

PRESS RELEASE

Cooperation Klausner – Södra

Klausner mill Adelebsen will be relocated to Värö, Sweden

Adelebsen, 19th April 2010. Swedish forest association group Södra announced today the final decision to invest in a new sawmill in Värö, southern Sweden. This project will be expedited through the acquisition of machinery and equipment from the German sawmill company Klausner group's plant in Adelebsen, Germany. With this investment, Södra will almost triple the production capacity in Värö from today's 275 000 m³ to 750 000 m³ per year.

Klausner's plant in Adelebsen has only been in operation for a year and is one of Europe's most modern sawmills. The facility will be moved in its entirety to Värö.

Södra has good faith in their timber supply in Värö and at the same time sees a need and an opportunity to seriously compete with the larger and more productive production units in Central Europe, when compared to those currently existing in Sweden.

"With the investment in Värö, we get a cost effective and flexible mill. This strengthens our competitiveness which is very important both in the timber market and in the raw materials market", says Södra's CEO, Mr. Leif Brodén.

"Important reasons for Södra's choice to invest in Värö are the proximity to the pulp mill and to a seaport and the combined advantage in form of energy, logistics and chips. Besides that, we have common resources in many areas", says Mr. Peter Nilsson, CEO at Södra Timber.

Klausner will be responsible for the relocation and start-up of the plant in Värö.

"We are very pleased with the deal and the cooperation with Klausner will give us unique knowledge about production and logistics for the large mill we are going to build in Värö", says Mr. Peter Nilsson. Klausner and Södra Timber are also announcing their future marketing cooperation in various major markets.

"We are looking forward to the cooperation. Klausner and Södra Timber complement each other and a joint approach to sales and logistics in our main markets will provide value to all stakeholders, including our customers", says Mr. Fritz Klausner.

"Since Klausner has taken over and completely renewed Adelebsen mill several other mills have been erected in the area – unlike in our case, some even with public subsidies. There is not enough round timber available to supply all capacities. This is the reason why we have to close this plant at Adelebsen", Mr. Leopold Stephan, CEO of Klausner, illustrates. "We feel very sorry for this instance and at the same we look forward to the cooperation which will be to both companies' benefit", he looks positively into the future.

Construction will start in Värö during the summer 2010 and with production forecasted to begin at the new mill during spring of 2011. The production at the existing sawmill in Värö will not be interrupted during the construction period. By utilizing an existing plant, both the construction time and the start-up time will be limited.

About Södra

Södra is a Swedish is a Swedish group with broad forestry operations and is a leading producer of pulp, wood products and bioenergy. The company, which is owned by 51,000 forest owners in southern Sweden, has 4,000 employees. It's foundation goes back to the 1920s.

Södra Timber produces with sawmills in southern Sweden 1.7 Million m³ softwood timber per year and is one of Europe's most important producers of timber for construction and housing related use. The main markets for Södra Timber are Scandinavia, the Netherlands, U.K. and USA.

About Klausner

Klausner group is one of the leading enterprises in the timber business in Europe. The company originates from Austria, where the first mill was founded in 1918 by today's proprietor's grandfather. In 1991, Fritz Klausner started his first sawmill in former East Germany as a green field investment, and thereby laid the foundation for today's group. As a subsequence to the worldwide financial and economic crises the company has suffered from a decline in sales and production.

Total production capacity in the remaining four Klausner plants in Germany amounts to approximately 4.2 Million m³ per year. The company has 1,200 employees.

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