



Press release from Bergs Timber AB (publ)

Mörlunda, 4 October 2019

## **Bergs Timber reduces production and moves their head office to Vimmerby**

The spruce beetle infestation in Central Europe has continued during the summer and the situation is serious in several parts of the Czech Republic, Austria and Germany. The damaged forests in Sweden have also increased and a large part of the harvesting in Småland, Östergötland and Sörmland is concentrated on damaged forests. All parties in the Swedish forestry sector are working together to reduce the long-term effects and the hope is that the situation will improve in 2020.

The large supply of raw material has resulted in increased production and oversupply of products of mainly lower grades. Although the consumption of timber products is at record level, we still see price pressure in the market, especially for spruce products. There are signs that the prices for pine and better spruce quality are stabilizing. However, the market remains difficult to assess.

During the autumn and winter, Bergs Timber will reduce the production at the Swedish sawmills by about 35,000 cubic meters, which corresponds to about 6 percent of our Swedish annual production and 4 percent of the annual production for the Group. Parallel to this, the Orrefors sawmill, which in recent years has produced only pine, will during the winter concentrate a large part of the production on spruce beetle damaged raw material.

Negotiations with the unions will start immediately how the reduction in production should be implemented. Our Baltic sawmills are in a better position and will not reduce the production.

- We have decided to reduce the production to normalize our inventory of finished goods and to improve our market mix. Together with our trade union representatives, we will discuss how to reduce the production, says Peter Nilsson.

The head office for Bergs Timber will be relocated from Mörlunda to Vimmerby. In January 2020, the head office will be relocated to central Vimmerby, where the Group management and the finance department for the Group and the Swedish business will be located. This also means that the Group's Stockholm office will be closed.

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Further information on this press release can be provided by Peter Nilsson, President and CEO of Bergs Timber AB (+46 703 15 09 27 or +46 10 19 98 504).

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