News Release

Opticom International Research

Softwood producers are almost unknown to end-users in Europe – are the frequent crises among saw mills self-inflicted?

Stockholm, Sweden, June 12, 2008 - Opticom International Research today announces the results from a new pan-European study evaluating "The Future of Wood Products – Market, Brands and Top Suppliers 2008".

The results are based on a comprehensive interview programme with 1 500 professional wood products buyers and distributors in Western Europe among key customer groups to the saw mill industry: Building & construction, Joinery & formwork, Furniture, Parquet, Packaging & pallets, Distributors & importers and DIY chains.

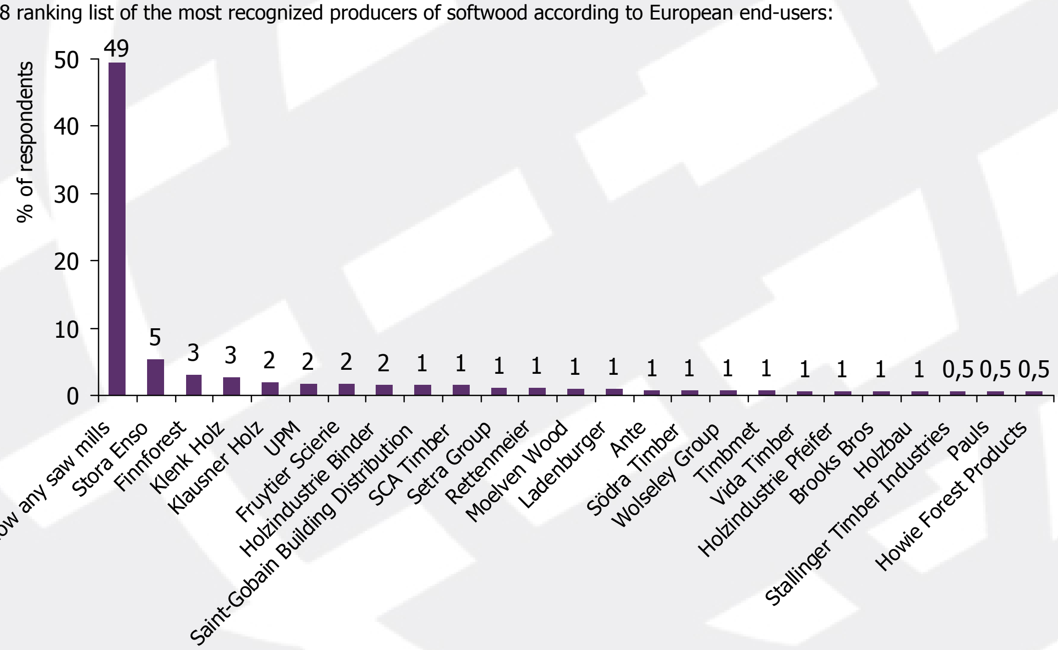
"The saw mill industry, an important industry sector to many Northern European countries and often plagued by cyclical profitability, is according to findings in this Opticom study in a stage where tremendous opportunities can be found in order to improve long term profitability. Today the saw mills are stuck between the interests of middle-men and the end-users. In order to capitalise on the potential market opportunities the saw mill industry must change their business strategies and become more end-use driven" says Mikael Selling, Corporate Advisor & Partner at Opticom.

KEY FINDINGS

Softwood suppliers are almost unknown to end-users in Europe:

> A whopping 49% of end-users cannot mention one single saw mill or producer of softwood.

The 2008 ranking list of the most recognized producers of softwood according to European end-users:



> Stora Enso is the tallest of the dwarfs with only 5% spontaneous awareness in Europe.
> When confronted with a list of saw mills (so called prompted awareness) as many as 75% does not know who Stora Enso is despite their market leadership.
> Corresponding numbers for other leading saw mill producers are even weaker; between 85-94% of end-users does not recognise SCA Timber, Södra Timber, Setra Group, Moelven, Vida or Holmen Timber.

Softwood buyers in Europe are quite optimistic about short term demand for softwood despite the current economical slow down:

> A solid 31 % of companies in Europe expect the demand for softwood to increase in coming months.
> Large regional variations with companies in North Western Europe being more optimistic than companies in Southern Europe

Channel partners might not always be best at making sure end-users' demands are being met:

> Wood buyers do not buy wood products on price alone and value for money is considered to be satisfactory.
> Distributors' demands do not reflect the demands of their customers.
> The importance of environmental issues as a sales argument is lost in the channel.

CONCLUSIONS AND REFLECTIONS

> When end-users seem to be rather positive about the short term demand for wood products, what does the current collapse in wood prices depend on?
> Price sensitivity among end-users appears to be lower than perceived by saw mills and distributors thus demonstrating a need for improved marketing and sales skills.
> Saw mills are missing an opportunity to promote product features and service concepts instead of the current more traditional volume and commodity jargon!
> The wood products industry is a land of virtually unexploited opportunities for companies with a clever marketing and distribution strategy.
> Today saw mills are too dependent on distributors and lack thorough understanding of their key customer groups – this should change!
> **A final reflection – are the frequent occurring crises in the saw mill industry partly self-inflicted?**

About "The Future of Wood Products – Market, Brands and Top Suppliers 2008"

The survey has the overall purpose to regularly identify and track: Corporate and brand awareness, brand performance, buying behaviour, brand loyalty, as well as brand equity of major wood product brands and suppliers among important end-users in Europe.

The survey answers …

- what purchasers of wood products **expect of the market** in the **future**?
- **which demands** purchasers of wood products put on their **suppliers**?
- **what matters** to professional purchasers of softwood products and how they **decide** which wood product brand to buy?
- how leading companies and brands are performing when it comes to **brand awareness** and relative **market position** in comparison to other suppliers and brands?
- the **strengths** and **weaknesses** in the brand equity of leading brands?
- **who** sawmills/distributors are selling their wood product brands to and whether this really is the **segment** and the type of purchasers/users they intend to reach?

If any of the above is a grey area to you, this survey will give you a clear picture of where you stand today.

The Opticom brand and supplier tracking survey "The Future of Wood Products – Market, Brands and Top Suppliers 2008" was conducted from February to mid-March 2008. The total project comprises nearly 1 500 interviews in seven European countries: Germany, the United Kingdom, France, Italy, Spain, The Netherlands and Belgium. In total 1 478 interviews, spread over eight target groups in three main segments, were conducted with the person responsible for the selection and/or purchasing of wood products.

Subscription fee

	1. Full survey ☐	2. Executive summary & analysis ☐	3. Building ☐	4. Processing ☐	5. Selling ☐
2008 Fees (euro)	27 000	10 000	8 000	8 000	6 000

The full survey includes all target groups (Building & Construction, Joinery & formwork, Furniture, Parquet, Packaging & pallets, Distributors/importers and DIY chains) in all seven markets with the following deliverables:

1 verbal presentation of the findings and 1 CD-ROM with the following:

- A number of reports in PowerPoint-format on different levels that present 2008 year's results,
    - **1 total report per target group** (1 powerpoint presentation for each of the target groups Building, Processing and Selling consisting of 50-70 slides each) where the result from each question is shown as a total and when applicable also per main company/brand evaluated.
- **An executive summary and analysis document** with conclusions per target group (PDF-format of about 60 pages)
- **Statistics files** in Excel-format according to the structure of the reports
- **Customised presentation document** of the results (shown at verbal presentation); including results of the subscriber's individual brands and its performance as a supplier (when applicable)

For more information, or ordering of the study, please contact Mikael Selling at:

Opticom International Research
Grev Turegatan 30, SE-114 38 Stockholm, SWEDEN
Direct phone: +46 (0)8 50 30 90 13
Mobile phone: +46 (0)708 39 90 13
Fax +46 (0)8 50 30 90 01
E-mail: mikael@opticom.se

Opticom International Research is a leading global market research and consulting firm *with the mission to help our customers make better business decisions*. Since 1987, we have been dedicated to serving clients within the pulp, paper & board industry with customised research services focusing on commercial and marketing related issues. In combining our large global in-house research capabilities, state-of-the-art information technology and our forest industry competence we have proved to be a unique partner for a number of leading forest products companies all over the world that value not only speed and quality but also cost effectiveness in surveys and analyses.

Opticom offers experience and in-depth knowledge across a wide range of commercial and market related issues relevant to our customers: *branding, customer and market segmentation, customer satisfaction, concept testing, campaign evaluation, pricing and positioning, channel/distribution strategy.*