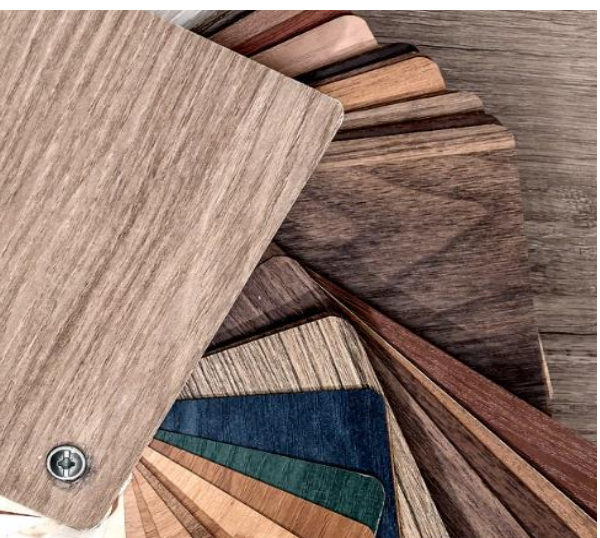
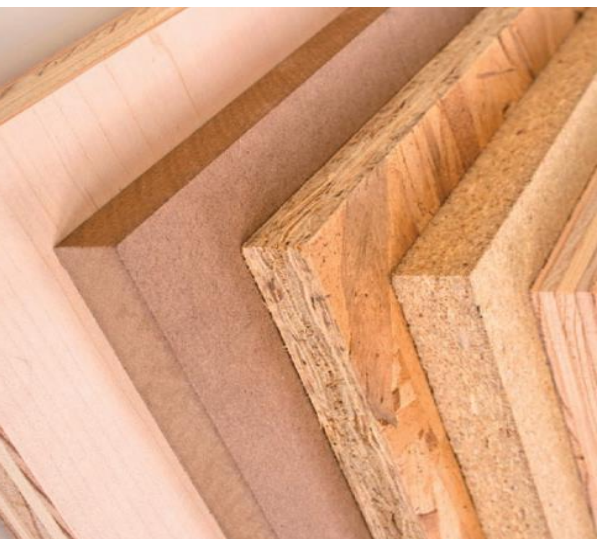


AFRY

ÅF PÖYRY



# Surfacing market overview

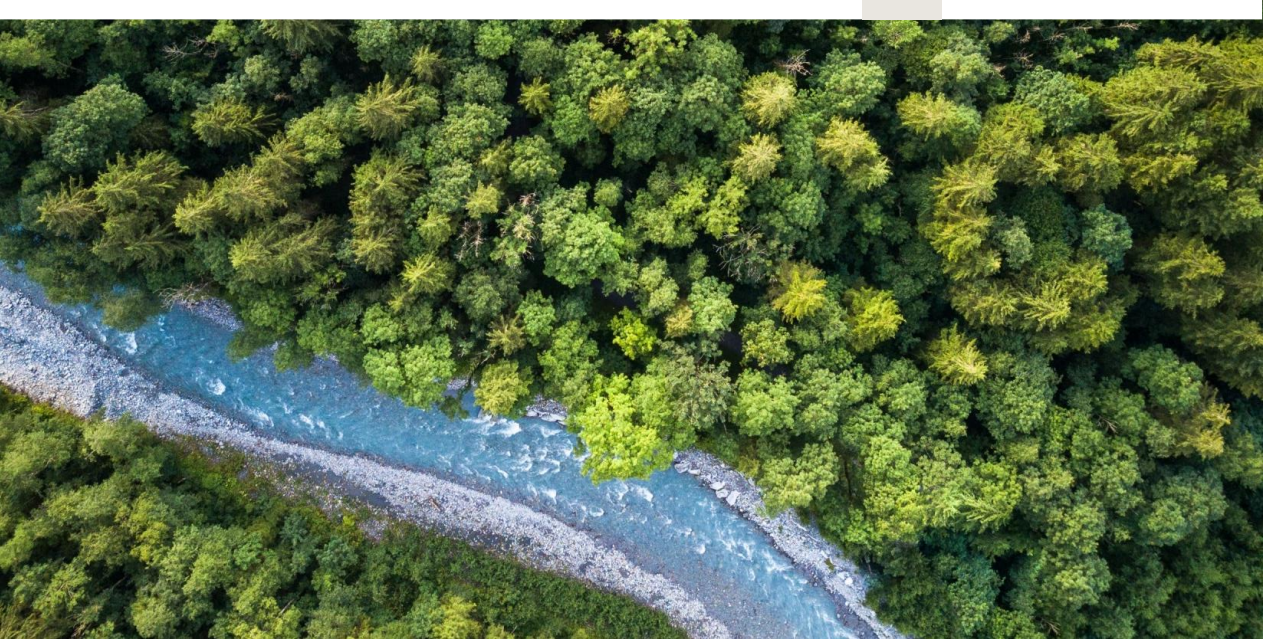
Decorative Surfaces Webinar

DR. PHILIPP SAUTER

SEPTEMBER 16<sup>TH</sup> 2020, TCM NORTH AMERICA

# Agenda

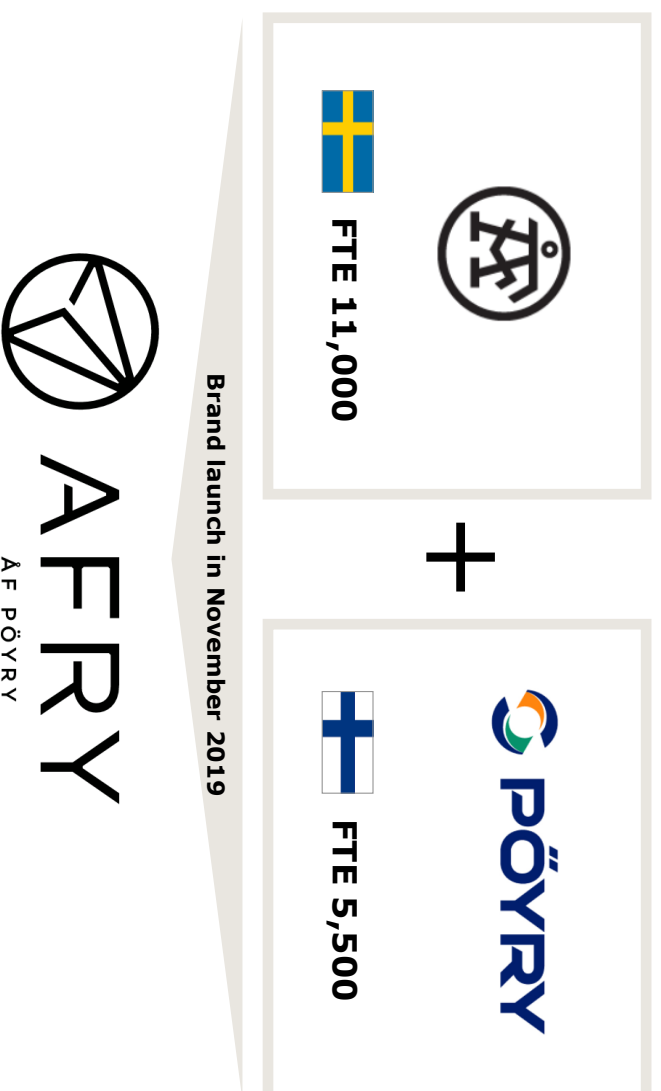
1. ÅF + Pöyry became AFRY
2. The Surfacing market is recovering from COVID-19
3. Further analysis data and contact details





## INTRODUCTION TO AFRY

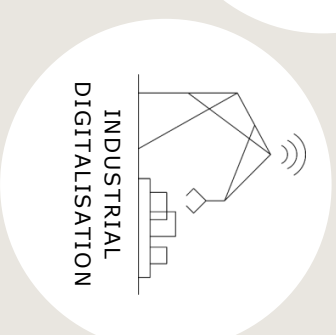
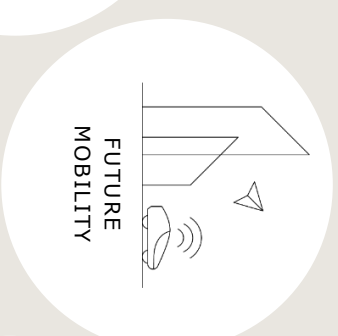
In February 2019, ÅF and Pöyry came together as AFRY, with more than 17,000 employees



ABOUT AFRY

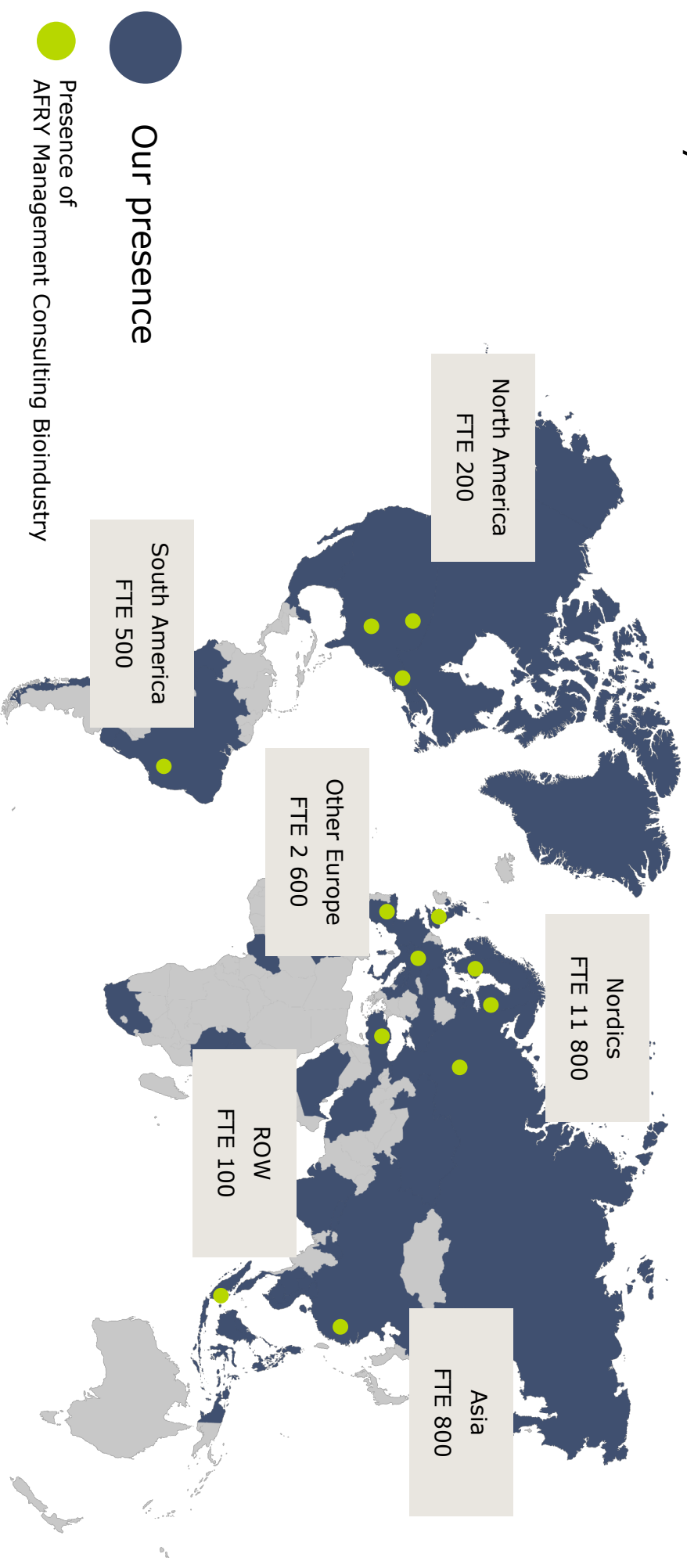
## At a glance

Locally present in 50+ countries  
Projects in 100+ countries  
Revenue ~2 bn EUR in 2019  
Experts 17,000









ENGINEERING	DESIGN	DIGITALISATION	ADVISORY SERVICES	SECTOR EXPERTISE
Owners/Lenders engineering Detail engineering Operational services Project management & execution Technical studies	Architecture Urban planning Digital/UX design Lighting & Sound design Product design	Software engineering / development AI / Robotics / Drones / 5G System integration and management	Forward looking market analysis Strategic advice Operational excellence Transactions services	Core sectors: Energy Bioindustry Process Industry Automotive Infrastructure

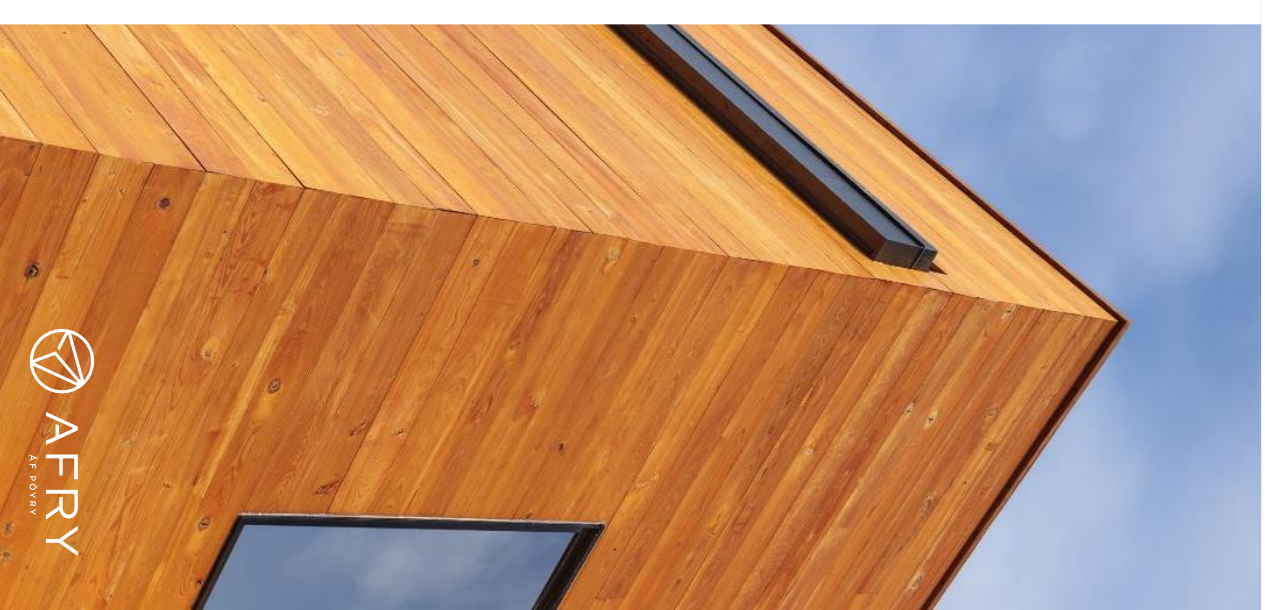
Strong and wide network close to clients is key for deep expertise and delivery excellence



# Unique insights and solutions for Wood Products and Surfacing Materials

**OUR EXPERTISE COVERS** the wood-based panel, decorative surfacing material as well as sawnwood and engineered wood product value chains

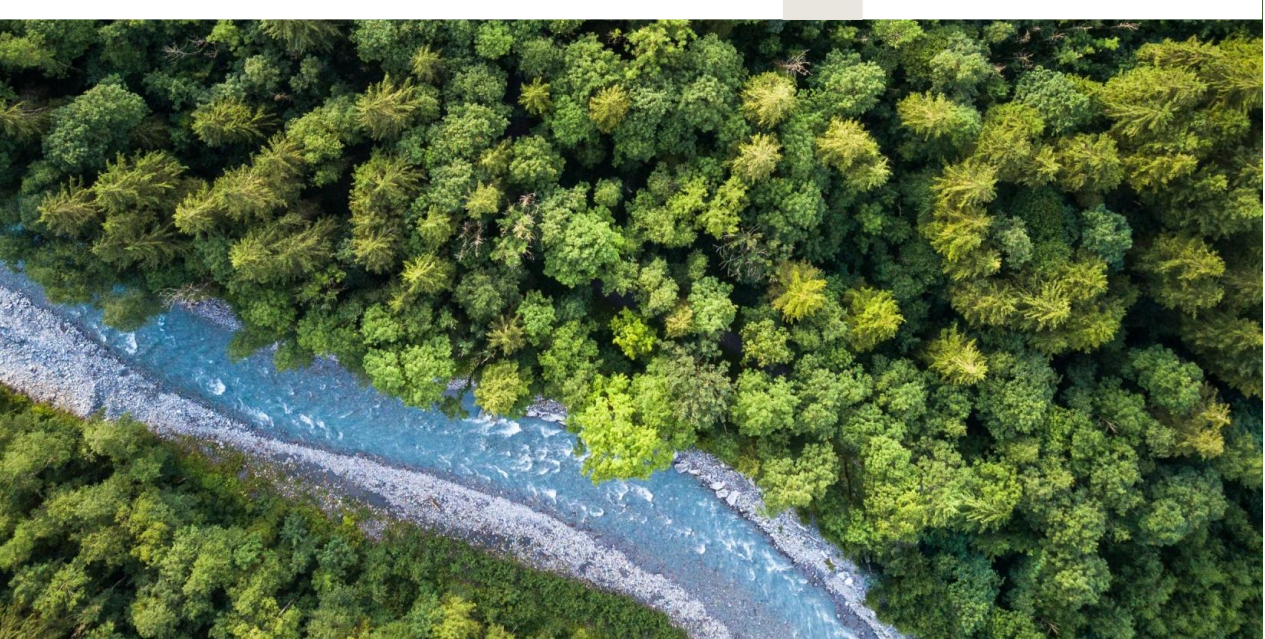
SERVICE AREA	OFFERING	
 Strategy advisory	<ul style="list-style-type: none"> <li>– Business strategies</li> <li>– Market entry strategies</li> </ul>	<ul style="list-style-type: none"> <li>– Product strategies</li> <li>– Sourcing/ raw material strategies</li> </ul>
 Due diligence	<ul style="list-style-type: none"> <li>– Acquisition/ divestment support</li> </ul>	<ul style="list-style-type: none"> <li>– Due diligence (commercial, operational, technical, environmental)</li> </ul>
 Investment advisory	<ul style="list-style-type: none"> <li>– Feasibility studies</li> <li>– Investment advisory</li> </ul>	<ul style="list-style-type: none"> <li>– Bankable documentation</li> <li>– Investment monitoring</li> </ul>
 Market analysis and forecasting	<ul style="list-style-type: none"> <li>– Supply, demand analysis</li> <li>– Cost analysis</li> </ul>	<ul style="list-style-type: none"> <li>– Wood product price modelling</li> <li>– Market scenarios</li> </ul>
 Valuations	<ul style="list-style-type: none"> <li>– Replacement cost valuations</li> <li>– Asset and business valuations</li> </ul>	<ul style="list-style-type: none"> <li>– Refinancing support/ valuation</li> </ul>
 Operational excellence	<ul style="list-style-type: none"> <li>– Benchmarking analysis</li> <li>– Production cost comparison</li> </ul>	<ul style="list-style-type: none"> <li>– Management systems, diagnostic, redesign and implementation</li> </ul>





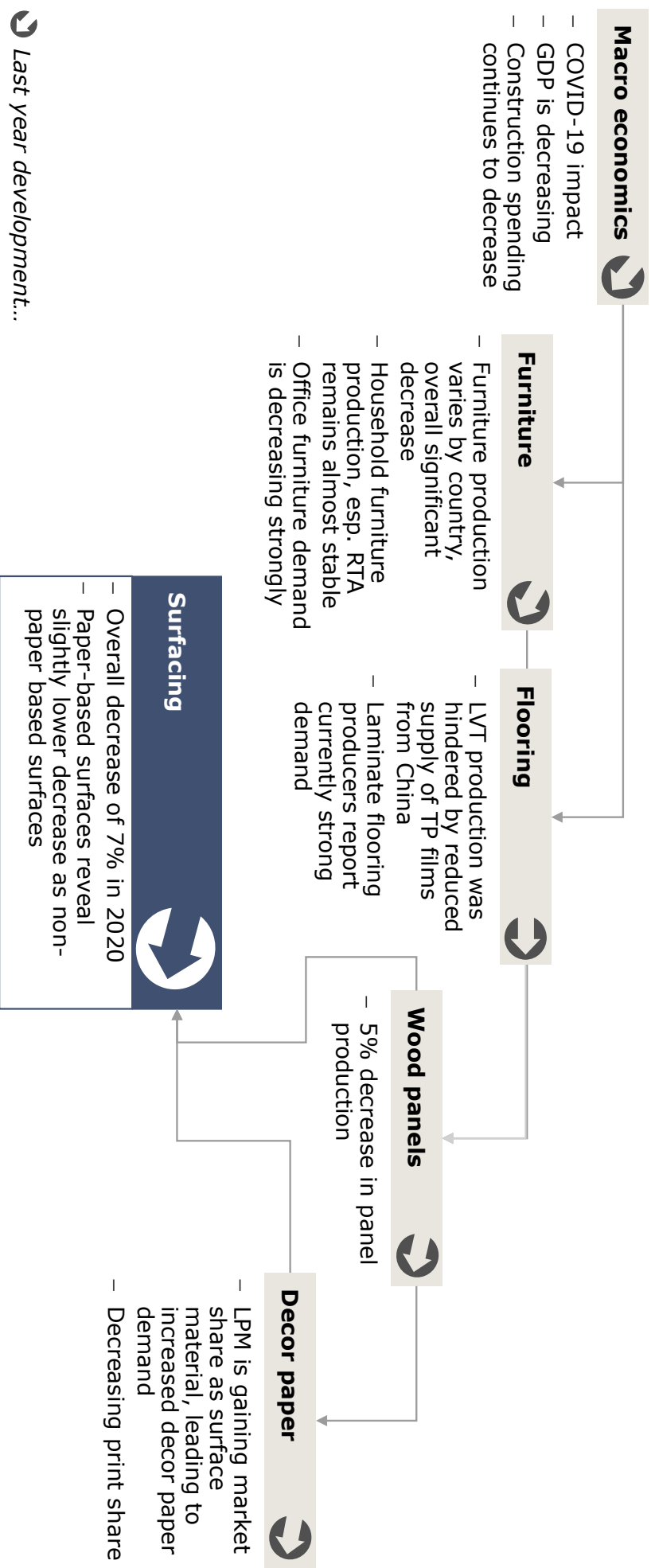
# Agenda

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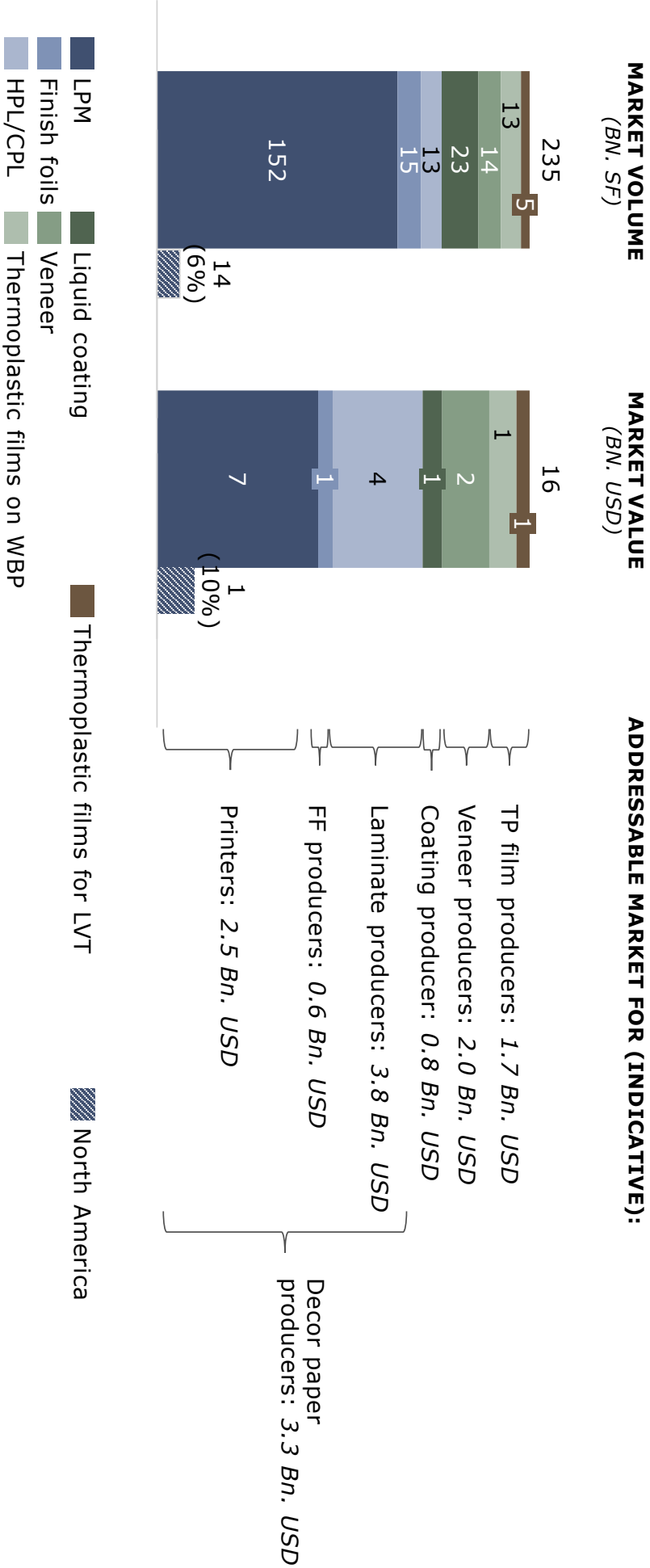




# COVID-19 is currently expected to effect a ~7% surface demand decrease compared to last year in North America



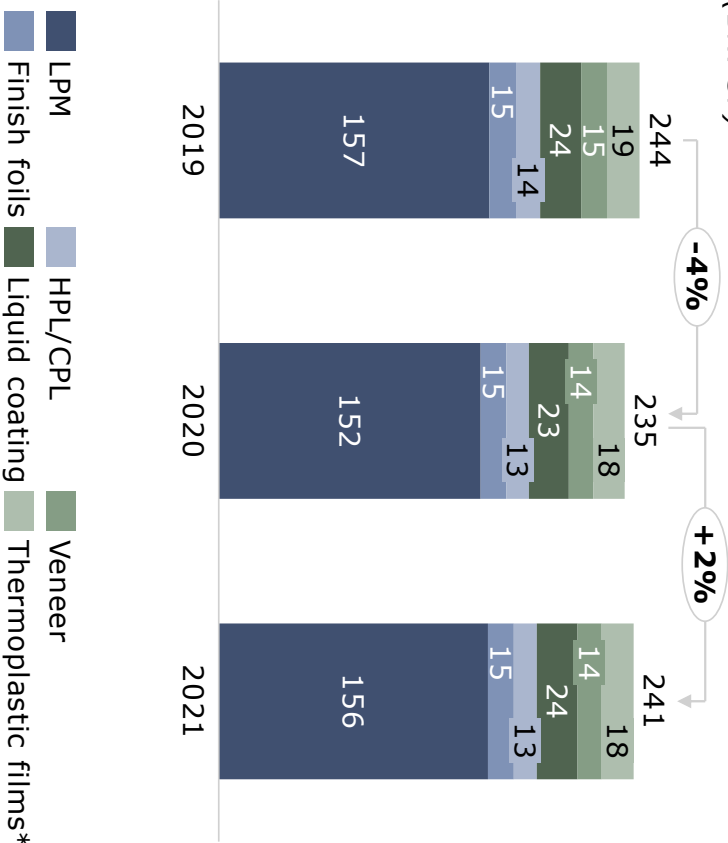
The most relevant volume market is the LPM market – the high value markets are the laminate and veneer markets due to high product prices



SURFACES

The surfacing market is expected to recover next year and to reach historic strength thereafter again, with China accounting for ~50% of the market vol.

**SURFACE DEMAND WORLDWIDE BY MATERIAL\***  
(BN. SF)

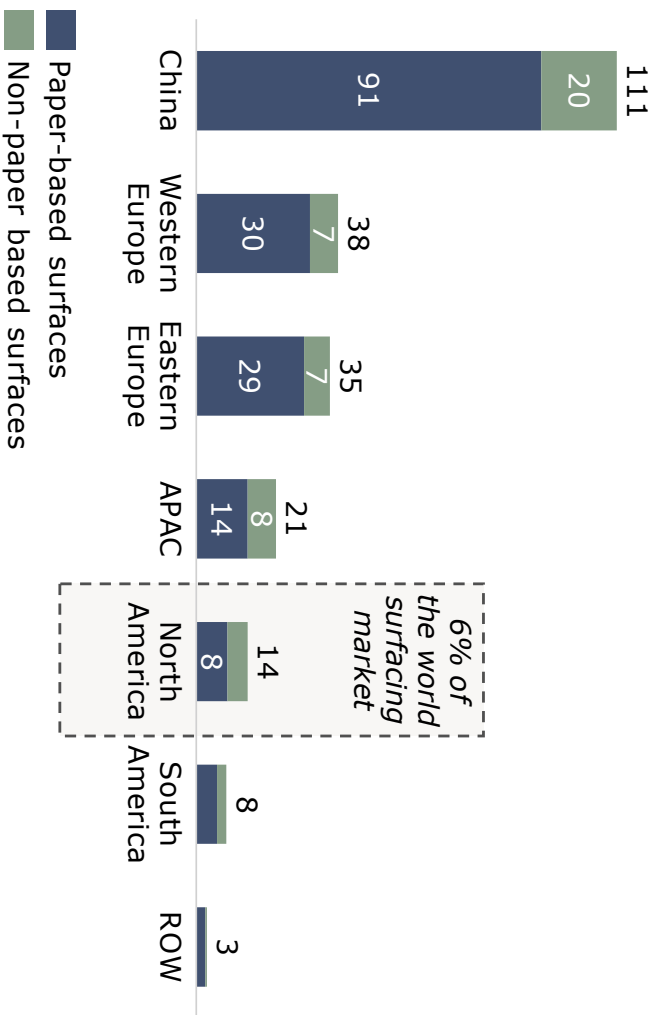


- LPM
- HPL/CPL
- Veneer
- Finish foils
- Liquid coating
- Thermoplastic films\*

\*Surface demand without overlay, with TP films for LVT; Base case projection

11 2020-09-16 COPYRIGHT &F PÖYRY AB | TCM NORTH-AMERICA WEBINAR: SURFACING MARKET OVERVIEW

**SURFACE DEMAND\* BY REGION 2020**  
(BN. SF)

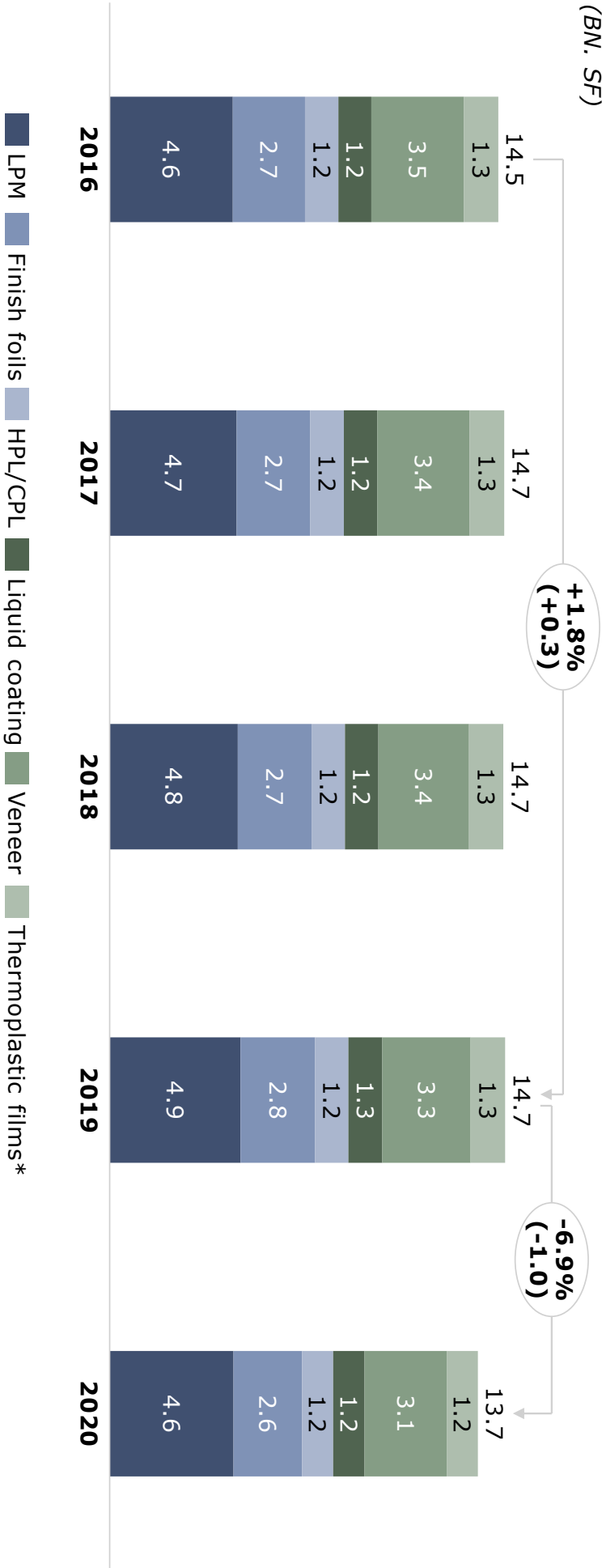


- Paper-based surfaces
- Non-paper based surfaces

6% of the world surfacing market

The Surface market has stagnated during last five years in North America and will decline by ~7% this year

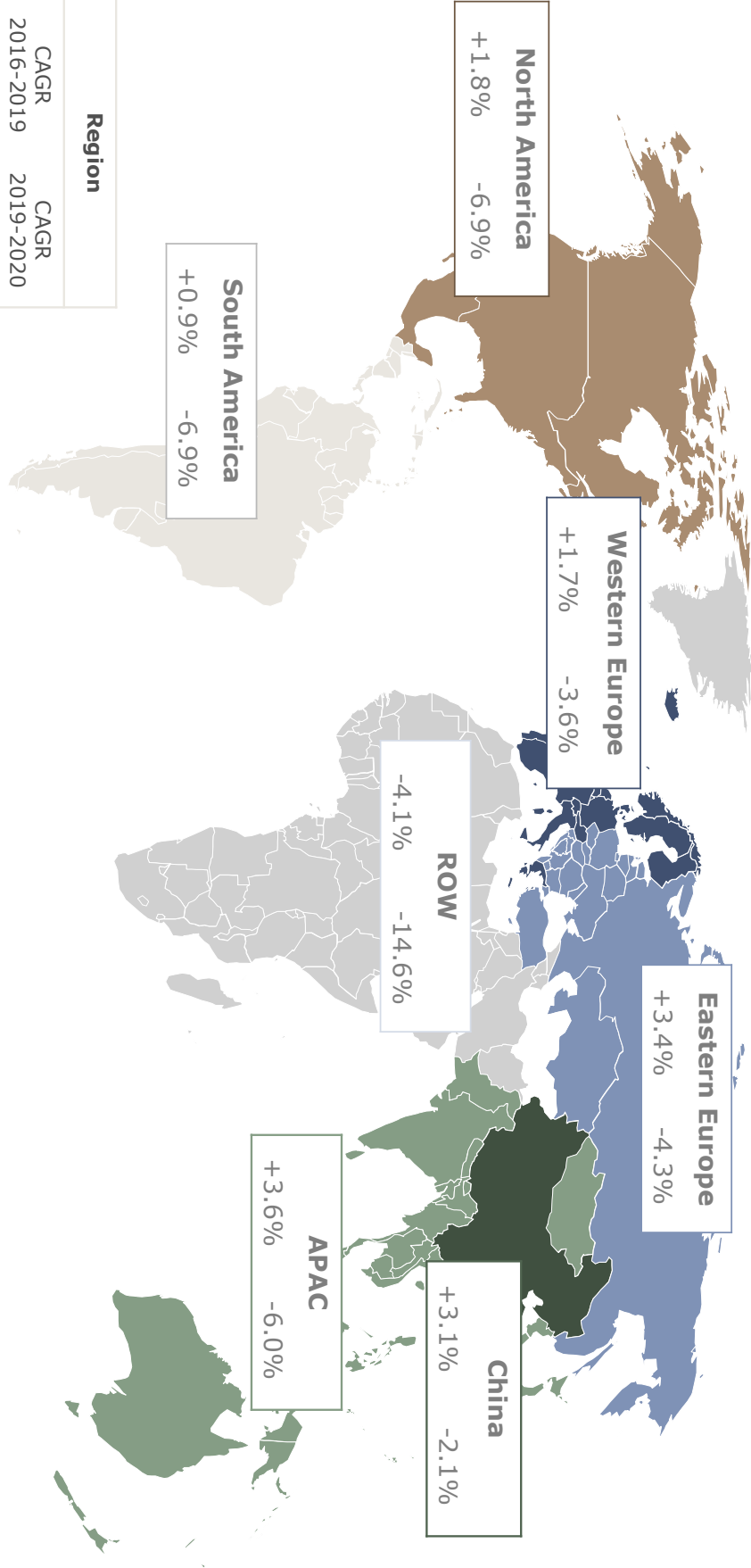
**SURFACING MARKET DEVELOPMENT (DEMAND) \***  
(BN. \$F)



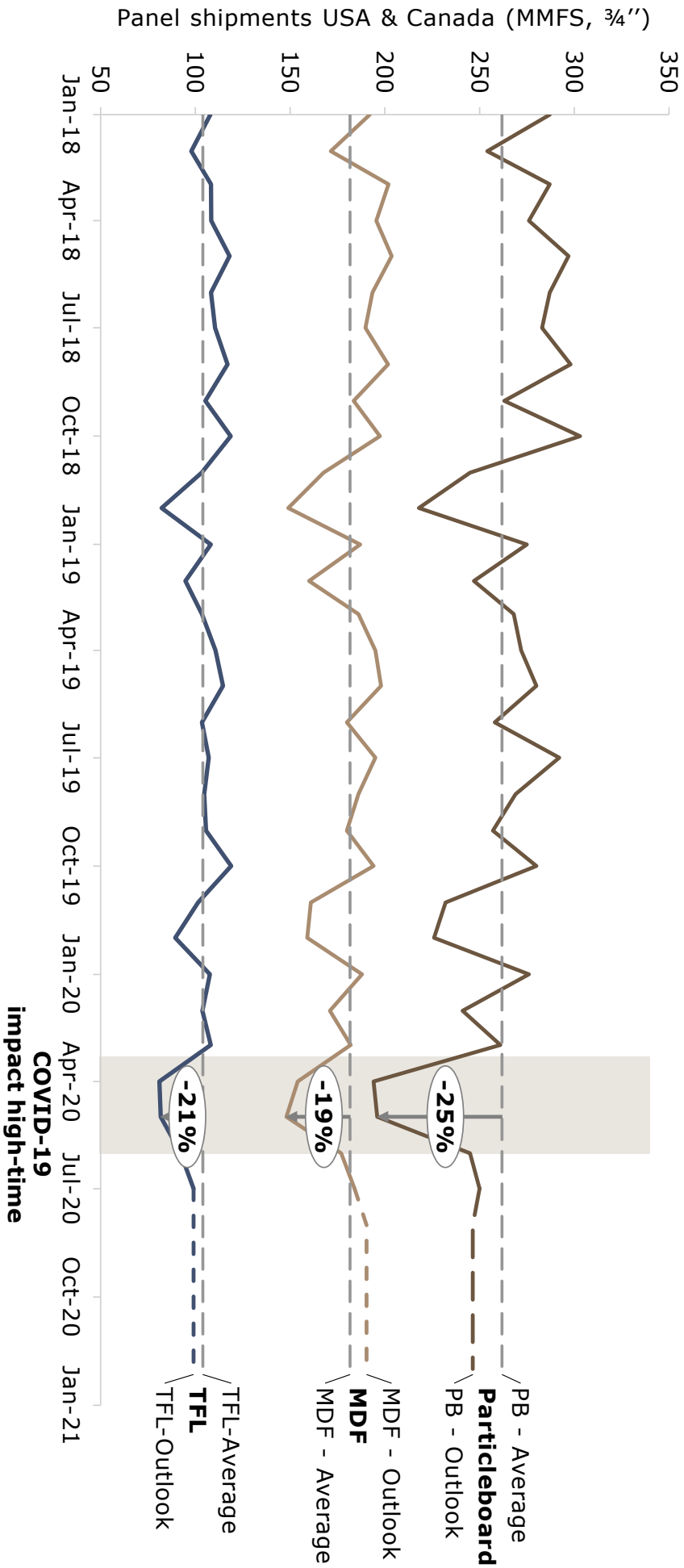
\*Surface demand without overlay, without TP films for LVT



The surfacing market is declining worldwide as an effect of COVID-19 after a series years of growth. Lowest decline rates can be found in China

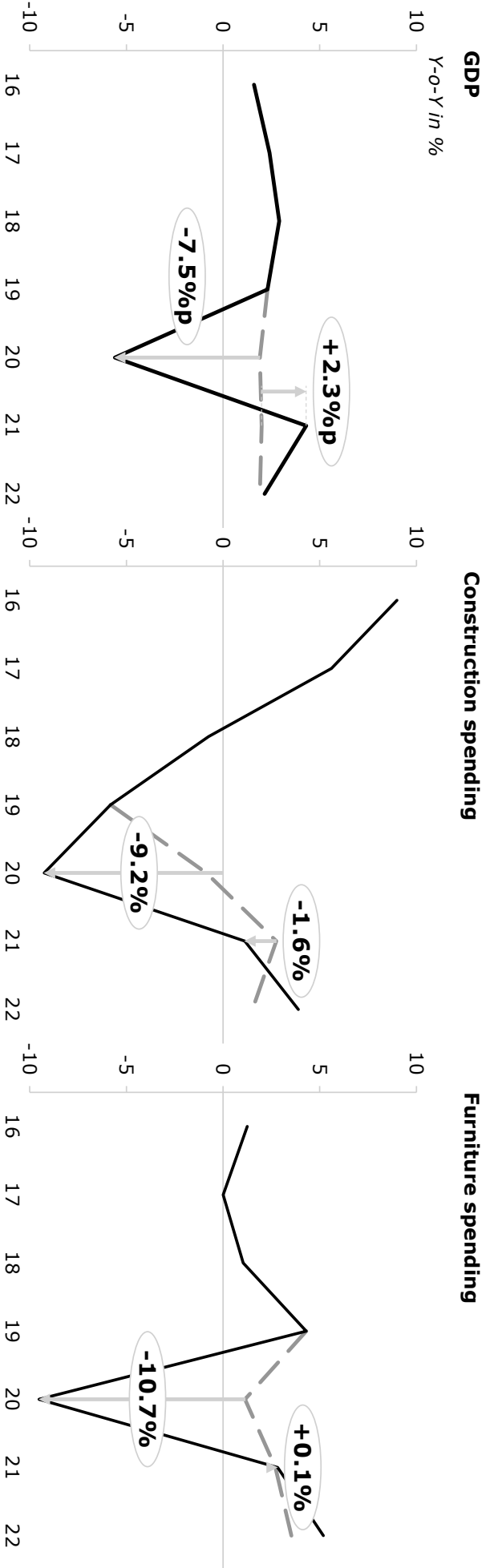


The market is moving back to average values after some 20% volume reductions in April and May, resulting in ~6% volume losses for the year 2020



Source: CPA, AFRY

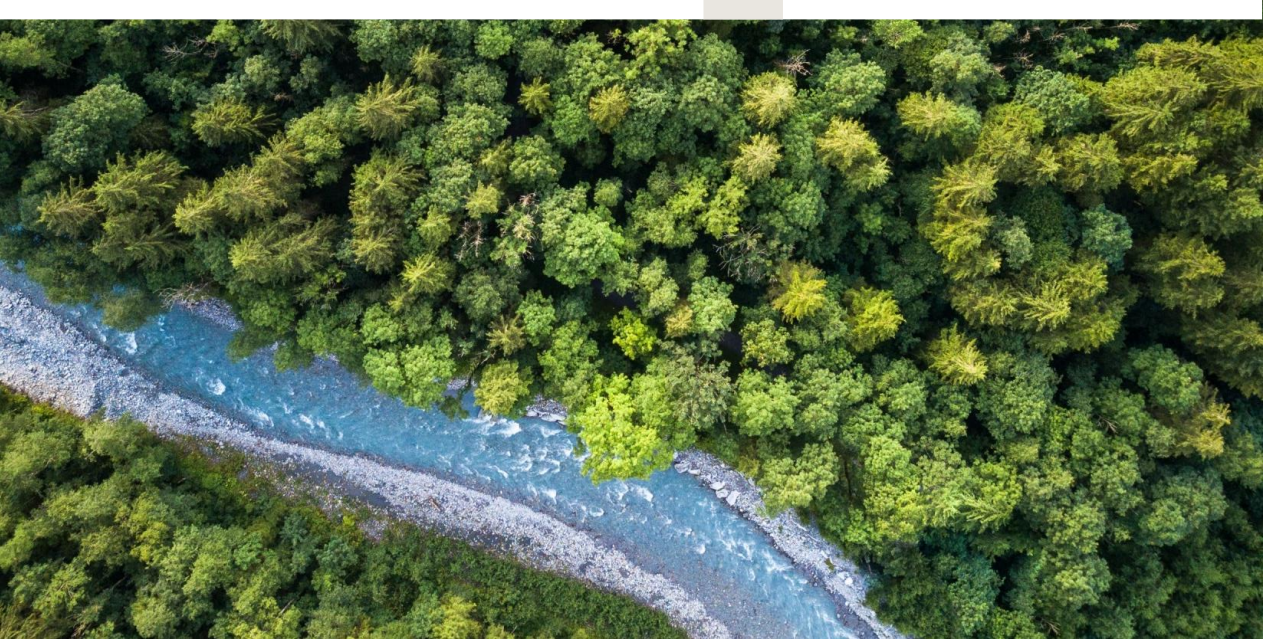
Current view: Construction and furniture spendings suffers strongly from COVID-19, reasoning the current surface demand decrease



SOURCE: AFRY, using array of Financial Institutes' GDP projections

# Agenda

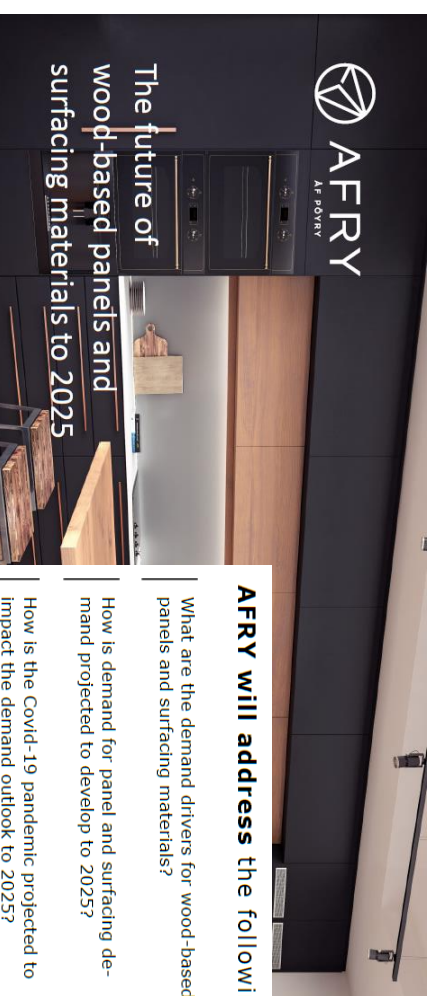
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## MULTI CLIENT

# The future of wood-based panels and surfacing materials to 2025, publication in November 2020



## AFRY will address the following questions in the Multi Client Report

What are the demand drivers for wood-based panels and surfacing materials?

How is demand for panel and surfacing demand projected to develop to 2025?

How is the Covid-19 pandemic projected to impact the demand outlook to 2025?

What is the development of capacity utilisation rates (production volumes) historically and going forward?

## Geographical scope

- WEU, EEU, ME, NAM, SAM, CHINA, APAC
- Country profiles for selected countries by region

What does the manufacturing cost curve in wood-based panels look like?

AFRY's Multi Client Report will include the following content, assumptions, analysis and key findings

Market Drivers	Market Mapping (supply)	Market Mapping (demand)	Industry structure	Multi Client Report
<ul style="list-style-type: none"> <li>– GDP</li> <li>– Construction</li> <li>– Residential</li> <li>– Commercial</li> <li>– Furniture</li> <li>– Flooring</li> <li>– Laminate flooring</li> <li>– LVT</li> <li>– Impact of Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>– Installed capacity</li> <li>– Production volumes and values</li> <li>– Trade volumes and values</li> <li>– Particleboard and sqd. MDF supply cost curves as of Q2 2020</li> <li>– Market share for top 3 producers/suppliers</li> </ul>	<ul style="list-style-type: none"> <li>– Demand volumes and values</li> <li>– End-use segmentation</li> <li>– For panels</li> <li>– For surfacing materials</li> <li>– Leading customers for decorative panels</li> <li>– Demand outlook to 2025 (3 scenarios)</li> </ul>	<ul style="list-style-type: none"> <li>– Financial performance by industry</li> <li>– Wood-based panels</li> <li>– Surfacing materials</li> <li>– Leading producers, installed capacity</li> <li>– Consolidation levels and future trends</li> <li>– Investment outlook by player</li> </ul>	<ul style="list-style-type: none"> <li>– Analysis and key findings</li> <li>– Market Drivers</li> <li>– Market mapping (supply/demand)</li> <li>– Industry Structure</li> <li>– Conclusions/point of view on financial performance and future industry consolidation</li> </ul>

- ## Product scope
- Wood-based panels
  - Particleboard
  - MDF, HDF, THDF
  - Surfacing materials
  - Paper based surfacing
  - Non paper based surfacing

Time schedule	Units
– Historic, 2018 to 2020E (last three years)	– Wood-based panels, m <sup>3</sup> and EUR
– Outlook, 2021 to 2025 (next five years)	– Surfacing materials, m <sup>2</sup> , kt and EUR

# Contact information

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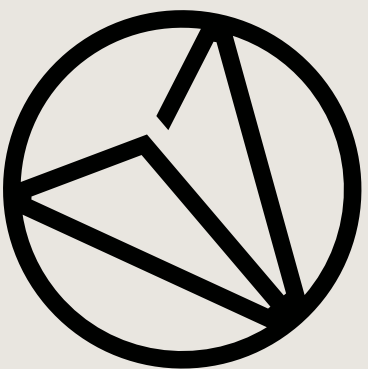
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ÅF PÖYRY