



Press release from Bergs Timber AB (publ)

Mörlunda, 27 February 2019.

Bergs Timber consolidates the sawmill production and increase efforts in further processing

Bergs Timber made a review of all production facilities during the autumn and as a result, the Board has today decided on the following changes.

In the Swedish operations, the sawmilling will be ceased at the plant in Broakulla. Broakulla has an annual production of about 50,000 m³ of sawn goods and the Group's facilities in Gransjö and Mörlunda will, after the closure, increase production with the corresponding volume. The sawmilling in Broakulla will provisionally cease before the summer and the plant will then be developed into further processing and logistics. For this purpose 3 MSEK will be invested in the autumn. The unit will be a part of Bitus, the Group's Swedish part of our new business area Further Processing, focusing on processing and wood protection. Broakulla currently has about 20 employees and all will be offered employment at the new processing operations or at any of Bergs Timbers facilities in Gransjö, Orrefors or Nybro. MBL negotiations begin immediately.

In the company Laesti, the Group's Estonian sawmill company with two facilities in Pärnu and a total production of 110,000 m³ of sawn goods, all sawmilling and planing at the Savi plant will cease, leaving Savi site as drying center of Sauga production. At the Sauga plant, at the same time about SEK 10 million will be invested in new, capacity-increasing log intake and the production will increase to 95 000 m³ annual output production. After the closure of Savi, our Estonian sawmilling capacity will reduce by 15 000 m³. Savi has today about 70 employees out of about 20 will be offered to move to Sauga site and the total reduction will be about 50 employees. The change is implemented during the autumn and winter.

The two changes are expected to give an annual efficiency improvement of SEK 20 - 25 million, while the reinvestment requirement decreases and working capital is released.

"After the implementation our profitability in the sawmill business is improved while we are increasing the processing operations. Unfortunately, many employees are affected in Estonia and we will do our best to handle the situation in the best possible way", says Peter Nilsson, CEO Bergs Timber

Further information about this press release can be provided by Peter Nilsson CEO Bergs Timber AB (+46 77 315 09 27) peter.nilsson@bergstimber.se

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