

PRESS RELEASE

5 March 2021

Bergs adopts financial targets and presents its strategic orientation

Bergs has conducted a review of its strategy, occasioned by the structural transaction carried out in 2020 when the Group's Swedish sawmill business was sold and the conditions for continuing operations changed. In view of the financial situation in particular, the existing operations can now be developed at a faster tempo while potential acquisitions in select product areas could constitute new possibilities for development and growth. As part of its strategy initiatives, the Board of Directors of Bergs Timber AB (publ) has also decided on new financial targets for the operation.

Bergs will serve as an active ownership company, developing independent subsidiaries with clear responsibility for results. This is an orientation the Group has pursued in recent years, but it is now being strengthened. The ambition is to increase the pace of development for products and services, with a greater degree of processing as well as higher and more stable margins with a more predictable market situation.

In summary, this new orientation means that:

- Bergs will own and develop independent subsidiaries with clear responsibility for results
- The existing operations in the Group's seven subsidiaries will be clarified with a division into product areas, also constituting reporting segments, which are: Wood Protection, Joinery, Sawn Wood and Other.
- Bergs intends to make significant investments for organic growth where investments identified for the next three years total SEK 500 million. Bergs will also evaluate potential corporate acquisitions
- Sustainability initiatives and digitalisation will be given high priority in Bergs

"In pace with society's increased endeavours toward sustainability and renewable products, interest in various wood-based solutions is increasing. The Board of Directors therefore sees excellent opportunities for growth with the orientation that has now been adopted," says Michael Bertorp, Chairman of the Board of Bergs.

"With the sale of the Swedish sawmill business in 2020, conditions for the Group have changed. With a strong financial position and a clear new orientation, I look forward to developing an industrial group of profitable companies with healthy cash flows and the capacity for continual development," says Peter Nilsson, President and CEO of Bergs.

The new financial targets are:

- Annual growth of 10 per cent over a business cycle
- EBITDA margin of 9 per cent over a business cycle
- Financial net debt less than equity
- Dividend normally 25–40 per cent of profit for the year after tax

The future orientation of the Group and the background to the new financial targets will be presented in a video conference today, 5 March, at 10:00 am CET. The presentation will be held in Swedish, but a slideshow in English will be published at the company's website, [bergstimber.com](https://www.bergstimber.com)

Link to video conference: <https://youtu.be/86RHvDWOHfo>



As a consequence of the new division of operations into product areas, Bergs has amended its reporting structure as of 1 January 2021. To facilitate comparisons in future financial reporting, Bergs will present restated figures for all quarters in 2020.

The reporting segments are: Wood Protection, Joinery, Sawn Wood and Other.

- **Wood Protection** includes sales and production of processed wood such as impregnated, painted and fire-protected wood. A special assortment of treated and untreated wood products to the DIY-sector is also included.
- **Joinery** includes sales and production of doors, windows, houses, outdoor furniture and garden products.
- **Sawn Wood** includes sales and production of sawn products.
- **Other** includes sales and production of pellets and fire logs, as well as the port and distribution operations in the UK.

The restated figures according to the new reporting structure will be made available on the Bergs website, and as an annex to this press release.

Contact information

Further information concerning this press release will be provided by the President and CEO, Peter Nilsson, on telephone number +46 70 315 09 27 or CFO Anders Marklund on +46 70 284 47 96.

This information is information that Bergs Timber AB (publ) is obligated to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above on 5 March 2021 at 8:00 am (CET).

ABOUT BERGS

An international wood products Group

The Bergs Group consists of independent subsidiaries, with clear responsibilities for results, that develop, produce and market processed wood for various applications.

With years of experience in wood and a great deal of competence in processing, Bergs promotes building a sustainable society based on renewable raw materials from sustainably cultivated forests in the Baltic Sea region.

Operations are conducted in Sweden, Estonia, Latvia and the UK, and the Group's products are sold in some 20 countries. The largest markets consist of Scandinavia, the Baltic countries, the UK and France. The head office and Group management are located in Sweden.

The company's share has been listed on Nasdaq Stockholm since 1984.

BERGS TIMBER AB (PUBL)

Stora Torget 3 | SE-598 37 Vimmerby | Sweden
+46 (0)10 199 84 00 | info@bergstimmer.com | Org.nummer: 556052-2798
www.bergstimmer.com

Product areas, proforma 2020

2020

<i>Amounts in SEK million</i>	Q1	Q2	Q3	Q4	Full year
Net sales	528	545	518	558	2 149
Wood Protection	252	267	284	217	1 020
Joinery	59	64	77	75	274
Sawn Wood	202	202	175	263	841
Other	51	37	44	46	179
Eliminations and group common	-35	-25	-63	-43	-166
EBITDA	29	52	53	78	212
Wood Protection	8	21	16	18	64
Joinery	5	6	8	6	26
Sawn Wood	14	26	18	59	117
Other	6	5	5	2	18
Eliminations and group common	-5	-6	6	-8	-13
EBITDA-margin, %	5,5	9,5	10,2	14,0	9,9
Wood Protection	3,3	8,0	5,7	8,4	6,3
Joinery	8,6	10,2	10,5	8,7	9,5
Sawn Wood	6,9	12,9	10,3	22,5	13,9
Other	12,5	12,4	10,5	4,6	9,9
Operating profit	13	35	31	58	137
Wood Protection	4	17	13	14	47
Joinery	4	5	5	5	19
Sawn Wood	7	16	12	52	87
Other	2	2	1	-2	3
Eliminations and group common	-4	-5	0	-11	-19
Operating margin, %	2,5	6,4	6,0	10,4	6,4
Wood Protection	1,6	6,2	4,5	6,4	4,6
Joinery	6,7	8,3	6,7	6,1	6,9
Sawn Wood	3,5	7,9	6,8	19,8	10,3
Other	3,7	5,0	2,0	-3,7	1,6