



PRESS RELEASE

Gällö Timber invests in sawing facility in Gällö and further processing in Stugun

Gällö Timber is streamlining its operation in Jämtland and aims to develop Gällö Sawmill into the region's largest and most efficient sawmill. Annual production will increase from 160,000 cubic metres to 300,000 cubic metres. Sawmill production in Stugun will be discontinued and the facility will instead continue its focus on planing, wood-finishing and other further processing operations. Between 25 and 30 employees will be affected by the restructuring measures.

"We will invest SEK 20m in a new green sorting line at Gällö sawmill," says Gällö Timber's President Tommy Högberg. "The investment in a sawing facility in Gällö and further processing in Stugun will create a highly competitive timber industry in Jämtland."

Gällö Timber is jointly owned by SCA and Persson Invest and comprises the Gällö, Jämtlamell (in Stugun) and Tjärnvik (in northern Hälsingland) sawmills. In recent years, SCA Timber has invested SEK 25m in planing, wood-finishing and other further processing facilities at Stugun, mainly for the building material merchants. The investment in further processing has created an additional 15 jobs at Stugun.

Sawing activities at Stugun will be discontinued in the spring and the sawmill at Gällö will commence operation in three shifts after the summer. About 60,000 cubic metres of sawn wood will be transported annually from Gällö to Stugun for drying, trimming and further processing.

"Sawmill production will decline during the spring and summer while we are carrying out our investments in Gällö and implementing the other changes," says Tommy Högberg. "Toward the latter part of the year, we hope that production of sawn goods at Gällö will equal the combined current output of Stugun and Gällö."

The discontinuation of sawing operations at Stugun will affect 25-30 employees. Meanwhile, approximately ten additional staff will be needed at Gällö and the further processing facilities in Stugun will require six more staff.

“Tunadal Sawmill will increase its production at about the same time,” says Tommy Högberg. “We hope to be able to offer solutions to the majority of the employees affected by the changes.”

Gällö Timber commenced operation on 1 June 2010.

“The management of the new company has used the first six months to prepare a development strategy,” says Bob Persson, a Board member of Gällö Timber. “These changes allow us to leverage and develop the potential in Gällö and Stugun. We will create Jämtland’s strongest timber processing industry, thus efficiently utilising and adding value to the forest raw material grown in the region.”

Gällö Timber has 160 employees and sawmills in Gällö, Tjärnvik and Stugun, and some ten contract personnel. The combined production of the three sawmills is currently 380,000 cubic metres of solid-wood products.

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GÄLLÖ TIMBER AB

For further information, please contact:

Tommy Högberg, President Gällö Timber, tel. +46 (0)70-624 87 44

Bob Persson, President Persson Invest, tel. +46 (0)70-699 94 91

Jonas Mårtensson, President SCA Timber, tel. +46 (0)70-268 80 90