



IIVARI
MONONEN

2017
ANNUAL REPORT

Iivari Mononen Group 2017

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Reliable and up-to-date solutions for sustainable utility networks over their complete life-cycle

Iivari Mononen Group provides high-quality solutions for building and maintaining utility networks. We operate globally and provide high-quality overhead line solutions, impregnated wood products and a full range of modern utility network services.

Iivari Mononen Group consists of three companies: SCANPOLE OY operates our pole business, PRIMATIMBER OY specializes in impregnated sawn and timber products, and EXSANE OY provides services for infrastructure networks.

We operate in several locations in Finland and have manufacturing sites and offices in Sweden, Norway and the UK. Each year, our goods and services are exported to over 30 countries.

FROM THE CEO

” Trust, continuous development and sustainability are at the heart of our family enterprise.



The year 2017 was a year of growth and success for us. This was despite a setback of a fire at our Ilseng plant in Norway. In line with our strategic vision, our Group resumed its path of growth. Our turnover was 56.1 million euros and it grew by 8.7% compared to the previous year.

Year 2017: **Highlights**

Among our subsidiaries, Eksane Oy succeeded remarkably well in adopting its new service business strategy. The strategic shift from subcontracting to main contracting resulted in a significant growth in turnover.

PrimaTimber's impregnated timber business continued to improve efficiency throughout all operating chains. As a result, the higher quality of operations and products generated operational volume growth. PrimaTimber has certainly secured its position across Finland and is now developing its exports.

The core of our pole business operated by ScanPole lies in the UK market. With good service and premier quality products, as well as with efficient logistics, we have sustained our profitability and market shares.

In administration, we focused on the future. By developing Enterprise Resource Planning (ERP) and IT systems we paved the way to future growth. In addition to nominating new members to our Group Management Board, we strengthened our support functions.

In product development, we focused on research on wood preservation and treatment methods, as well as on developing new solutions for line inspections.

Year 2018: **Changing markets**

We expect to see a new type of market situation in 2018. Sawn wood markets, both in Finland and abroad, are thriving, which tightens the competition in this market segment. PrimaTimber aims for a strong position in Finland, but also seeks new opportunities in exports.

In our service business we aim to secure profitable growth in the domestic market by strengthening project organization and the systems supporting it, by digitalizing some key functions.

In relation to our pole business, while the unsettled political situation in the Arab countries continues, we will seek operational growth mainly in the Scandinavian and UK markets. Our many years of experience and strong partnerships will assure profitability and steady volume growth.

Our family business values and committed employees have been our key for success from year to year. Our organizational structure is now working smoothly, and next we will focus on the systems supporting the business. After 2018, our organization will be in a winning position, and I look forward to working with colleagues throughout the Group to build future growth and success.

*Ari Mononen, CEO
Iivari Mononen Group*

SCAN | POLE

BURT | BOULTON | HAYWOOD

Turnover in 2017:
37.0 million euros

Employees:
90

Locations:

ScanPole Oy: Höljäkkä and Joensuu, Finland

ScanPole Ab: Sweden

ScanPole As: Ilseng, Norway

ScanPole BBH Ltd: Newport, UK

ScanPole Oy owns all shares of ScanPole Ab, ScanPole As and ScanPole BBH Ltd. ScanPole BBH Ltd owns Burt Boulton & Haywood Ltd (BBH) which is a leading pole producing company in Great Britain.

www.scanpole.com
@scanpole

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Our tailor-made poles are part of the infrastructure across the world.

ScanPole is one of the leading pole producers in Europe. We deliver high-quality poles from Scandinavian forests to power networks and telecommunication utilities throughout the world.

Year 2017:

Global operations continued steadily

The Group's pole deliveries reached the total of 37 MEUR and we had customers in 14 countries. During the year, we produced over 70.000 m³ of impregnated poles. In addition, we delivered nearly 30.000 m³ of untreated poles to end-users.

In Norway, the year was challenging for us due to a fire at our Ilseng plant. Despite the setback, we were able to serve our customers in Norway and Sweden and we reached a positive result. We increased both sales volumes and profitability in the Swedish market, and our sales grew by 14% compared to the previous year.

In the UK, at our Newport plant, we updated our production practices and improved pole storage techniques.

Year 2018:

Development continues

We expect to follow the same path of development in all domestic markets in 2018 as in 2017. Copper oil and next generation impregnation substances will be in demand as alternatives to creosote, and we are ready to provide them.

Wood procurement

Wood procurement in Finland was at the previous year's level.

Poles m ³	2016	2017
Reception of poles in Finland	65.000	63.500
Total wood procurement in Finland	127.000	128.000
Reception of poles in Norway	9.500	12.500



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Pressure treated wood with famous Nordic durability

PrimaTimber produces and delivers premier quality impregnated timber, building materials for outdoor uses and a wide range of components. Our customer base consists of leading retailers, wholesale chains and wood product manufacturers. Our main market areas are Finland, western Europe and Asia.

Year 2017:

Steady volume growth

The turnover of PrimaTimber Oy was a total of 11.9 MEUR, being 6.2 % higher than the previous year. Domestic sales were dominant while the share of exports was less significant. Investing in quality, both in operations and products, continued throughout the operating chain. We also built a new storage hall at the Joensuu plant in 2017.

The prices of raw material remained at a moderately stable level during the first half of the year. Later in the year sawn timber exports picked up and consequently raw material prices started to rise.

Year 2018:

Sawn products markets in change

High demand for sawn wood will have an impact on acquiring raw material and on the prices of finished products in 2018. We will seek growth in exports and continue to provide high-quality products and unbeatable customer service.

SERVICE
BUSINESS

exsane

Turnover in 2017:
7.2 million euros

Employees:
41

Locations:
**Porvoo, Mikkeli, Joensuu
and Pälkäne, Finland**

www.exsane.fi
[@exsaneoy](https://twitter.com/exsaneoy)

A pair of glasses with a blurred background of light spots, possibly a bokeh effect from a light source. The glasses are in the foreground, and the background is out of focus, creating a soft, ethereal atmosphere. The text is overlaid on this background.

Comprehensive utility networks and reliable service

Exsane Oy builds, inspects and maintains electricity, streetlight and optical fibre networks. Our service range also includes planning and forestry operations.

Year 2017:

From subcontracting to main contracting

The turnover of Exsane Oy in 2017 was 7.2 MEUR, being 138 % higher than the previous year. The increase was due to positive development in building projects and the forestry business.

Our project business was boosted by direct contracts with network companies and in forestry as well as by subcontracting. The Finnish Electricity Market Act setting obligations for electricity network providers came into force in 2013. Consequently, as electricity companies are required to develop secured delivery of electricity and underground cabling, they pay increasing attention to the maintenance of networks. Today, forestry operations are often carried out with an overall responsibility.

Year 2018:

Outsourcing gives opportunities for growth

Outsourcing is a growing trend in the electricity business and provides opportunities for Exsane Oy. There are promising prospects for growth in the domestic market, and projects applying competitive bidding are more extensive than before.

Iivari Mononen Group Financial year

The Group's total turnover in 2017 was 56.1 MEUR, being 8.7% higher than the previous year.

Investments

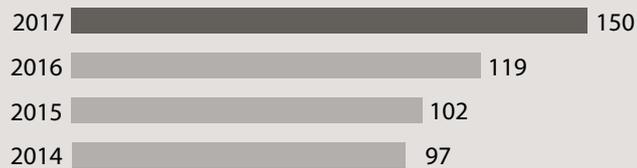
The Group's investments in 2017 reached the total of two million euros.

- ScanPole Oy invested in the modernization of machinery.
The total sum of investments was 300.000 EUR.
- BBH Ltd invested a total sum of 400.000 EUR.
- PrimaTimber Oy invested in e.g. a storage hall.
The total amount of the investments was 550.000 EUR.
- Exsane Oy invested 150.000 EUR mainly in vehicles.

An unfortunate fire damaged ScanPole As impregnation plant severely in January 2017. Consequently, ScanPole As property for approximately 400.000 EUR was written down. Insurance compensation was received for a total of 1.17 MEUR.

The building of a new impregnation plant started in May, and the invested sum for the new plant was 600.000 EUR.

Number of employees grew by 25 %



Group relations

Iivari Mononen Oy owns all capital shares of ScanPole Oy, PrimaTimber Oy and Exsane Oy.

ScanPole Oy owns all shares of ScanPole As, ScanPole Ab, ScanPole BBH Ltd and Burt Boulton & Haywood Ltd. In addition, Iivari Mononen Oy owns 40,0 % of Scantrepo Oy.

Iivari Mononen Group
Financial statements

PROFIT AND LOSS ACCOUNT	2017	2016
Turnover	56 134 337	51 632 952
Change in stocks of finished goods and WIP	231 419	267 016
Other operating income	1 448 252	376 308
Raw materials and consumables	-35 829 418	-32 262 043
Staff costs	-6 980 615	-6 495 072
Depreciation and reduction in value	-2 026 595	-1 634 604
Other operating expenses	-8 237 359	-7 343 652
Income from associated companies	-22 002	127 568
Operating profit	4 718 018	4 668 472
Financial income and expenses	-501 164	-797 561
Profit before appropriations and taxes	4 216 854	3 870 910
Appropriations	-18 457	353 803
Income taxes	-989 286	-854 895
Profit (loss) for the period	3 209 109	3 369 817

BALANCE SHEET, ASSETS	2017	2016
Intangible assets	2 167 955	1 552 344
Tangible assets	7 170 865	6 611 160
Investments	615 063	637 066
Fixed assets	9 953 885	8 800 571
Stocks	20 462 921	20 860 523
Long term receivables		937 326
Current receivables	10 308 429	10 718 785
Investments	257 020	585 631
Cash in hand and at banks	1 560 567	560 323
Current assets	32 588 938	33 662 589
ASSETS	42 542 823	42 463 161

BALANCE SHEET, LIABILITIES AND EQUITY		
Shareholder's capital	70 000	70 000
Retained earnings	21 011 347	19 432 869
Profit for the year	3 209 109	3 369 817
Equity	24 290 457	22 872 687
Long term liabilities	3 853 407	7 068 941
Current liabilities	14 398 959	12 521 531
Liabilities	18 293 961	19 590 473
LIABILITIES AND EQUITY	42 542 823	42 463 161



Board of Directors
Iivari Mononen Oy

ARI MONONEN,

ARVI MONONEN

Chairman

PAULI MONONEN

PEKKA MONONEN

TOMMI MONONEN

JUHA MONONEN

JAANA MONONEN

LASSE MONONEN

(The last two are missing from the photo)

Board of Directors
ScanPole Oy, PrimaTimber Oy ja Exsane Oy

VESA KORPIMIES

ARI MONONEN,

Chairman from 06/2017

ARVI MONONEN,

Chairman until 06/2017

TIMO LUUKKAINEN

TOMMI MONONEN

MARTTI KALLIONIEMI

Also in the photo:

MARTTI MÄKIRANTA

JANNE MONNI



Iivari Mononen Group
Group Management Board 2018

We strengthened our Group Management Board during 2017, and the new composition started its work in early 2018.

ARI MONONEN

CEO

JANNE MONNI

Finance and Strategy Director

TOMMI MONONEN

Business Director

SAMI LEHTORANTA

Technical Director

JONI NOUSIAINEN

Business Director (Treated Timber Business)

MARTTI MÄKIRANTA,

Managing Director (Service Business)

PETRI RAJASUO

Business Director (Pole Business, FI)

HANNU BOREN

Business Director (Pole Business NO and SE)

SIMON PEARS

Managing Director (Pole Business, UK)

Future and environment – our corporate social responsibility

Young people are the future

As a business with roots in eastern Finland, we want to support local sports opportunities for young people. We also sponsor promising international athletes from eastern Finland.

In 2017, we sponsored JENNA LAUKKANEN, a swimmer with a great future, aiming for Tokyo Olympic Games. We also supported the local baseball team, basket ball team and swimming association, plus were among the partners of a rock-music event.

Environmental issues

We follow the principles of sustainable development in everything we do, and consider the environment during all stages of our operations.

Quality Management System and certifications

- ISO 9001 Quality Management System and ISO 14001 Environmental Management System
- Programme for the Endorsement of Forest Certification (PEFC).
- In 2018 ISO certificates will be updated in line with ISO 9001:2015 and ISO 14001:2015 standards.

Environmental permits at

- SCANPOLE OY, Höljällä plant
- SCANPOLE AS, Iiseng plant
- BURT BOULTON & HAYWOOD LTD, BBH Newport plant
- PRIMA TIMBER OY, Joensuu plant

A soil remediation project will be carried out at the Höljällä production plant in cooperation with previous operators in the area. The project started in 2017 and is due to end in autumn 2022.



Iivari Mononen Group

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