

TIMBER

UPM TIMBER
CUSTOMER NEWSLETTER
AUTUMN 2016

The Biofore Company 

” DEAR CUSTOMER,

GROWN TO SUSTAIN

The year 2016 has again been a year of development for UPM Timber. More efficient and customer-oriented operations have enabled us to respond excellently to our customers' challenges in different markets. With help from our stocks at mills, our delivery volumes have exceeded our production volumes, we have still been able to improve our products' already previously praised quality and our delivery reliability is at an excellent level. All in all, in UPM Timber's sales and supply chain we have successfully been able to adhere to our commercial strategy and the goals set in some areas have even been exceeded. I can happily say with confidence that we are satisfied with this year! But as always, development work and new ideas for continuous improvement are still needed.

Dear customers, the basis of all our operations, from raw material procurement to the delivery of the finished product to you, is customer orientation. To encapsulate the purpose of UPM we are now launching UPM Timber's new customer promise and crowning it with our slogan – Grown to Sustain.

WHAT GROWN TO SUSTAIN MEANS TO YOU, OUR CUSTOMER:

UPM Timber's promise – Grown to Sustain – combines the continuous development of our own and our customers' businesses in long-term co-operation. It also tells encom-

passes our responsible approach and values.

When our customers grow, we grow with them. We achieve this with our sustainably produced, stable quality timber and excellent service. Our aim is to be the most reliable partner in future challenges and focus on what we do best: to supply our customers with the sawn timber they need when they need it.

This all contributes to our ability to provide you added value as well as bring you peace of mind and flexibility to succeed in your operations. We want to always be your number one choice. You can explore UPM Timber's new customer promise and its core messages in more detail on the second page of this customer newsletter.

With this new customer promise I would like to thank you all on UPM Timber's behalf for the past year and wish you even better year in 2017 in the light of the timber business.



Mikko Hyvärinen
Director, Sales and Supply Chain

JAPANESE CUSTOMER DAY FOCUSED ON DEEPENING THE CO-OPERATION

The Japanese market is a very important strategic market and also UPM Timber's biggest export market. We supply both redwood and white-wood to Japan which are used in house manufacturing. To celebrate the 15th anniversary of opening the UPM Timber office in Japan a customer day was organized for strategic customers from Japanese market.

The customers representing 19 different companies were invited to the Hotel Hilton, Tokyo, at the beginning of November. The day consisted of informative presentations and the evening culminated in a dinner cruise in the Tokyo Bay. During the cruise

customers took part in a playful quiz about Finland and learned many new things about our interesting country.

During the customer day participants gained an insight into UPM Timber's business and sales strategies, the importance of the Japanese market, as well as the importance of supplying stable quality timber and how we achieve the continuous improvement.

Interesting questions and discussions were the most important offering of the day and overall event was a great success. We would like to thank all our customers who made the day possible with their presence and enthusiasm.



VISIT OUR **NEW**
FACEBOOK PAGE.

Search for UPM Timber,
explore and like!

What do we promise to you?

UPM Timber

WE CREATE VALUE

Our timber is
**RESPONSIBLY
PRODUCED**



We produce
continuously
STABLE QUALITY



Because we
want to bring you
PEACE OF MIND



OUR PEOPLE
make it possible

WE MAKE THE MOST TRUSTED TIMBER IN THE WORLD

It grows in
**SUSTAINABLY
MANAGED
FORESTS**



It is a pure
and natural product
FROM FINLAND



We use
**CERTIFIED
HIGH QUALITY
WOOD**



GROWN TO SUSTAIN

WE DELIVER RELIABLY
what we promise – when we promise



We serve personally
EVERYWHERE

**WE BUILD
LONG-TERM PARTNERSHIPS**

WE ENHANCE YOUR BUSINESS



You will find the
RIGHT TIMBER
even for the most
**DEMANDING
END-USES**



With us you'll get
**CONFIDENCE
AND FLEXIBILITY**
for your operations

Because we
want to be
**YOUR
NO. 1
CHOICE**





SALES TARGETS OF 2017 WERE DEFINED AT INTERNATIONAL **SALES MEETING**

UPM Timber's international sales meeting was once again held at the end of November in Vanajanlinna in Hämeenlinna. All expectations were high when the Sales Director **Mikko Hyvärinen** launched Timber's new customer promise and crowned it with a great slogan. Setting sales targets for 2017 was also one of the

highlights of the day.

The purpose of the annual international sales meeting is to go through the achievements and challenges of the current year as well as to plan the sales and pricing strategies and customer management for the coming year. The international sales meeting is the year's most important event for

sales people where best practices from different sales offices are shared in order to continually improve our service to customers. Those who attend annually include UPM Timber's management team, sales staff from both Finland and abroad, agents from the strategic markets, sawmill directors and sales support personnel.



An encouraging work supervisor and the open atmosphere of the working community creates a fertile growing ground for the fresh ideas that allow us to be a strong partner in our customers' business development.

JUHA SANTAHOLMA

UPM TIMBER SALES TEAM
AREA MANAGER, JAPAN

Nature loving Juha Santaholma's career began at UPM as a trainee, in 1999. After graduating, Juha worked for a long time as a project engineer in various positions until 2007 when he was appointed production planner for Alholma sawmill. In which position he remained for nine years until he was appointed to the Timber Sales Team as an Area Manager.

Juha feels that UPM is just the right workplace for him. "A safe and fair working environment in an international atmosphere is just what I've been waiting for and exactly what I've found in my workplace. An encouraging work supervisor and the open atmosphere of the working community

creates a fertile growing ground for the fresh ideas that allow us to be a strong partner in our customers' business development. Reliably, now and in the future," says Juha.

As an Area Manager Juha is responsible for the market in Japan but from the beginning of next year the job description is expanding to include the Danish, Swedish and Norwegian markets as well. "I feel my work is an amazing opportunity to be a link intensifying this valuable cooperation between customers, sales offices and production operations. I also look forward with great interest to the sales opportunities offered by these new markets," says Juha excitedly.

KORKEAKOSKI SAWMILL'S PINE LOGS PROCESSED INTO HIGH-QUALITY SAWN TIMBER TO THE WORLD

UPM's Korkeakoski sawmill, in Juupajoki, central Finland, is one of the country's most modern sawmills producing 330,000 m³ of high quality sawn timber annually which is supplied worldwide. The mill sources good quality pine logs from the surrounding responsibly managed pine forests, and it's this good quality raw material which is the secret to producing high quality products. By virtue of its location, the mill is able to achieve its aim of sourcing timber locally. "Pine logs from the area are on average very robust and high

quality," UPM Forest's Area Director **Matti Toivakainen** says.

In order to ensure the high-quality of sawn timber, quality is controlled throughout the entire production chain. "In the sawing process, the dimensional accuracy of the products are continuously monitored by automatic measuring devices. The quality supervisor monitors the grading quality and the sorting's camera sorting activities and all personnel working in sorting monitor the quality in their own workplaces and reports any occurrences immediately to

their supervisor. This ensures that our customers receive the best possible sawn timber made from the best pine logs," Director of Korkeakoski sawmill **Sami Kotivuori** says. "Every week there is also a grading meetings where finished product packages will be opened and the result of camera sorting is checked. If deviations are found and the product does not meet the requirements set for it, then that batch is graded again, if necessary, and it is not sent to the customer," Sami continues.

Korkeakoski sawmill exports about

three-quarters of its products. The largest single market is the United Kingdom where the joinery industry is further processing the sawn timber, for example, into window frames, doors, door frames or interior panels. Elsewhere sawn timber packages from Juupajoki can be seen on construction sites waiting for use, in Morocco its used for domestic door and window framework, and in Finland, many log home builders are regular customers.

"In the United Kingdom the origin of wood and responsibility require-

ments have been under discussion for many years. The most recognised certification is FSC®, particularly amongst end users, however, PEFC™ certified wood continues to play an important role in supply volumes," Sami Kotivuori describes the conversations with sawmill's customers. "Our customers emphasizes responsible operations and FSC® and PEFC™ guarantee that the operation is in order from the forest through all stages of the chain."



WOOD INDUSTRY

PROFESSIONALISM EUROPE-WIDE

Story about our customers Protac and Puidukoda

Europe is a significant and also an historically important market area for UPM Timber. One of our most interesting customers has operations and expertise Europe-wide; Protac is a French company specialised in the manufacturing of timber products for the home and for outside spaces and its subsidiary Puidukoda is a fast growing planing mill in Estonia. Serving this unique Europe-wide customer with global operations gives us an interesting insight into the European construction industry. Both companies are part of the French Family Corporation the Rose Group.

Protac was founded in 1996 in France and was the result of the diversification of the Rose Group's historic

activity. Protac is a company specialised in secondary timber processing. It is organised around the purchase of rough timber planks, drying, planing, protective treatment and finishing. As raw material the company uses a wide selection of high quality Nordic Timber from PEFC™ and FSC® certified, sustainably managed forests.

Claude Langlais, the purchaser of Protac, says: "Quality is really important for us and our customers. I am also constantly monitoring the production yield, which for me is the most significant factor."

Protac operates in very close cooperation with UPM Timber and Protac's representatives have visited Seikku sawmill twice. In addition, in the near

future some production people from Seikku sawmill will visit Protac mill to gain a better knowledge of Protac's production range and see how UPM Timber can help them to increase their yield. Protac also appreciates the close cooperation in the daily business with UPM Timber's professional sales people.

In order to develop internationally and become closer to its source of raw material Protac bought Puidukoda in 2013. As said Puidukoda is a fast growing Estonian planing mill founded in 1997 and situated in South-Estonia. Puidukoda produces planed timber and profiled boards out of Nordic Softwood and Siberian Larch. Around 90% of the

raw-material is imported, mainly from Russia and Finland. Puidukoda's total annual sales is around 100,000 m³ of planed and profiled timber. UPM Timber is the company's biggest supplier from Finland and one of its top three suppliers. This year around 15% of their total raw material usage will have come from UPM's Timber sawmills.

The co-operation between UPM Timber and Puidukoda started a few years ago. Since then their production volumes have increased which has given a great chance to increase the co-operation and UPM becoming one of the top suppliers in a very short time. Puidukoda is concentrating more and more on premium quality

and surface coated products which increases the demand for higher quality raw material.

"UPM Timber is one of our main suppliers because of the same three things that we also want to offer to our customers with our products and service: 1. Quality – UPM Timber is selling timber with constantly high quality, 2. Service – UPM Timber is offering excellent service in sales and logistics, keeping the customer always informed, 3. Flexibility – UPM Timber is able to offer special dimensions and customised length assortments, keeping their flexibility high regardless of the large production volumes" says **Kristjan Saks** the Sales Director of Puidukoda.

CUSTOMER SATISFACTION SURVEY 2016

We organized a satisfactions survey for our customers in September to ask for feedback about the quality of products and services UPM provides. Focus areas were customer service, quality of products, delivery reliability, communications, customer

experience and cooperation.

The response rate to the survey was high and we received a lot of interesting replies as well as constructive development ideas from the open questions. The results of the customer satisfaction survey were generally re-

ally positive. More than 91 percent of the respondents were satisfied with our products and their delivery, and more than 97 percent of the respondents were satisfied with our customer service. 94 percent of our customers rated their company's relationship with UPM

Timber to be very good or good.

We would like to thank all those customers who participated for their valuable contribution to the development of UPM Timber's operations and customer service. Your answers and comments will be of great importance

in developing our customer relationships and UPM Timber operations. The Timber management team are going through all the replies and will use them to further develop our business and improve your customer experience.

UPM TIMBER'S QUALITY STARTS IN THE FOREST

The high quality of our sawn timber starts in the forest. We maintain close cooperation with UPM Forest and Wood Sourcing and we also regularly invite forest owners to get acquainted with our sawmills and to discuss our customers' quality requirements.

"UPM Forest's forest account managers who are buying wood, knows our products' quality requirements and can identify the timber which is best for us. Through them the information is transmitted to forest owners," says **Sami Kotivuori** the director of Korkeakoski sawmill. "We are happy to show the forest owners our sawmill and to tell them about our products and our own customers' requirements. These discussions make the importance of forest management and quality of timber very apparent."

This autumn two events were organized in Central Finland where forest owners were introduced to the sawmill and its products and their end uses. The theme of the visit was "Where are my logs travelling to in

the world"?

About 11 km from the Korkeakoski sawmill, forest owners **Mikko** and **Teija Lindell** run a company specialized in farm and forest tourism holidays. The Lindells drives by the sawmill almost every day and they immediately grabbed the opportunity to come for a visit and learn what's currently happening inside the gates. The robust pine logs cut down from their farm are supplied to the sawmill. "The amount of timber which is going through saw line is enormous," remarked the Lindells amazed. "It was impressive to see with my own eyes how the logs are processed in the saw line."

"It was also interesting to hear where the timber grown in our forest is delivered to and what is produced from it in the end." Pine from the area's forest owners can be found in British homes' window frames, doors and furniture as well as in structures and furniture of summer houses built at Finnish lakefronts.

To run our sawmills we need about

three million cubic meters of wood annually, over half of which is bought from private forest owners. 60% of Finland's 26.2 million hectares forest is owned by private individuals.

UPM is a major forest owner in Finland with 700,000 hectares of forest. UPM's mills' annual wood consumption amounts to approximately 18 million cubic meters, of which about 10% comes from the company's forests.

We take care of the company's forests in according to the principles of sustainable forest management, complying with the government regulations and certification criteria. Over and above this, we are able to develop new methods of responsible forestry in our private forests and we offer this expertise to the private forest owners, an indication of our expertise is that there are about one million hectares of private forests in our care.

Read more about Finnish forestry industry at **www.forest.fi**

