 2017 has been revised upwards
- Construction: a slight increase is expected
- The wood-packaging industry continues positive growth
- 1H17: Stock level low, delivery times extended, increases of price abt 4%
- 1/2Q17 growing import volume for sawnwood (+4%, forecasted 4.050.000 m3 for 2017). Decrease for glulam beams imports. Grow continues for CLT
- Positive outlook for 2018



Switzerland

- GDP 2016: +1,3%, 2017: +1,6%
- Rate of unemployment 2016: 3,5%, 2017: 3,6%
- Turnover 2016 slightly declining due to fall in prices and foreign competitors on border
- Turnover 2017 expected to maintain level of previous year



United Kingdom

- Brexit having slow-down effect on economy
- Currency limits business investment and consumer borrowing for home improvement
- Growth 1.8% in 2016. Latest forecast: 1.5% in 2017, 1.5% in 2018
- Modest new housing growth forecast 2018
- UK Softwood import forecast 2018 ~6.49Mm³
- Equivalent to abt 0.5% growth in 2017

Germany



- Development of turnover in 1H17 good – very good, +1,7%. After an also successful end of 2016. Especially wood for garden and flooring with +6%
- Planed timber grew by +10% in June 2017, wood for garden also grew by 8% in that month
- Expectations are slightly positive. 30% of GDHolz members expect further increase in turnover towards the end of 2017

Summary



- or call it → **Conclusion**, may be → **Warning**
- Stock levels low. Markets ~ in balance.
- Recently and presently, but not ∞
- But: several markets elsewhere growing rapidly
- Market influence by: > Factors, ↗ Sensibility, Complication ↑
- Be cool 👍 → close watch + smart think + quick act



Thank you for your interest