



# Forestry co-operative and Forest Industry Company

*Magnus Berg*



# Forest owner associations i Sweden

	Members
Södra	51 365
Mellanskog	31 000
Norrskog	13 021
Norra Skogsägarna	15 821





# Södra facts

- Net sales SEK 18,000 M
- 3,800 employees
- 4 business areas - Skog, Cell, Timber and Interiör
- Owned by Södra's 51,000 members



# Industrial production

- **Pulp:** 1.9 million tonnes per year  
One of the world's leading pulp producer of market pulp in the world
- **Sawn timber:** 1.4 million m<sup>3</sup> per year  
One of Europe's leading suppliers of construction timber
- **Interior wood products:** Net sales SEK 1,240 million. Leading position in Sweden and Norway
- **Biofuels:** Deliveries 4.3 TWh per year.  
One of Sweden's largest bioenergy companies



# Industrial operations

- **Pulp mills:** Mönsterås, Mörrum, Värö, Tofte and Folla
- **Sawmills:** Kisa, Långasjö, Mönsterås, Orrefors, Ramkvilla, Torsås, Unnefors and Värö. In Norway Romerike Impregnation plant: Åstorp and Åtvidaberg
- **House manufacture:** Korsberga, Landsbro, Näshult
- **Interior wood production:** Grimslöv, Hedåker, Jokkmokk, Kallinge, Nordingrå, Ronneby, Rottne, Umeå, Våxorp, In Norway: Arendal, Brumunddal, Engesetdal and Namsos. In Denmark: Sunds, Åbyhøj. In Lithuania Panevezys
- **Leaf sawmill:** Djursdala, Traryd Gardermoen head office in Norway
- **Pellets factory:** Mönsterås and Långasjö



# Södra's membership area

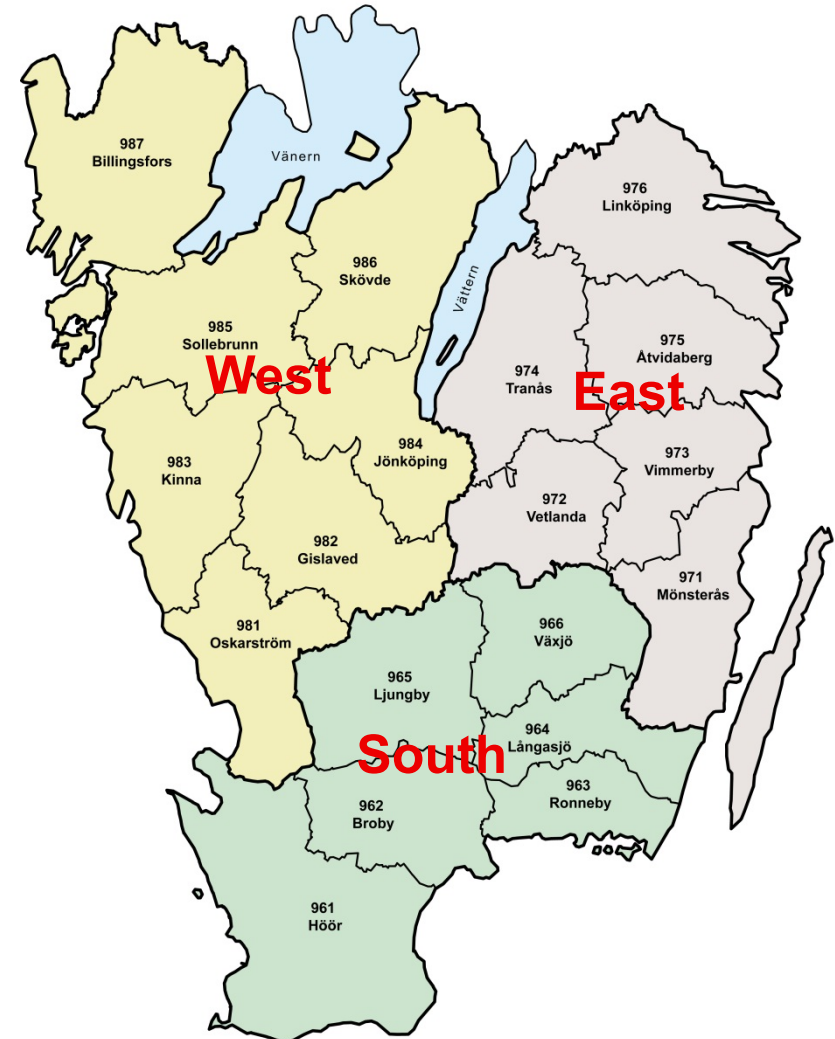
- Private forest owners own 77 % of the forest. Of this, 54 % is owned by Södra members.
- From members' forests 4 m<sup>3</sup>fub per hectare is delivered annually to Södra.
- Deliveries from members are in the form of
  - felling assignments (of standing forest) 80 %
  - deliveries of wood (at roadside) 20 %



# Operations in 19 forestry areas within 3 regions

In average:

- 2,700 members
- 125,000 hectares of productive forest land
- Acquired volume: 525,000 m<sup>3</sup>fub
- 11 staff
- 1-3 district councils with 8-14 elected members



# Members in Södra – Who are they?

- 70% male 30% female
- Average age 56 year
- 60% live permanently on the forest estate
- Most members (80 %) own less than 100 ha productive forest land
- 70 % get less than 10 % of their income from their forest
- 8 out of 10 members deliver all of their wood to Södra.





# Södra – it could only happen there and then...

- Shange in land use and growing forest resources
- Ownership structure
- Industrial development
- Gösta Edström



# 1938

- Early 1900s  
Non-profit associations
- 1920s and 30s  
Economic downturn
- Forest owners needed to increase  
wood sales and prices
- 1938 Södra was formed



# It took off with fuelwood

- During WW2 Södra played a significant role in Sweden's energy supply
- Södras' business grew significantly – and the organization developed
- A market for small logs that also had an effect on forest management





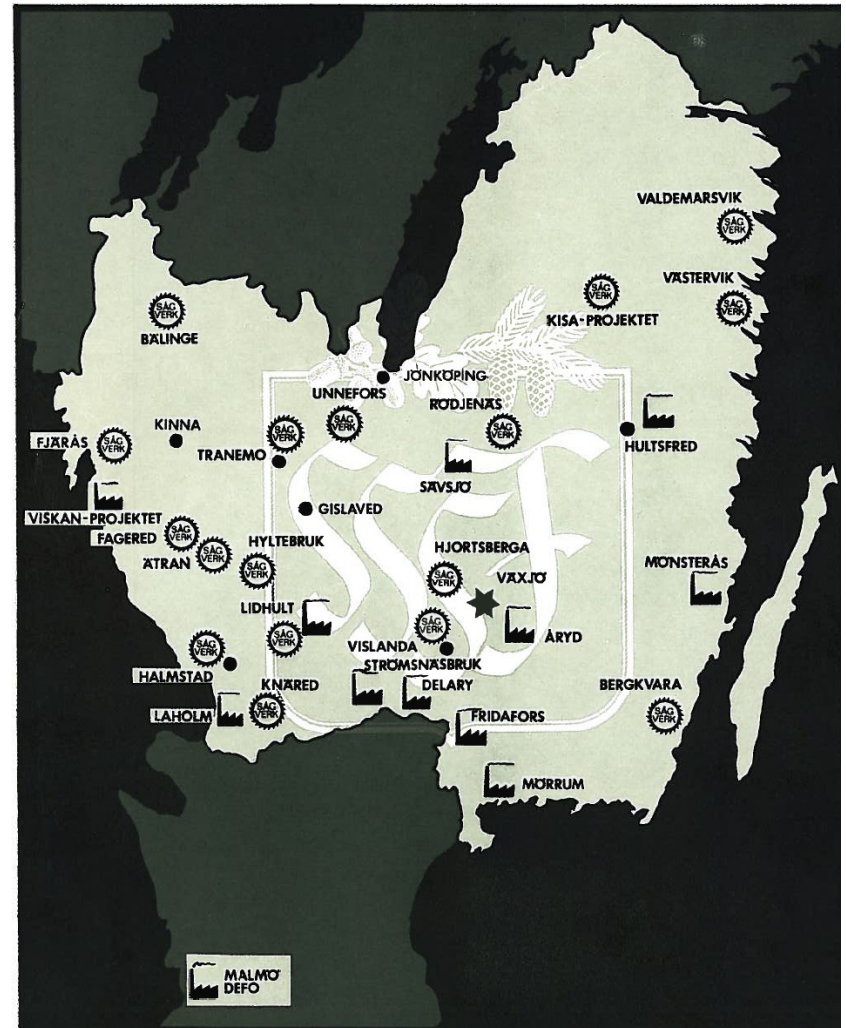
# Investments in pulp mills – to create a market for wood

1958 Mönsterås bruk 1962 Mörrums bruk 1972 Värö bruk



# 1964

- 1940 The first factory – tar and turpentine
- 1943 The first sawmill
- 1954 the first forestry district
- 1964 a merger with four other associations



# Södra today - three basic functions

- **Market for forest products**
  - achieve a secure and appropriate market for members' forest products at market prices
- **Industry**
  - dividend to distribute profit
- **Economic policy/Lobbying**  
(Federation of Swedish Farmers, Swedish Forest Industry Federation)



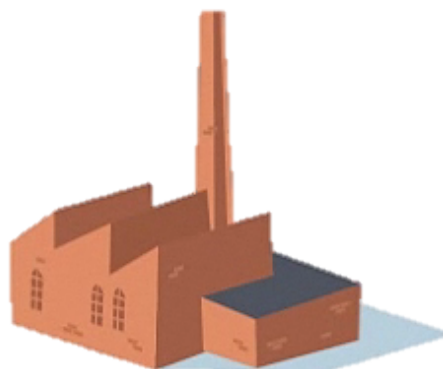
# Economic model

## - The value chain



### Wood market

Members' wood deliveries  
4 billion SEK  
10 million m<sup>3</sup>  
Profit 100 million SEK

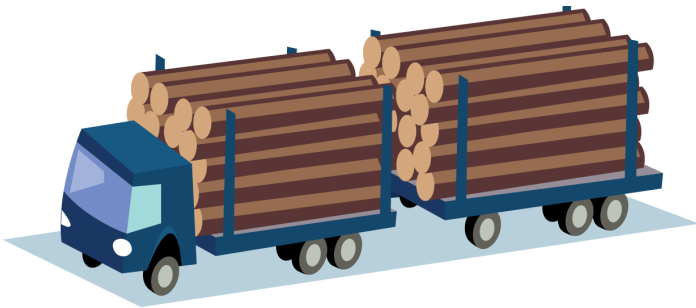


### Market for pulp, lumber etc

Turnover 18 billion SEK  
Profit 1 300 million SEK

# Members invest in Södra

- No entrance fee, instead members invest capital in Södra
- Individual account is built up by deduction from wood deliveries
- Bonus shares are added to a second account – two sorts of shares
- Capital will be repaid after leaving Södra



# Shares - Member contributions

- Capital contribution requirement  
Mandatory share = 1 unit (600 SEK) per hectare of productive forest land
- No one has to contribute with more than 200 units (120 000 SEK)
- Members are entitled to participate with unlimited number of units
- Capital built up by a 4 per cent deduction from wood deliveries (8 per cent)
- A yearly limit of 60 SEK/hectare can be used



# Members share part of Södra's profit

1. Patronage Refunds (Wood Deliveries)
2. Dividend on Shares (Capital Contributed and Bonus Shares)
3. Bonus shares



# Members Capital

■ Shares (capital contributed)	986 million SEK
■ Bonus shares (issued ) million SEK	1.522
■ Total Equity	11.101 million SEK
■ Shares per member	49.000 SEK
■ Equity per member	220.000 SEK