

Press release

16 July 2020

Holmen acquires Martinsons

Today Holmen signed an agreement to acquire Martinsons, one of Sweden's leading players in sawn and processed wood products. The purchase price is SEK 1.0 billion for 100 per cent of the shares. The acquisition will almost double Holmen's sales of wood products to over SEK 3 billion, while also advancing positions in wood construction and providing Holmen with the capacity to process the majority of the raw material from its own forests in its own industry.

Martinsons consists of two well-invested sawmills in northern Sweden with extensive processing of wood products for Scandinavian wood construction, as well as a project operation for construction of complete frames made of cross-laminated timber (CLT) and glulam beams for purposes such as offices, sports centres and apartment buildings. The company has 470 employees, most of whom work in processing.

“Martinsons is an extremely well-run family-owned company that has built a strong brand and succeeded in achieving growth with solid profitability. As our largest timber customer, we have followed their progress for a long time and have been impressed by of how they have developed a leading position in sustainable wood construction in Sweden. Backed by our large forest holdings, we look forward to continuing to grow the business and to contributing to increased construction using wood, which is part of the solution to the climate challenge”, says Henrik Sjölund, President and CEO of Holmen.

“Holmen has met all of our high expectations for a new owner. It is a stable company with the power to grow, though equally important for us is their genuine interest in the knowledge and experience accumulated in our operations. We are particularly pleased to have found an owner with a corporate culture that we believe will be an excellent fit with the culture that we have built up”, says Lars Martinson, CEO and one of the owners of Martinsons.

After completion of current investments, Bygdsiljum, the larger sawmill, will be able to produce 500 000 m³ of wood products annually, while the annual production at Kroksjön is over 100 000 m³. Bygdsiljum also manufactures CLT and glulam beams, while Kroksjön processes wood products through trimming, planing, painting, treatment and finger jointing. Annual timber consumption is 1 million m³, which corresponds with Holmen's annual timber harvest in northern Sweden.

“In recent years we have invested in gradually increasing value-added and sales to Swedish builders' merchants. Martinsons provides a good complement to our offering and strengthens our position on the market. Demand for processed wood products, especially CLT and glulam beams, is growing and with rising interest in wood construction we see great opportunities to further develop the business”, says Johan Padel, Senior Vice President Wood Products, Holmen.

In 2019 Martinsons turn-over was SEK 1.8 billion, where SEK 1.1 billion came from sales of sawn and processed wood products, SEK 0.3 billion from major wood construction projects and the remainder from sales of by-products and timber trading. Martinsons' underlying EBITDA totalled SEK 157 million in 2019 and operating profit amounted to SEK 99 million. The acquisition will be funded from existing credit facilities and is expected to positively contribute to earnings per share from the time of takeover, which is expected to occur during the fourth quarter.

The deal is subject to approval from the relevant competition authority, which is expected in the fall.

Holmen's wood products business had sales of SEK 1.7 billion in 2019 and EBITDA amounted to SEK 159 million. Production takes place at three plants, Braviken Sawmill with a production capacity of 600 000 m³ after recent investments, Iggesund Sawmill with a capacity of 400 000 m³ and Linghem Sawmill of just under 100 000 m³.

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Holmen's business concept is to own and add value to the forest. The forest holdings form the basis of the business – an ecocycle in which the raw material grows and is refined into everything from wood for climate-smart building to renewable packaging, magazines and books. The forest is managed to provide a good annual return and stable value growth while our production operations are run with a focus on profitability and greater value added. In 2019 Holmen's net sales were approx. SEK 17 billion and the group has approx. 3 000 employees. Holmen's shares are listed on Nasdaq Stockholm, Large Cap. For more information, visit holmen.com.