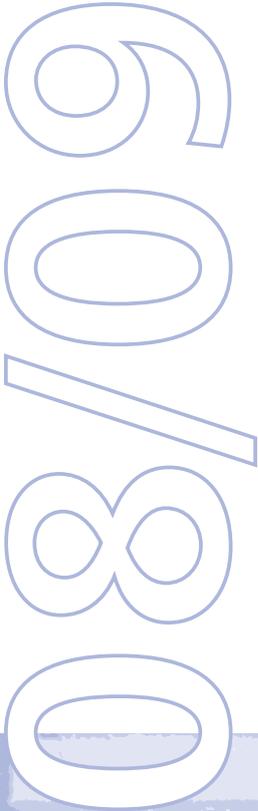


The Austrian Wood Industries

Report 2008/2009



Production

Austrian wood industry sales totalled EUR 7.29 billion in 2008, which represents a decrease of 3.4% in terms of value over the previous year. The positive development of the past years could not be pursued in 2008. Nevertheless, the production value is still on a very high level.

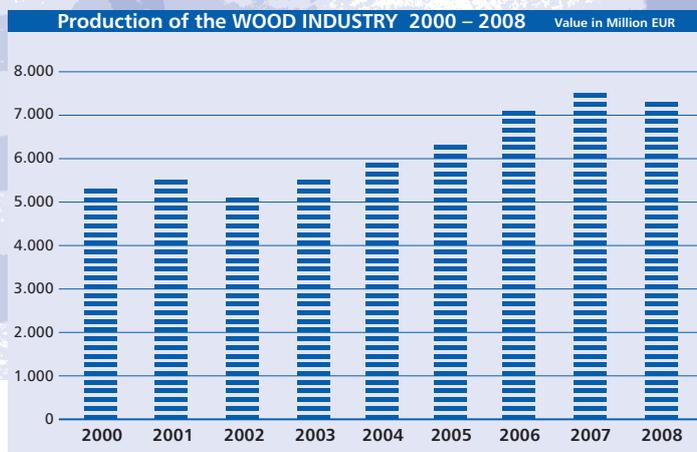
Enterprises, Labour Force

The Austrian Wood Industry comprises 1,556 active enterprises of which 1,200 are sawmills. Due to the reopening of many sawmills after the storm damages the number of sawmills amounts to the approximately same number as in 2007. The majority of wood-industry enterprises are medium-sized businesses, almost all of them are privately owned. As an employer the wood industry is appreciated for the security of the jobs offered. In the course of 2008, the num-

ber of wood-industry employees slightly decreased – now standing at 30,927 – and still remaining one of the biggest and stable industrial employers in Austria.

Foreign Trade

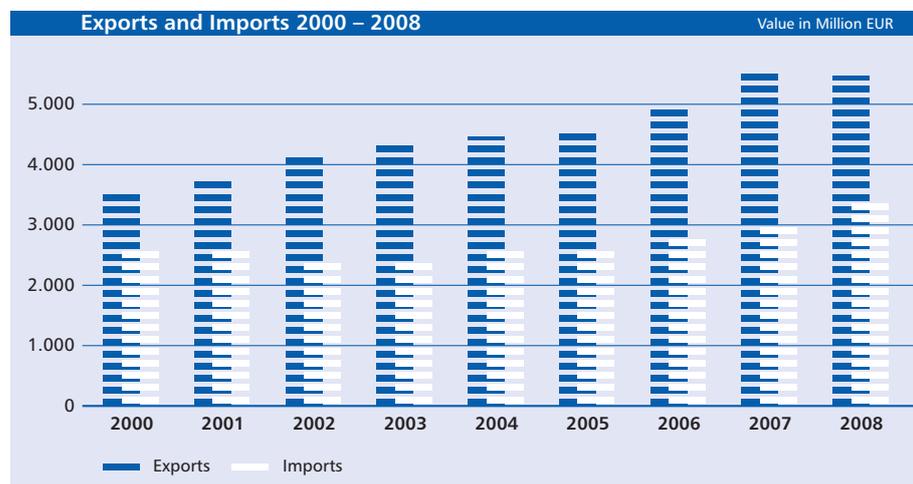
The wood industry is a strongly export-oriented sector. Its export ratio has been higher than 70% since several years. The most important export goods are sawn softwood, glued laminated timber, wood based panels and skis. The total volume of exports in 2008 amounted to EUR 5.47 billion. This is a decrease of 7.2% compared to 2007. 75.8% (value: EUR 4.50 billion) of Austrian wood-industry exports went to the European Union, above all to Germany and Italy. The remaining 24.2% were exported to other European countries (12.2%), the developing countries (2.5%) and other countries such as the US and Japan (9.5%).



Source: Statistik Austria, 2008: preliminary figures

Lines of Business

The wood industry is an extremely varied sector. In terms of production volumes, it's most important lines of business are the saw milling industry, the construction elements industry, the furniture industry, the wood-based panels industry and the ski industry.



Source: Statistik Austria, 2008: preliminary figures

Construction Elements Industry

The total sales of the construction elements industry amounted to EUR 2.462 billion in 2008 which approximately corresponding to the amount in 2007. Within the construction-related sector, most of the individual lines of business have been performing well. The production of windows, the most important line of business, increased to EUR 401.7 million by 6.2% in 2008. The production of prefabricated wooden houses decreased by 1.6% (EUR 470.55 million in terms of value). The production of doors grew by 2.2% to EUR 235.65 million. Concerning the production of wood floorings, the production of plank floorings decreased by 7.4%. The production of parquet floorings decreased by 1% to EUR 207.88 million. Glued laminated timber elements continued their positive performance, growing by 1.1% to EUR 478.82 million in the year under review.

Foreign Trade

The increasing export figures for the windows sector in 2008 are very promising. With an increase of 16.2% in volume and a 17.3% increase in value they add up to EUR 71.47 million. Imports decreased 7.2% in volume but increased 3.7% in value, resulting in EUR 24.26 million in 2008.

The **doors** manufacturing sector reported an increase in exports and a decline in imports. Exports increased 0.8% in volume and 3.4% in value. The total value of exported doors in 2008 was EUR 29.53 million. Imports increased 6.2% in volume but decreased 8.7% in value, resulting in a total value of EUR 30 million (EUR 29.96 million) for imported doors.

Wooden floor exports showed a rather moderate development. Parquet exports decreased in volume (7.4%) as well as in value (7.9%) to EUR 233.1 million. Imports increased 12.0% in volume and 10.7% in value, resulting in a total of EUR 74.86 million.

Laminated wooden panel exports had a slight increase in volume (1.0%) but a stronger decrease in value (11.3%) to a total export value of EUR 300 million (EUR 299.54 million). Imports had a much better year with a 12% increase in volume and a 1.7% increase in value. The total value of imported laminated wooden panels in 2008 was EUR 23 million (EUR 23.17 million).

Furniture Industry

According to Statistik Austria, the production volume was EUR 2.67 billion. This is a low value, compared to the total numbers from 2007 (EUR 3 billion) but the production data cannot be compared directly to the previous year as the composition of the product groups changed due to a new classification scheme of ÖNACE 2008 and the corresponding CPA 2008.

Foreign Trade

Parallel to the drop in production, the export business suffered a 2.5% decline with a value of EUR 1.55 billion. The reasons for this are developments on the international markets which showed a significant decrease in trading volume. Serious declines in the building industry as well as consumer reticence regarding furniture purchases were also important indicators for this negative development.

EU: EU exports decreased by 1.3% to EUR 1.21 billion. The most important export countries are Germany (+2.2%, EUR 596 billion) and Italy (-5.5%, EUR 168 billion). In the EU, the UK is the third biggest export market, but with a significant decline by 27.5% to EUR 62 billion,

Production of FURNITURE (Wood/Metal/Plastic) Value in EUR 1.000,-	
2008	
Seats and parts thereof; parts of furniture	945.032
Office and shop furniture	537.190
Kitchen furniture	247.523
Mattresses	112.315
Other furniture	825.682
Total	2.667.741

Source: Statistik Austria, 2008: preliminary figures

especially in office furniture (metal furniture -7.2% and wooden furniture -41.9%).

As in 2007, furniture imports exceeded the exports. The total import volume was EUR 1.71 billion with a slight decrease in comparison to the previous year. From the EU: furniture imports decreased 1.0% to EUR 1.47 billion in 2008. The primary importer remains Germany with EUR 841 million (-0.1%). Germany is followed by Italy with EUR 147 million (-2.5%).

Wood-Based Panel Industry

The wood-based panel industry reported a satisfying development by the 3rd quarter of 2008. The first signs of an economic slowdown became noticeable in the second half of 2008, mainly from construction sector. This economic slowdown became even more apparent in the 4th quarter.

The decline in turnover was significantly stronger than the decline in volume. The enormous pressure on pricing is an obvious sign for excessive amounts of products flooding the international markets. All market participants agree that the development in previous years was outstandingly positive, not only for the Austrian panel industry but also for the European panel industry. Capacity building and the resulting production quantities reached very high levels.

The current economic crisis and the resulting decline in the construction and furniture sectors have a significant impact on the panel industry, which cannot sustain the high levels of the last years.

However the competitiveness of the Austrian producers with their family-based ownership structure provides confidence that the panel industry will successfully overcome this difficult phase.

Foreign Trade

According to current figures, we can expect a very pleasant foreign trade surplus. Statistik Austria estimates a surplus of EUR 700 million from MDF

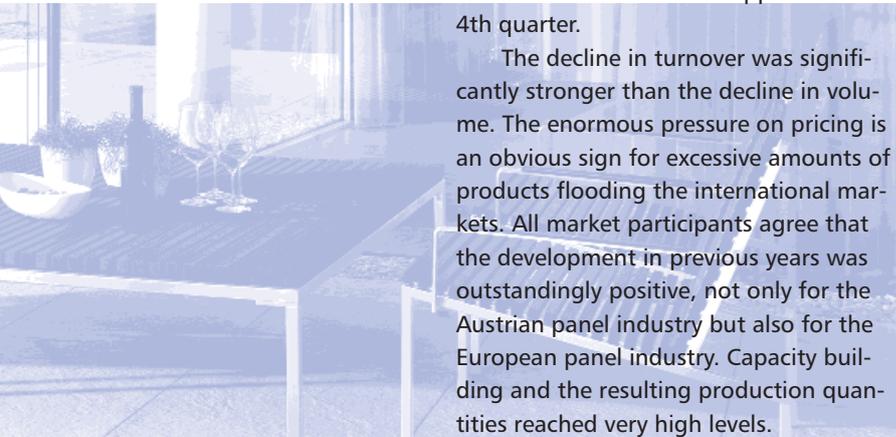
clamping plates and other fiberboards. This is obviously the result of the high performance and competitiveness of the Austrian producers. A high standard in production technology and decades of experience in product marketing are the basis for this success of the main plants in this predominantly international industry.

Solid wood panel

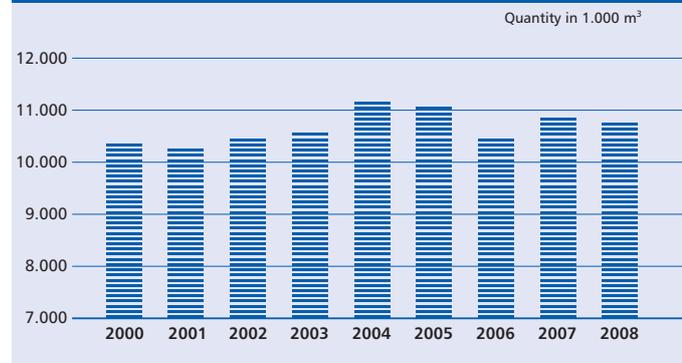
Exports of solid wood panels in 2008 declined 4.56% in comparison to the previous year, resulting in a total of EUR 169.1 million. But also imports decreased 4.69% to EUR 111.8 million.

Saw Milling Industry

The Austrian saw milling industry is a very big and important industry sector with approximately 1,200 enterprises and 10,000 employees. 65% of the total amount of sawn wood is produced by the 10 largest mills. The 40 biggest sawmills account for approximately 90% of the total production. The production of the Austrian saw milling industry in terms of value decreased by 6.7% to EUR 2.09 billion in 2008 (2007: EUR 2.24 billion). The total production in terms of volume decreased to 10.8 million m³ (2007: 11.3 million m³). The annual volume of timber delivered to Austrian saw



Production of SAWN WOOD 2000 – 2008



Source: Statistik Austria, 2008: preliminary figures

mills amounted to approximately 18 million m³ of round wood, of which 5.05 million m³ have been imported. The export rate reaches two thirds (Austria is

the 5th biggest exporter of sawn wood world wide) and therefore the Austrian saw milling industry is an important factor for a positive balance of foreign trade).

Foreign Trade

In 2008 approximately 7.07 million m³ of sawn softwood were exported which means a decrease by 7.4% (2007: 7.64 million m³). In terms of value, this is an export volume of approximately EUR 1.2 billion (2007: approximately EUR 1.45 billion).

The most important export market is Italy, accounting for 58% of Austrian sawn softwood exports (4.1 million m³ in 2008) which represents a decrease by 8.4% (2007: 4.5 million m³).

Exports to the USA decreased by 77% to approximately 28.335 m³ (including exports via Canada).

The exports to Japan and Asia decreased from 383,591 m³ (2007) to 323,827 m³ (2008). Also exports to Germany went down (2008: 521,367 m³) which means a decrease by 17% (2007: 624,795 m³). The British market shows a reduction of 50%.

The sawn hardwood production has remained stable compared to 2007. The production of logs for sleepers (beech and oak) could be doubled in 2008. In terms of value, minor injuries had to be taken. The exports of sawn hardwood decreased by 14%. Total exports of sawn hardwood in 2008 amounted to 161,071 m³.

Imports of sawn softwood remained stable in 2008. The total imports of sawn softwood amounted to approximately 1.45 million m³ (+0.2% compared to 2007). In terms of value this is an import volume of about EUR 269 million (-8% compared to 2007). The imports of sawn hardwood decreased by 19% to 178,612 m³ (2007: 219,474 m³).

PEFC

The realization of the certification scheme „PEFC“ still remains very important for the Austrian saw milling industry. The development of the enterprises certified according to Chain of Custody reinforces the endeavours of PEFC Austria to remain the leading certification system in Austria.

Ski Industry

Two years ago the ski industry was already in a very critical phase, due to the decline of the world markets. Today this decline reached the entire worldwide industry. In the last years the ski industry acted according to this decline and it is therefore in a differentiated situation. Even though the ski industry already had to deal with the results of this severe crisis two years ago, the impact of this current worldwide economic crisis remains a challenge. Positive developments in overseas markets like Japan or the USA remain to be seen. These markets are still struggling with downward trends. The skiing infrastructures in Japan are outdated and its winter sport regions are in desperate need of new investments. The most important European markets report market stabilizations. Skiing is still very popular and this popularity results in solid market figures. The world market for alpine skis remains stable at 3.1 million skis, while cross-country skis have an estimated volume of 1.1 million. Ski boots have an estimated volume of 3.5 million pairs.

Foreign Trade

Austrian brands have a steady and considerable 50% share in this winter sport segment. The export ratio remains above 80% – a success that is rarely achieved by any other Austrian industry. As winter sports and its facilities remain very popular they provide an optimistic perspective for this industry.

