

Timber products

Timber Products is a core business area for Stora Enso. The strategy is to offer competitive solutions to selected end-use segments world-wide and to spearhead the Group's expansions into new geographic areas, especially in Eastern Europe. Full integration of wood procurement, sawmilling and the fibre supply will further strengthen Stora Enso's position.

Competitive value-adding concepts

The target is improved value for customers through increased on-line further-processing. New investments in planing mills and processing facilities are now operative and are enhancing efficiency and productivity. New delivery and service concepts are being designed to support customers. Likewise, management, individual and team competencies are constantly being developed to conform to the needs of service, product and market strategies.

In 2001 Stora Enso acquired the outstanding 26.5% minority holding of Stora Enso Timber Oy Ltd from the Austrian company SPB Beteiligungsverwaltung GmbH. The acquisition will promote full integration and provide further opportunities for realising the overall development potential of Stora Enso Timber.

The investment programme aimed at improved efficiency and competitiveness in Sweden was successfully completed at the Gruvön and Kopparfors sawmills and is continuing at the Ala Sawmill. Programmes to increase efficiency and productivity have also been introduced in Central European production units and comparable programmes will be implemented in Finland.



Challenging Outlook

The wood products industry is highly fragmented and offers good opportunities for consolidation and growth. Expansion prospects are supported by expectations of an increase in the demand for wood products over the longer term and by the rapid development of value-added wood products in system building solutions.

The market outlook for 2002 is hampered by the weak world economy, which has had an adverse impact on house-building activity. Demand will not support full capacity utilisation in Europe or North America, and prices will remain weak during the first half of 2002. Any significant firming of the market is conditional on improved prospects for the global economy.

A call for Pan-European building standards

Building standards are one of the most interesting topics of discussion in the European wood products industry. Currently a wide range of timber-building systems based on national and regional building codes and product standards can be found in different parts of Europe. Combined with deeply rooted traditions, this situation is preventing the industry from moving towards the mass production and distribution of wooden building products which would benefit both consumers and the industry itself. Uniform European timber-building principles and standards would not only permit this development but also enable us to maintain versatile original design traditions, the training of new wood-building experts and the general promotion of cost-efficient timber building. Stora Enso is an active supporter of initiatives that would unite the industry in concerted action in this respect.

Key figures*	1999	2000	2001	% of the Group
Sales, EUR million	1 140.0	1 242.1	1 180.5	8.2
Operating profit, EUR million	43.5	73.3	12.6	0.8
% of sales	3.8	5.9	1.1	
Operating capital, EUR million	377.2	388.2	421.3	3.0
Return on operating capital, %	12.2	18.6	3.1	
Capital expenditure, EUR million	51.3	46.5	64.4	7.5
Average number of employees	3 605	3 593	3 644	8.2

*excluding goodwill

1 000 m ³	Deliveries 1999	Deliveries 2000	Deliveries 2001	Capacity 2002
Nordic Whitewood	1 451	1 479	1 449	2 080
Nordic Redwood	1 386	1 443	1 466	1 540
Central European Timber	1 800	1 958	1 945	2 205
Total	4 637	4 880	4 860	5 825

 www.storaenso.com/2001