



This is Setra





Market reflections

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Global consumption development



- ✓ European markets provides growth in all countries even though in slow pace and with different prospects
- ✓ Mena underlying consumption need is still valid but remains uncertain due to political turbulence and sluggish oil price
- ✓ US continuous path of recovery now getting interesting for European suppliers
- ✓ China, even though down turn in GDP, remains on a growth path for imported soft wood.
- ✓ Japan is expected to remain strong first half of 2017 with expected housing start as this years level 920-950 000 units
- ✓ Swedish building market is booming and provides good potential for Swedish sawmillers

Overall comments

- ✓ Small increases in European producer side for 2017 except Germany
- ✓ Clear production increase in Canada and US – growth in US construction sector
- ✓ Finland production leveling out on 2016 level, 10,8 Million/m³
- ✓ Sweden expected to produce at same level for 2017 at 18 Million/m³.
- ✓ Overall production increase amounts in range 7,2 Million /m³ for 2017 of which 5,8 is expected in Canada/US

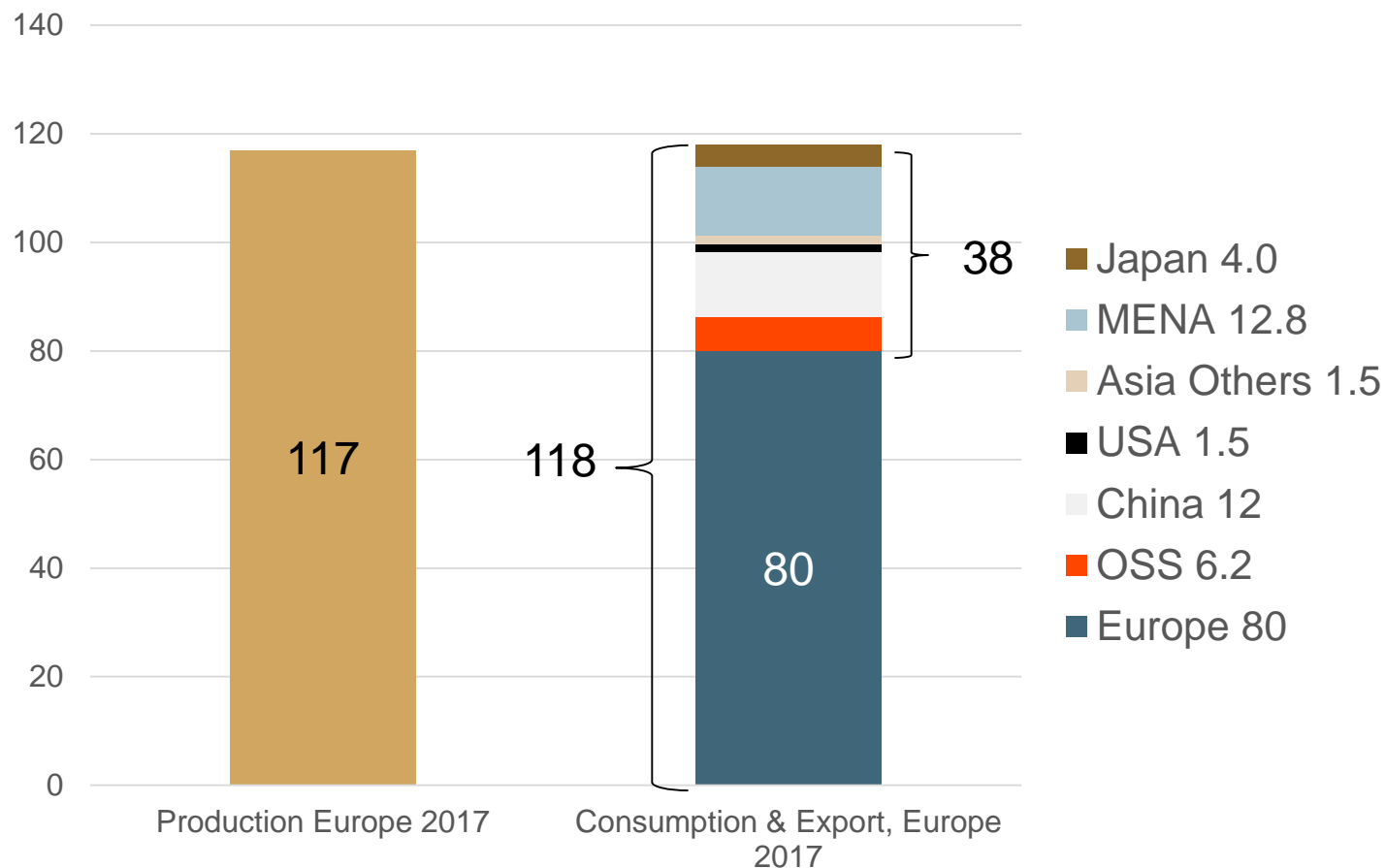
Consumption/production forecast conclusions

- ✓ Production & consumption forecasts for 2017 indicates better balance than 2016
- ✓ Ingoing stocks must be taken into consideration. Expected to be overall lower than 2016
- ✓ MENA still uncertain due to political/financial turbulence. 2017 no signs of any dramatic change
- ✓ US development might finally eat out of European production especially South Swedish/German
- ✓ China more and more impacting WW balance. No real signs of dramatic slow down

Overall slightly more positive view in 2017 due to more restricted production increases and rather healthy consumption development. All in all creates better balance globally for 2017

Consumption/production Europe 2017 forecast conclusions

Change of scenario from production surplus 2016 to
consumption/export exceeding production 2017, ~ 1 million



Future challenges/opportunities for Swedish sawmill industry

- ✓ Trump , Brexit , election France – how will it impact – new political landscape
- ✓ MENA – 50 % of Redwood sales – is it sustainable
- ✓ Swedish building boom – how can we get our share – investments needed
- ✓ Development in China – already changing the game
- ✓ US & Canadian production - will it ever come true ?