

PRESS RELEASE

17 June 2020

Bergs to sell its Swedish sawmills

On 17 June 2020, Bergs Timber signed an agreement with Vida Aktiebolag on the sale of Bergs's Swedish sawmill business. The transaction encompasses the sawmills in Orrefors, Vimmerby and Mörlunda, and is scheduled to be concluded on 1 September 2020. All personnel employed at each of these sawmills and in the purchasing organisation for raw materials will be offered employment at Vida, which is also acquiring the assets at the already discontinued operation at Gransjö.

The sale is part of Bergs's stated strategy of developing the Group's operations towards a segment with more processed products. With the divestment of its Swedish sawmill business, a significant change will take place in the Group structure, while entirely new financial conditions are being created for this development.

The total purchase consideration for the operations, including the working capital involved, is estimated at approximately SEK 400 million, of which SEK 303 million pertains to fixed assets. In conjunction with the transaction, an additional SEK 150 million in working capital is expected to be freed up. As a result of the sale, Bergs will recognise a capital gain before tax of approximately SEK 100 million.

The Swedish sawmill business, including the recently discontinued operations in Gransjö, represent annual sales of approximately SEK 1,100 million and over the last five-year period generated an EBITDA-margin between 3-11 percent. The remaining operations will have net sales of approximately SEK 2,000 million, with a margin that over time has been higher and more stable than that reported by the Swedish sawmill business. After the sale, Bergs will consist of wood processing operations in wood preservatives, planing, buildings, windows, doors, garden products and pellets. In addition, Bergs conducts sawmill business in Latvia and Estonia with annual production of approximately 350,000 cubic metres, as well as harbour and distribution operations in the UK.

The transaction, taken together with the liquidation of other working capital, means that Bergs's financial net debt—which at the end of the first quarter of 2020 totalled SEK 695 million—will be limited to approximately SEK 150 million, corresponding to a net debt/equity ratio of approximately 15 per cent.

"The deal with Vida means that our Swedish sawmill business and its employees are in good hands. At the same time, Bergs will have the conditions to develop in a segment with more processed products in addition to the significant operations of this type we already have in Latvia and Sweden. I envision an exciting and challenging process for transforming Bergs into a company with different, more demanding financial targets than what we currently have," says Peter Nilsson, President and CEO of Bergs.

The sale is conditional upon Vida obtaining approval from the relevant competition authorities.

Contact

Further information about this press release can be provided by Bergs Timber's CEO and President Peter Nilsson, +46 070-315 09 27.

This information is such that Bergs Timber AB (publ) is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above on 17 June 2020 at 2:00 pm (CEST).



ABOUT BERGS

With wood as a raw material, Bergs produces processed wood products from sustainably managed forests in the Baltic Sea region. With years of experience in wood and a great deal of competence in processing, we promote building a sustainable society with renewable materials.

Our operations – conducted through wholly owned subsidiaries in Sweden, Estonia, Latvia and the UK – encompass sawmills and processing as well as distribution and logistics.

The Group has sales of approximately SEK 3.2 billion and around 1,000 employees. Bergs is listed on Nasdaq Stockholm, and its head office is in Vimmerby, Sweden.

www.bergstimber.com