



CORPORATE FINANCE
We invest in relationships



DEC
20
24

FOREST PRODUCTS INSIGHTS

INDUSTRY UPDATE

Frankfurt | Hamburg | Helsinki | London | Munich | Stockholm

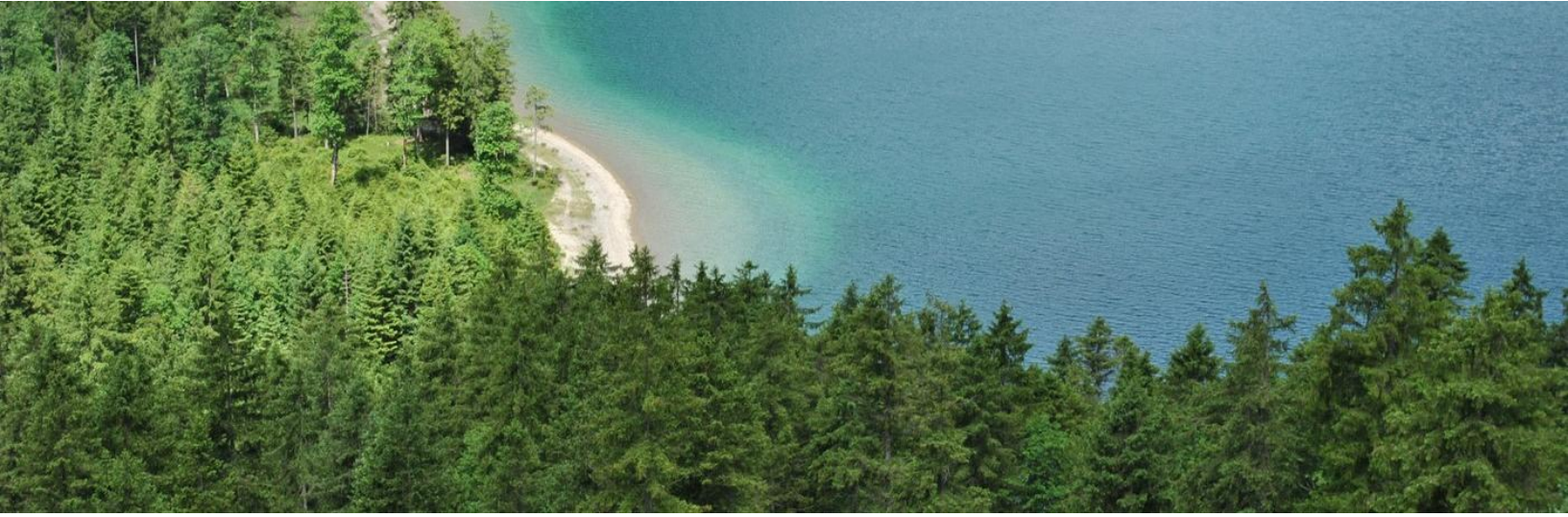
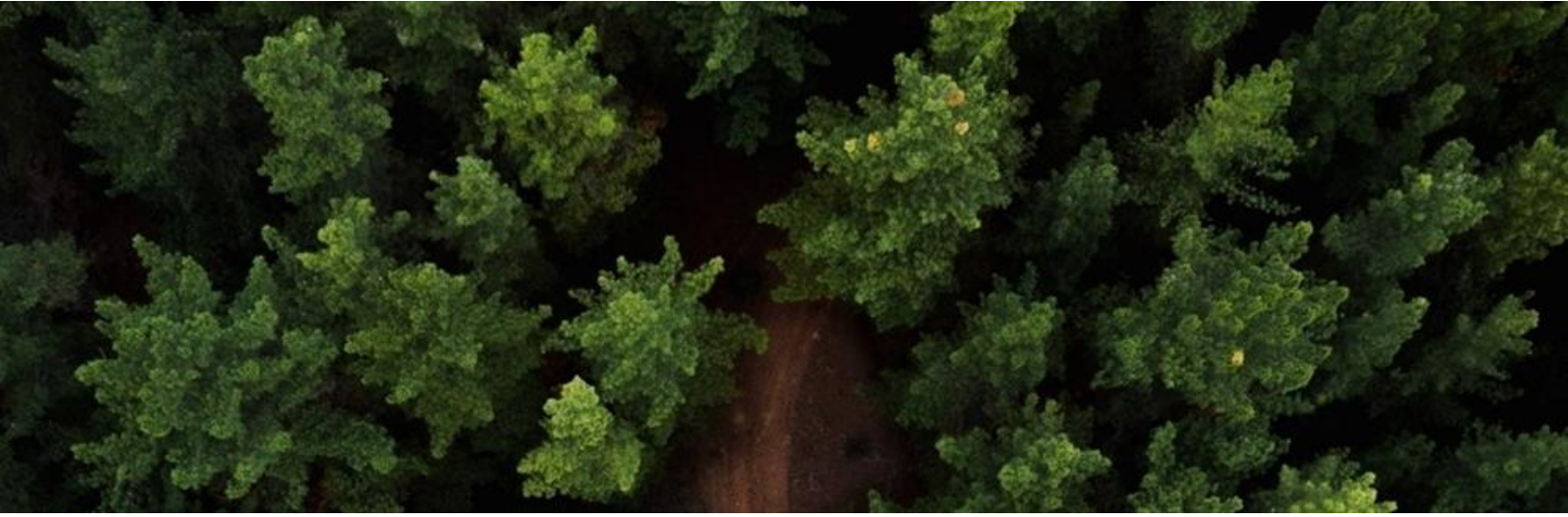


TABLE OF CONTENTS

- 01.** INTRODUCTION
- 02.** PUBLIC VALUATION ENVIRONMENT
- 03.** M&A ACTIVITY
- 04.** FOREST PRODUCTS MARKET OVERVIEW
- 05.** ABOUT MCF CORPORATE FINANCE
- 06.** OUR FOREST PRODUCTS EXPERTISE
- 07.** CASE STUDIES
- 08.** CONTACT INFORMATION



INTRODUCTION

The forest products industry serves as a cornerstone for sectors ranging from construction to renewable energy. Core products like timber and pulp remain vital, while by-products are essential for paper-based packaging solutions and innovations in bio-based materials and energy. A growing global sustainability awareness is driving substantial investments and consolidation, which is transforming the sector. As a result, demand for forest products and access to raw materials will continue to fuel significant M&A activity going forward, further increasing the market’s appeal to domestic and international buyers.

OVERVIEW OF THE FOREST PRODUCTS VALUE CHAIN



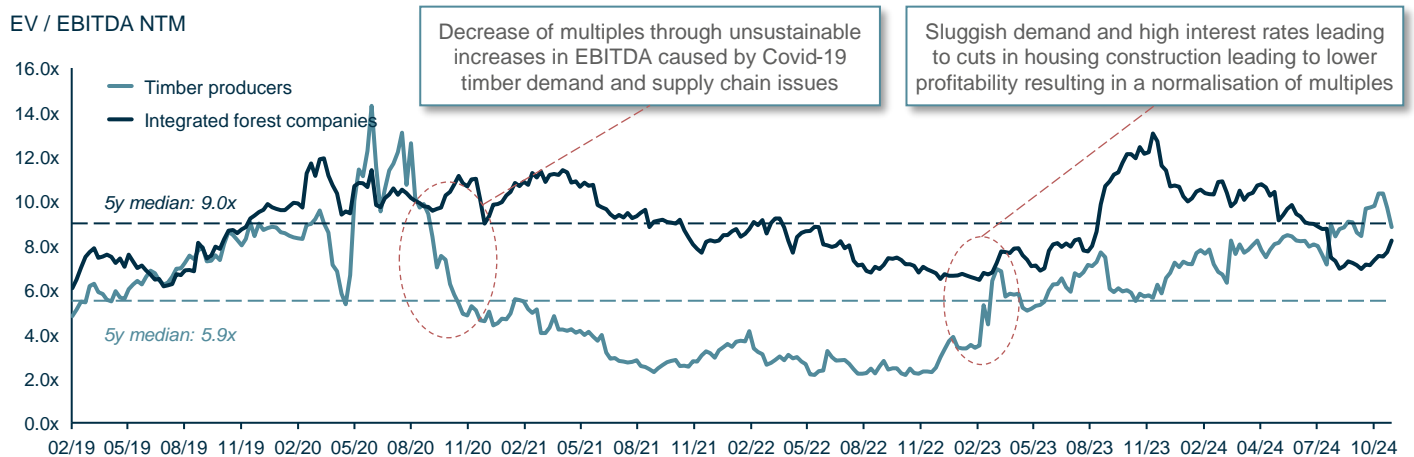
OVERVIEW OF VALUATION LEVELS

After having experienced a particularly volatile environment caused by COVID-19, high roundwood prices, and sluggish demand for sawn products, the market seems to be stabilising.

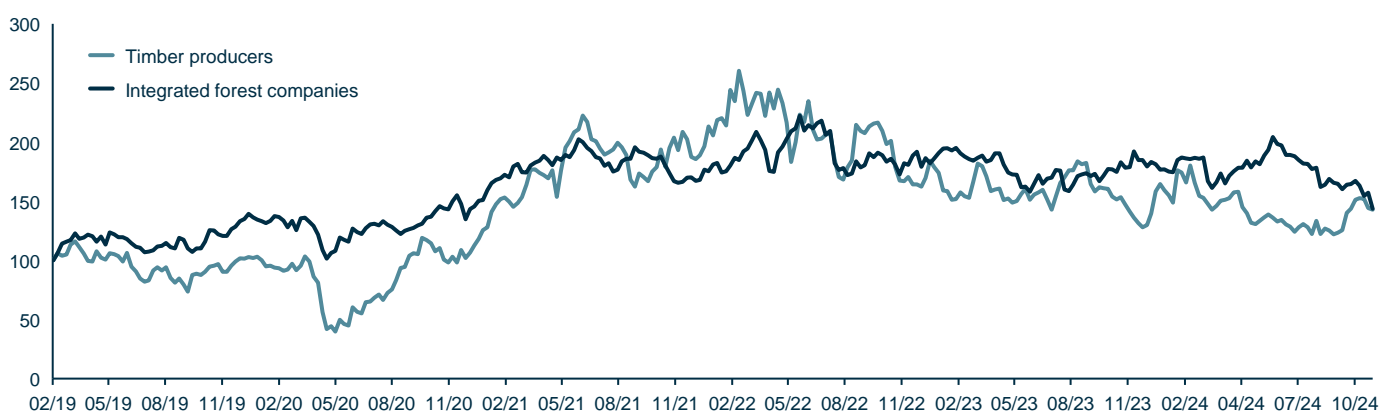
Analysing the median NTM EV/EBITDA over a 5-year period, the long-term median for timber producers and integrated forest companies were 5.9x and 9.0x, respectively. Currently timber producers are trading at an NTM EV/EBITDA of 8.8x and integrated forest companies at 8.2x, indicating that the valuation levels are above the long-term median levels for timber producers and slightly below the long-term median levels for integrated forest companies.

The share prices of timber producers have risen by 42.7% in the last 5 years. Integrated forest companies have followed a similar trend with the share prices having increased by 43.7% during the review period.

SELECTED COMPARABLE PUBLICLY LISTED COMPANIES



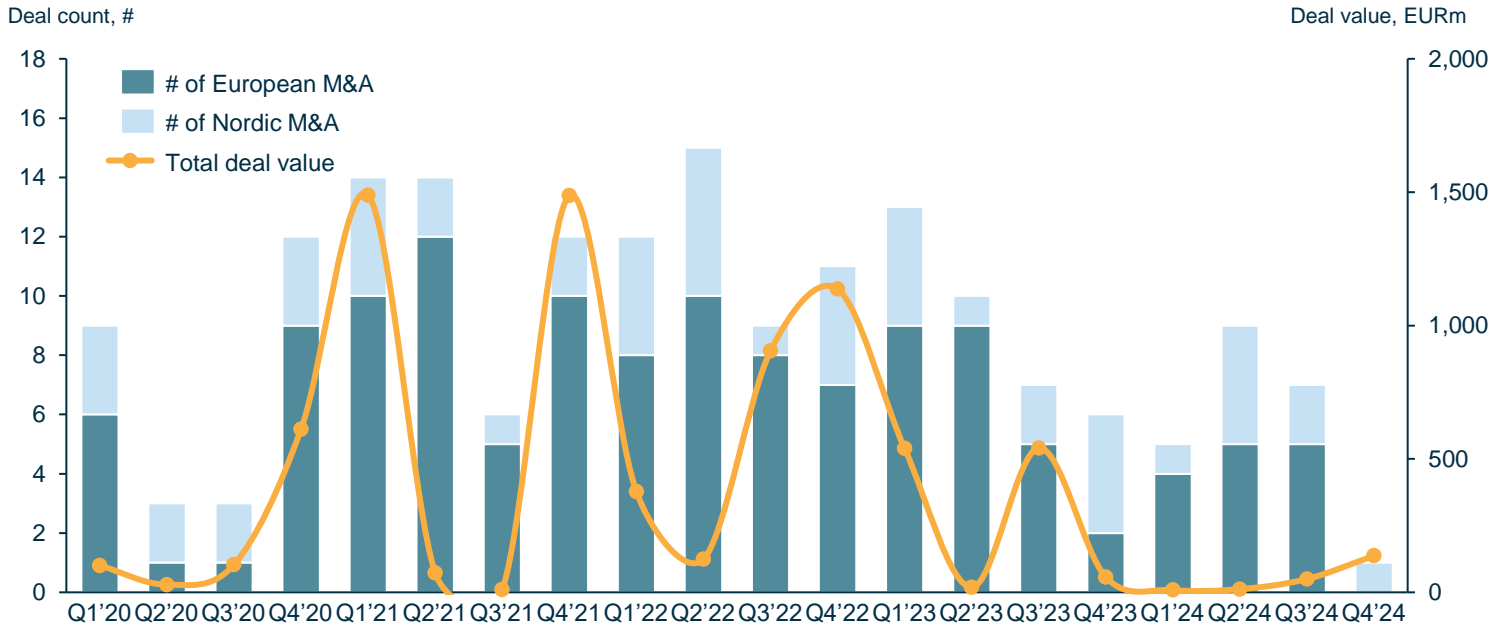
Share Price¹⁾, EUR



TIMBER PRODUCERS				INTEGRATED FOREST COMPANIES			
Boise Cascade	CANFOR	INTERFOR	KOSKISEN	HOLMEN	Mercer	Metsä	
UFP INDUSTRIES	West Fraser	WFP		SCA	storaenso	UPM BIOFORE BEYOND FOSSILS	
















M&A ACTIVITY

EUROPEAN FOREST PRODUCTS M&A ACTIVITY BY DEAL COUNT AND VALUE¹⁾



Deal activity in the forest products sector has been driven by market consolidation, access to raw material, sustainability demands, and technological advancements. Players in the sector seek to improve economies of scale, optimise resource management, and expand market presence. Additionally, the rising global demand for paper, packaging, and bio-based products is driving interest in strategic acquisitions to secure raw materials and diversify product offerings, in particular as consumer preferences are shifting toward more eco-friendly options.

SELECTED LANDMARK TRANSACTIONS EUROPE

<p><i>mcf</i> advised</p>  <p>StoraEnso to acquire</p>  <p>Junnikkala</p> <p>In October 2024, Stora Enso announced it is to acquire Junnikkala, a leading family-owned Finnish sawmill company that procures, processes, and manufactures wood products for the Finnish and export markets</p> <p>Enterprise value: EUR 137m </p>	<p><i>mcf</i> advised</p>  <p>BSW Timber acquired</p>  <p>SCOTT GROUP</p> <p>In December 2022, BSW Timber, the largest integrated timber and forestry business in the UK and member of Binderholz, acquired Scott Group, a leading U.K. supplier of timber pallets and bespoke timber packaging solutions</p> <p>Enterprise value: Confidential  </p>
 <p>MAYR MELNHOF HOLZ acquired</p>  <p>Bergkvist Siljan</p> <p>In February 2022, Mayr Melnhof Holz, a leading company in the European sawmilling and engineered wood products industry, acquired Bergkvist Siljan, a Swedish sawmilling group</p> <p>Enterprise value: Confidential  </p>	<p><i>mcf</i> advised</p>  <p>binderholz acquired</p>  <p>BSW Timber</p> <p>In January 2022, Binderholz, a significant global sawmiller and producer of value-added products, acquired BSW Timber, UK's major integrated forestry and sawmilling group</p> <p>Enterprise value: GBP 380m  </p>

MARKET ENVIRONMENT




During 2024, the global macroeconomic environment has shown more stability compared to the volatility seen in 2023. Interest rates, which had previously risen rapidly to combat inflation, have now steadied and are beginning to decline in Europe, alleviating borrowing costs and encouraging renewed investments in the forest products space. Furthermore, as inflationary pressures have started to ease, it is assumed that prices will start to normalise from the levels experienced in recent years.

The decrease in interest rates has also positively impacted the construction industry, as financing for construction projects has become more accessible and eased cost pressures on developers. This has enabled more investments in construction projects which in turn supports demand for timber and related forest products solutions.

While geopolitical uncertainties continue to affect global supply chains, the forest products sector has proven resilient. Many companies have diversified their supply sources and adjusted logistics strategies to better navigate the disruptions.

Looking ahead, the forest products sector is well-positioned to benefit from the transition to a lower-carbon economy. Rising consumer and regulatory demand for wood construction, renewable materials, bio-based products and other sustainable solutions offers opportunities for growth. As interest rates continue to fall and geopolitical impacts are managed, the sector can look forward to a more favourable economic environment that supports both growth and innovation.

KEY MARKET TRENDS

Timber demand growth 	<ul style="list-style-type: none">Population growth, accelerating urbanisation, global housing shortage, and economic decarbonisation are primary factors for rising timber consumptionTimber's rapid construction capabilities are crucial for quick housing solutions in fast-growing urban landscapes
Growing packaging market 	<ul style="list-style-type: none">The growing e-commerce market and the shift to sustainable packaging solutions is further driving the importance of the forest products sectorDemand is increasing both for raw materials as well as by-products
Sustainability 	<ul style="list-style-type: none">The global push for sustainability positions timber as a preferred material for eco-conscious urban developmentDirect impacts include carbon storage of sustainably managed timber harvesting. The substitution effect of replacing higher CO₂ producing materials with wood products leads to further carbon sequestration for decades
Regulation 	<ul style="list-style-type: none">Governments and regulatory bodies are introducing new guidelines in construction and planning that encourage the transition to a sustainable circular economyThis transition is expected to boost demand for forest products and support the industry's alignment with global sustainability goals

WE INVEST IN RELATIONSHIPS

EVERYONE'S BUSINESS JOURNEY IS DIFFERENT | WE ARE HERE TO HELP YOU TAKE THE NEXT STEP

Each business is different and so is our approach. MCF Corporate Finance is a leading corporate finance advisory firm focusing on cross-border and middle-market transactions. For us, tailor-made M&A and debt advisory means that every client receives relationship-driven advice. We are open and honest, invest in relationships and value trust above everything else.

6

EUROPEAN OFFICES

80+

EXPERIENCED PROFESSIONALS

1,200+

TRANSACTIONS

OUR ADVISORY SERVICES

MERGERS & ACQUISITIONS



- COMPANY SUCCESSION
- PRIVATE EQUITY SELL-SIDE
- CORPORATE SPIN-OFFS
- BUY-SIDE ADVISORY
- M&A STRATEGY ADVISORY
- ADD-ON ACQUISITIONS
- GROWTH CAPITAL
- VENTURE CAPITAL



DEBT ADVISORY



- LEVERAGED BUYOUT FINANCINGS
- BOLT-ON ACQUISITIONS
- GROWTH FINANCING
- REFINANCING/ RECAPITALISATION
- STAPLED FINANCE
- SELL-SIDE LENDER EDUCATION
- PRIVATE PLACEMENTS
- BRIDGE FINANCING

OUR CUSTOMERS


FAMILY BUSINESSES & ENTREPRENEURS

PRIVATE EQUITY

CORPORATES

OUR MISSION IS TO PROVIDE HONEST AND RELATIONSHIP-DRIVEN M&A AND DEBT ADVISORY SERVICES

- MCF has a long and established track record in the forest products sector and has excellent coverage across the UK, the Nordics, the Baltics, Germany, and Austria
- Through our extensive network and continuous forest products deal flow, we stay in regular exchange with leading market players and are up-to-speed on all relevant market trends and drivers
- MCF has sold businesses both to strategic trade buyers and private equity investors with deal values up to EUR 500m. In addition to the published transactions, we have several other buy and sell-side projects with major European forest products sector players
- Our industry sector team consists of Partners with a proven track record of successfully executing M&A transactions, with our team recently advising on the sale of Junnikkala to Stora Enso, the sale of BSW to Binderholz, and the sale of Scott Group to BSW as well as multiple joint-office cross-border transactions

<p>INDUSTRIALS</p> <p> acquired</p> <p></p> <p>BUY-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold</p> <p> to Management and individual shareholders</p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold Kalajoki heat plant operations to</p> <p> a portfolio company of</p> <p> </p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> acquired</p> <p></p> <p>BUY-SIDE ADVISOR</p> <p></p>
<p>INDUSTRIALS</p> <p> sold to</p> <p> a subsidiary of</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> a portfolio company of</p> <p> sold to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> a portfolio company of</p> <p> sold to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold its napkins business to</p> <p> a portfolio company of</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>
<p>INDUSTRIALS</p> <p> sold</p> <p> to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold</p> <p> to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold</p> <p> to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold Tilhill Forestry to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>	<p>INDUSTRIALS</p> <p> sold</p> <p> to</p> <p></p> <p>SELL-SIDE ADVISOR</p> <p></p>



INDUSTRIALS



sold to



StoraEnso

SELL-SIDE ADVISOR



CASE STUDY: JUNNIKALA (1/2)

THE DEAL

Junnikkala Oy, a leading family-owned Finnish sawmill company that procures, processes, and manufactures wood products for the Finnish and export markets, has entered into an agreement to sell 100% of the company to Stora Enso Oyj, a publicly listed global provider of renewable products in packaging, biomaterials, and wooden construction.

With Stora Enso as the new owner, the family has ensured a stable successor that will continue to develop and drive the business forward. The acquisition of Junnikkala enables Stora Enso to secure a cost-efficient wood supply for its packaging board site in Oulu, Finland, and supports its wood products business with new production assets.



TRANSACTION HIGHLIGHTS

- Successful exit after over 60 years of family ownership
- The Enterprise Value of the transaction was EUR 137m after successful negotiations
- The transaction will enable further investments and development especially at the Oulu sawmill with the aim to increase production capacity



MCF's ROLE

- MCF acted as advisor to the owners of Junnikkala throughout the process and helped facilitate the complex transaction through our strong experience in the sector and our long-standing relationship with Junnikkala
- MCF had full sell-side process management responsibilities including marketing material preparation, identification and approach of buyers, coordination of due diligence, and support in structuring and negotiations




CASE STUDY: JUNNIKALA (2/2)

KEY INDUSTRY VALUE DRIVERS AND BUYER ANALYSIS

Overview of the value drivers and buyer analysis during the sale of Junnikkala to Stora Enso

INDUSTRIALS




Junnikkala
Growing Strong.

sold to



StoraEnso

SELL-SIDE ADVISOR



ACCESS TO WOOD SUPPLY

Strategic buyers are looking for cost-efficient access to wood supply whether it is domestic integrated forest companies looking to strengthen supply chains or continental European buyers looking at the Nordics for acquisitions

LARGE CAPEX PROJECTS

Significant capital investments across the industry are driving M&A as these transactions can unlock synergies and create value

MODERN FACILITIES AND EQUIPMENT

Companies in this space are **capital intensive businesses** and therefore buyers value scale, modern sites and take into account current capital expenditure projects

UNDERLYING PROFITABILITY

Certainty of **Underlying EBITDA margin** throughout the cycles is of high significance given the cyclical nature of the business

VALUE EXPECTATIONS

Negotiations are driven less by transaction multiples due to volatility and more on holistic valuation of the business and **sellers' value expectations**, especially in "off-market" transactions

OBSERVATIONS

STRATEGIC BUYERS

Strategic buyers are looking for a focused business model and access to wood supply



OFF MARKET APPROACH

Lower chance of leaking sensitive information to competitors



CYCLICALITY

Historically stable margins lead to higher valuation compared to a volatile track record



SUSTAINABILITY

Sustainable businesses attract both strategic and investor demand in the pursuit of green transition





CASE STUDY: SUMMIT TIMBER GROUP

THE DEAL

INDUSTRIALS

Nimbus

sold

 **Hawthorn Timber**

to Management and individual shareholders

SELL-SIDE ADVISOR



INDUSTRIALS

 **Summit Timber Group**

acquired

 **Cheshire Mouldings**

BUY-SIDE ADVISOR



Summit Timber Group (formerly Hawthorn Timber), a leading supplier of high quality machined and treated softwood, panel products and cladding solutions to customers across the UK & Ireland, was sold in a buy-in MBO by Nimbus B.V., a European private equity fund.

Summit Timber Group later acquired Cheshire Mouldings, UK's leading manufacturer and distributor of mouldings, stair parts, panelling, decking and joinery timbers.

With the acquisition of Cheshire Mouldings, Summit Timber Group now employs over 150 people and has an annual turnover of approximately GBP 80m.



The long-established names of Cheshire Mouldings and Hawthorn Timber will remain. With our specialised focus on our current customer base and passion to grow we will be enhancing our capabilities to provide a full package. I am proud to be helping and providing support to this new Group and look forward to contacting my loyal customers, suppliers and business friends who over the many years in the trade have supported me. In addition, I will be helping the Group to develop the skills and cross transfer the knowhow between the businesses."

Tony Hackney
Chairman of Summit Timber Group

TRANSACTION HIGHLIGHTS

- Successful exit after over 3 years of sponsor ownership in tandem with buy-in MBO
- Accelerated transformation from a standalone sponsor asset to management-owned platform
- Initiates Summit Timber's buy-and-build strategy, aiming for further consolidation and growth through investment in processing capacity

MCF's ROLE

- MCF advised Nimbus B.V. on a successful exit and the remaining and new shareholders on their reinvestment and first add-on transaction
- Leveraging its extensive network and expertise within the forest products space to run consecutive efficient processes and being advisor of choice for further add-on acquisitions



CASE STUDY: JUNNIKALA KALAJOKI HEAT PLANTS

THE DEAL

Junnikkala, a leading family-owned Finnish sawmill company that procures, processes, and manufactures wood products for both Finnish and export markets, has sold its heat plant operations at the Kalajoki sawmill to Loimua.

As a result of the transaction, Junnikkala and Loimua will jointly develop the heat plant operations, which provide heat to the sawmill and the municipal district heating network in Kalajoki. The transaction enables Junnikkala to release capital and to focus on its strategy and core business going forward.



INDUSTRIALS

 **Junnikkala**
Growing Strong.

sold Kalajoki heat plant operations to

 **LOIMUA**

a portfolio company of

 **DIF** CAPITAL PARTNERS 

SELL-SIDE ADVISOR



TRANSACTION HIGHLIGHTS

- Successful sale of the heat plant assets at Kalajoki and agreement on long-term cooperation with Loimua on the future development of heat production
- Accelerated timeline for completion as a result of structured process and efficient coordination

MCF's ROLE

- In this transaction, MCF advised Junnikkala in organising a structured process and facilitated the deal through its broad experience in the sector
- MCF had full responsibility of managing the sell-side process, including preparation of marketing materials, contacting of buyers, coordination of due diligence as well as negotiations



CASE STUDY: SCOTT GROUP


THE DEAL

Scott Group, a leading U.K. supplier of timber pallets and bespoke timber packaging solutions was acquired by BSW, the largest integrated timber and forestry business in the UK, and a member of Binderholz.

With the acquisition of Scott Group, BSW Group now employs 3,000 people across the sector, and has an annual turnover of approximately GBP 900m, with Binderholz Group turnover reaching almost EUR 2.8bn.


INDUSTRIALS

SCOTT
GROUP
sold to

 **BSW**
Timber
a subsidiary of

binderholz

SELL-SIDE ADVISOR





This is a huge move for both Scott Group and the wider timber industry, helping us to cement our status as the UK's most innovative manufacturer and supplier of timber pallets. It also helps us to ensure that we can work even closer with customers to provide solutions that fit their requirements and deliver value."

Norman Scott
Owner and Group Operations
Director at Scott Group

TRANSACTION HIGHLIGHTS

- Successful exit after over 30 years of family ownership
- Accelerated timeline due to successful buyer-coordination
- Develops BSW's product offering down the value chain and expands the sustainable business model and zero-waste principle

MCF's ROLE

- MCF was mandated to coordinate an off-the market sales process to corporate buyers, due to its success in previous transaction with BSW
- Leveraging its extensive network and expertise within the forest products space to run an efficient and discrete process



INDUSTRIALS



BSW
Timber

a portfolio company of



ENDLESS

sold to



SELL-SIDE ADVISOR



CASE STUDY: BSW TIMBER

THE DEAL

BSW Timber, the largest sawmill group in the UK in 2021, with a turnover of around GBP 700m and a production capacity of over 1.2 million m³ of sawn timber per year was acquired by Austrian binderholz Group

With its acquisition of BSW, binderholz will become the leading timber group in the UK and Europe with a combined turnover of approximately GBP 2bn. Following completion, binderholz and BSW plan to undertake a significant capital investment programme in the sites to increase capacity and broaden the capabilities of the business.

“

We are very pleased to be strengthening our position in the value-added timber market by becoming part of the binderholz family. The opportunity to enhance our supply chain and additionally widen our product offering is exciting. This represents another major milestone in the growth of BSW and we are looking forward to drawing on the expertise and knowledge of the binderholz team”

Tony Hackney
CEO of BSW Timber Group

TRANSACTION HIGHLIGHTS

- MCF advised an accelerated exit to Endless’ ownership due to favorable market conditions and strong relationship with potential buyers
- The Enterprise Value of the transaction was GBP 380m after successful negotiations
- The transaction will enhance BSW’s supply chain and widen its product portfolio

MCF’s ROLE

- MCF was mandated to coordinate a sales process with a few hand selected buyers
- MCF had full sell-side process management responsibilities including marketing material preparation, buyer contacting, coordination of due diligence, SPA and co-operation agreement drafting as well as negotiations



TRANSATLANTIC REACH



CONNECT WITH US




 **Jussi Vuorinen**
Partner, Helsinki
+358 40 541 6028
vuorinen@mcfcorpfin.com




 **Ian Henderson**
Partner, London
+44 7976 269442
henderson@mcfcorpfin.com



 **Nils Petter Palmefors**
Partner, Stockholm
+46 70 989 0418
palmefors@mcfcorpfin.com



 **Stefan Edlich**
Partner, Hamburg
+49 160 909 84 207
edlich@mcfcorpfin.com



 **Niko Lakaniemi**
Associate Director, Helsinki
+358 40 834 5090
lakaniemi@mcfcorpfin.com



 **Viktor Finnilä**
Associate, London
+44 7585 140429
finnila@mcfcorpfin.com