



KOSKISEN

Quality has a name.

**Koskisen's profitability
weakened year-on-year
– outlook for 2023
unchanged**

CEO Jukka Pahta

17 November 2023

Highlights



The ramp-up of the new sawmill is continuing, and the production runs with gradually increased capacity that were scheduled for Q3 were carried out as planned



Best-ever results in the 2023 occupational well-being survey – the eNPS index was 19 (industry average: 5)



The purchase prices of softwood logs have turned to a slight decrease, while the price of birch raw material has remained at the previous high level



The new KoskiReppu online service for forest owners provides versatile tools for the management of forest assets

Financial and operational development



Strong financial position



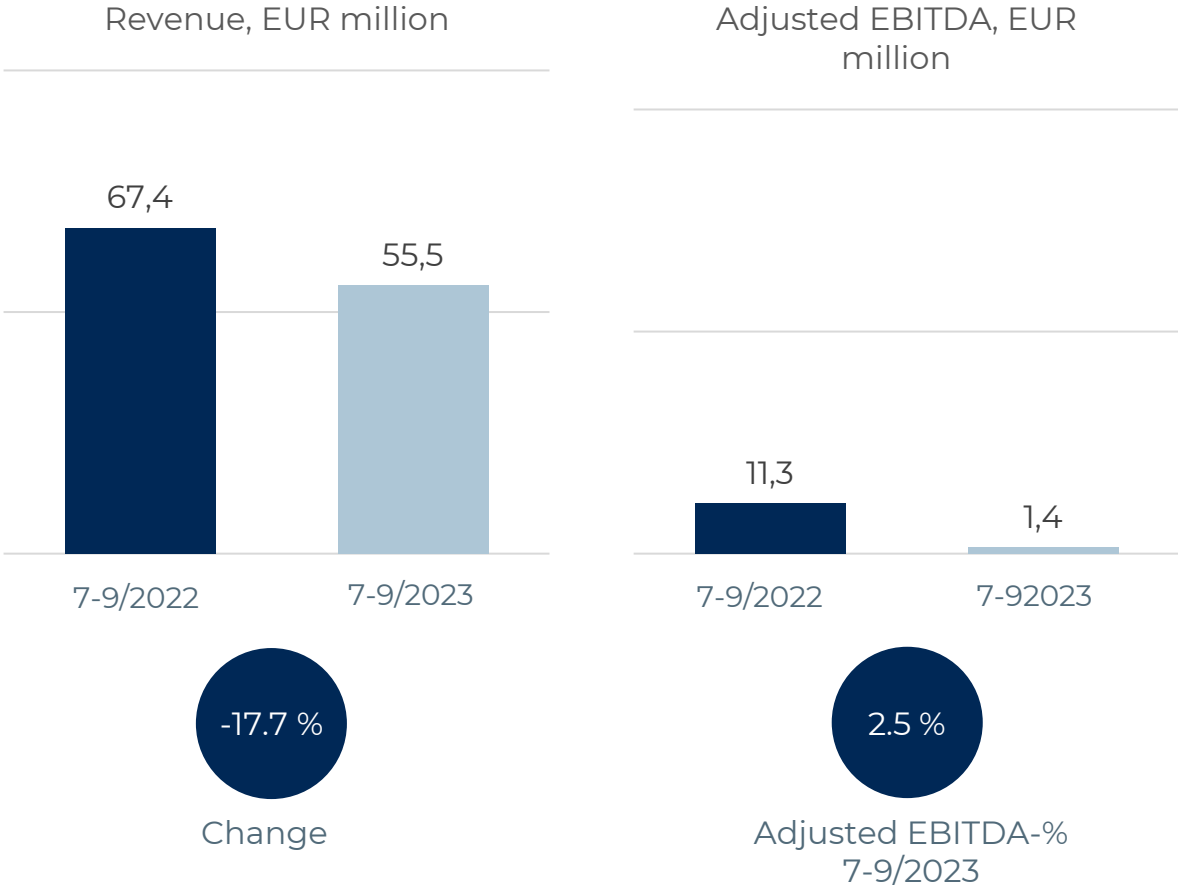
KOSKISEN

EUR million Unless otherwise stated	July-September			January-September		
	7-9 2023	7-9 2022	Change %	1-9 2023	1-9 2022	Change %
Revenue	55.5	67.4	-17.7	202.6	240.2	-15.7
EBITDA	1.3	10.3	-87.0	27.8	56.4	-50.8
Adjusted EBITDA	1.4	11.3	-87.8	27.7	55.5	-50.2
Operating profit (EBIT)	-1.0	8.3	-111.6	21.4	50.3	-57.5
Profit for the period	-1.0	7.1	-113.5	17.6	41.0	-56.9
Basic earnings per share, EUR	-0.04	0.40		0.77	2.34	
Gross investments	4.3	9.1		19.0	21.2	
Equity per share, EUR				6.3	5.6	
Return on capital employed (ROCE), %				16.4	N/A	
Working capital, end of period				39.6	37.6	
Net cash flow from operating activities				8.0	30.5	
Equity ratio, %				55.2	45.7	
Gearing, %				-5.9	13.4	

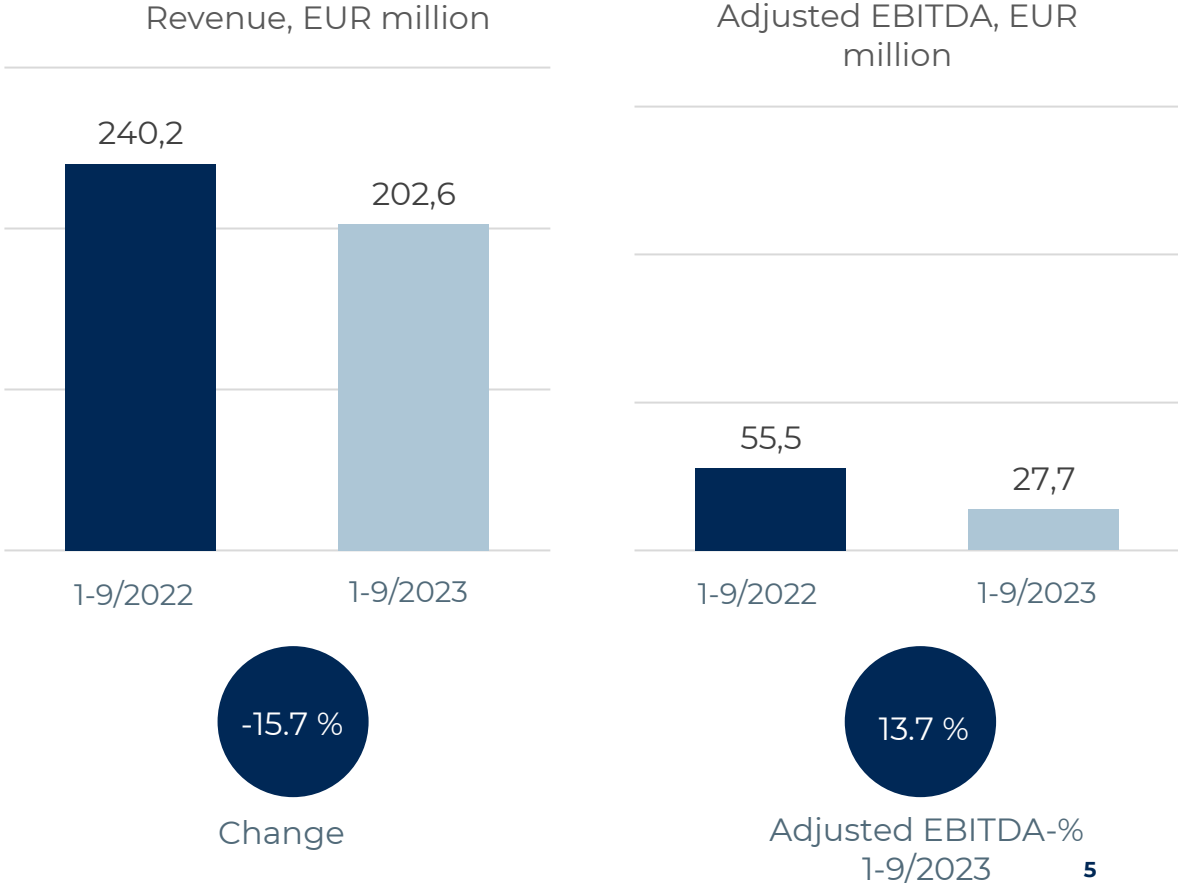
Financial and operational development



July-September



January-September



Profit guidance for 2023 unchanged



- Koskisen's revenue for 2023 is not expected to exceed the level of 2022. The adjusted EBITDA margin is expected to be 12–14 per cent.
- The profitability of the Sawn Timber Industry segment is expected to decrease compared to the level of 2022. The profitability of the Panel Industry segment is expected to remain unchanged or improve compared to the level of 2022.

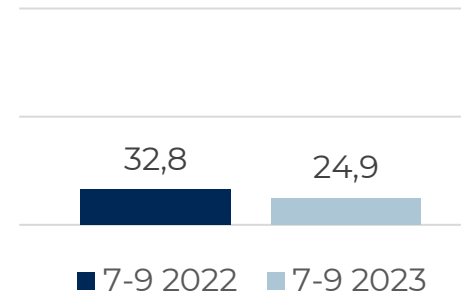
We keep the guidance issued in November 2022 unchanged, which can be considered a good level of performance in the present operating environment.

The low prices of sawn timber and high raw material prices challenge profitability

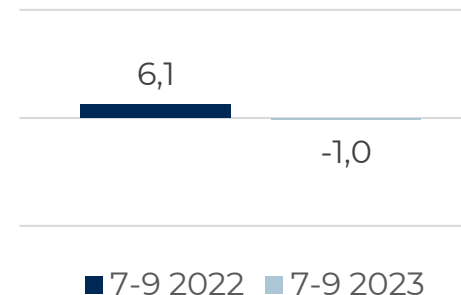
- The decrease in revenue was mainly due to
 - the falling prices of sawn timber
 - the lower level of construction activity
 - the somewhat lower volumes when compared to the reference period
- The decrease in EBITDA was mainly due to
 - lower selling prices
 - the imbalance between the prices of sawn timber and wood raw material

Raw material costs relative to the business cycle are at a historically unfavourable level

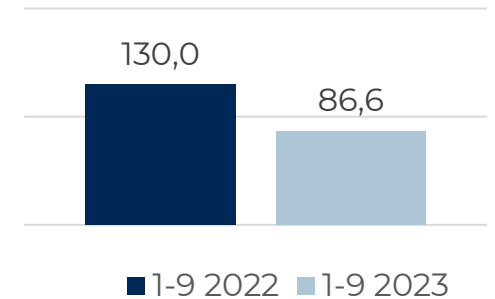
Revenue, EUR million



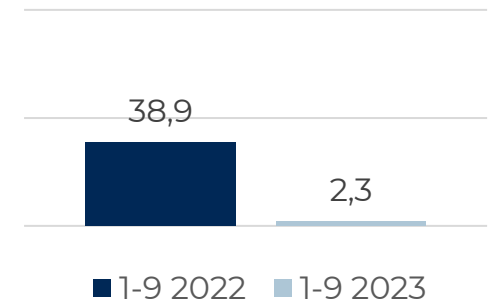
EBITDA, EUR million



Revenue, EUR million



EBITDA, EUR million



1-9
2023
2.7%

The ramp-up of the new sawmill continues

- Production runs with gradually increased capacity were carried out as planned in Q3
- Cumulative production volumes were slightly behind target
- The shortfall has been compensated for by production at the old sawmill
 - Positive effect on revenue and cash flow
 - Decreased efficiency in production poses a challenge to profitability
 - Production at the old sawmill is projected to be discontinued by the end of the year
- The new unit is expected to be operating at full capacity by early 2024
 - The Sawn Timber Industry segment's EBITDA will improve by approximately EUR 8 million annually when full production capacity is reached



The new sawmill will enable the efficient recovery of timber

- Different log lengths extensively used; log recovery will be further enhanced by the deployment of the new sawmill
 - Heavy special birch logs, as well as small-diameter birch and softwood logs, are recovered from stands
- Supports the maximisation and profitability of raw material sourcing
 - Increasing the volume of logs also benefits forest owners
- Koskisen mainly purchases wood directly from private forest owners; the main sourcing area covers southern and central Finland
 - Wood is sourced 100% from Finland

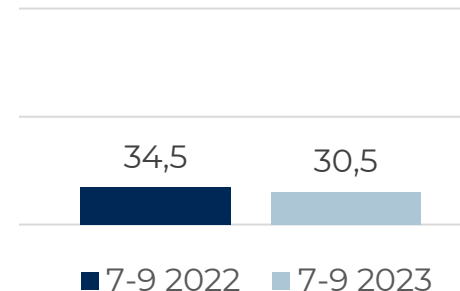


Lower delivery volumes reduced revenue and profitability

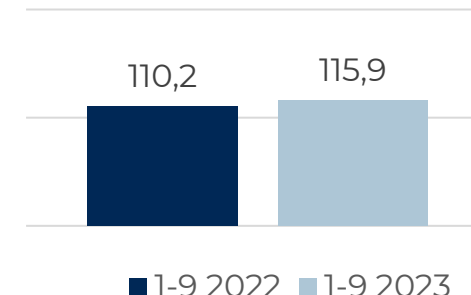
- The decrease in revenue was mainly due to
 - a year-on-year decrease in delivery volumes
- Sales prices have remained good, which mitigates the effect of the lower delivery volumes
- The decrease in EBITDA was mainly due to
 - lower delivery volumes
 - high raw material prices

The demand for birch plywood products has levelled off due to increased general uncertainty and weaker economic activity.

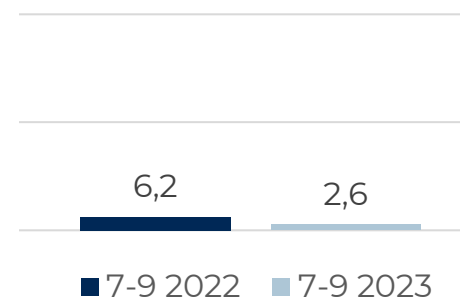
Revenue, EUR million



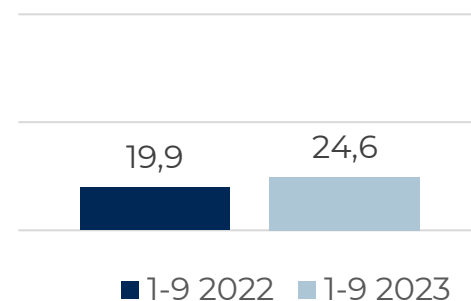
Revenue, EUR million



EBITDA, EUR million



EBITDA, EUR million



The commercial production of Zero, a completely wood-based furniture board, has begun



- The world's first completely wood-based furniture board has been well received in the market
- At the Puu 2023 trade fair in September, Zero won the new product competition as the best product promoting environmental and resource efficiency in the wood products sector
- will continue its active sales efforts related to the product
- We will continue our active sales efforts related to the Zero product
 - The growth in the volumes will be slow due to the general economic uncertainty
 - There is demand for bio-based solutions in the market

Raw material procurement

The outlook for wood raw material is stable for the rest of the year

- The procurement volumes of wood raw material were lower than in Q2
 - Lower supply
- Raw material purchasing prices in Q3 were primarily on a downward trend
- The outlook for wood raw material is stable for the rest of the year, and wood reserves are at the target level
- The availability of birch logs for production has been in line with plans
- The demand for pulpwood and forest converted chips has remained strong
- No changes in wood harvesting and transport costs



The new KoskiReppu online service provides tools for the management of forest assets



- Launched in October, the online service provides versatile tools for the management of forest assets
- It includes data on timber, forest reserves, real estate, forest management and harvesting operations
- The wood trade service enables electronic requests for bids and timber sales directly online
- Expert support from local forestry professionals who can provide assistance in a wide range of issues related to forestry and financial management

**Employee well-being
is the foundation for
business success and
competitiveness**

Best-ever results in the 2023 occupational well-being survey

- Koskisen conducts an annual occupational well-being survey to assess the employees' views on various topics that affect occupational well-being
- The overall score in Koskisen's occupational well-being survey conducted in October was 3.93, an all-time high
 - The score is well above the average for Finnish industry (3.67*)
- Koskisen's eNPS, which is the internationally benchmarked Employee Net Promoter Score, was 19. The industry average is 5*.



Employee well-being
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business success and
competitiveness

* Industry-specific benchmark data provided by Elo Mutual Pension Insurance Company

**The growth strategy
is progressing as
planned**

Koskisen's strong growth strategy is being executed as planned



New sawmill in Järvelä



Growth in production capacity and efficiency from 2024 onwards

Efficiency improvements



New sawmill phase 2
Other smaller investments

Systematic product development



Zero SENSi
Other sustainable solutions

Organic and inorganic growth



Potential selective acquisitions
Procurement volumes and market consolidation

The ramp-up of the new sawmill is continuing with production runs with gradually increasing capacity

Construction of the channel dryer is under way

Construction of the new log yard is under way
The veneer peeling line is being ramped up; deployment in December
A new thin plywood press has been deployed

The commercial production of Zero panels has begun

Growth in volumes through investments and new products

Thank you.