

2018

# IVVART MONOJEN



# Iivari Mononen Group

## IIVARI MONONEN GROUP 2018

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2018

# Sustainable utility networks and comfortable living environment

**O**ur solutions and services ensure the transmission of electricity, light and data in different parts of the world. You can see our products in your daily life – electricity and lighting poles, as well as strong timber used in construction. We serve thousands of people as we assemble and maintain infrastructure networks that are essential for the society.

We also know how to make the best out of wood. Attractive and safe outdoor and garden buildings are created with our professionally treated timber.

As the world changes in an accelerating pace, we are part of the development. Sustainably and internationally.

Iivari Mononen Group is a Finnish family owned enterprise. It consists of three companies: Scanpole Oy operates the pole business, PrimaTimber Oy specializes in impregnated and strength graded timber products, and Exsane Oy provides services for infrastructure networks.

in 2018

**60**  
TURNOVER  
million euros

**169** PROFESSIONALS  
IN 4 COUNTRIES

**10 POLE SHIPMENTS** FROM FINLAND TO THE UK

In 1952 the first pole shipment of  
**800 poles to the UK**

**IIVARI**  
**MONONEN**



*From the CEO*



2018

## Successes and preparations for the future

The year 2018 was one of steady business while preparing for forthcoming market changes. Our greatest success was a result of consistent work in our impregnated timber business. The acquisition of the company Joensuun Höyläyspalvelu and, consequently, an expanded product portfolio, was a welcome boost for the business.

The year had its challenges as well. Shortages of labour and subcontractors persisted in our service business – a problem that burdens the whole sector. In the pole business, the difficult market situation and tough competition in our main markets continued. In addition, uncertainties related to Brexit had an impact on our markets.

In administration, we focused on building systems for the future. The development of the Enterprise Resource Planning and IT systems paved the way for future growth. The number of employees grew by 19, the total number of staff being 169 at the end of the year.

As in previous years, we contributed to education and to the future of young people in our region. We built partnerships with organizations such as the Karelia University of Applied Sciences and the North Karelia Municipal Education and Training Consortium – Riveria. Through such collaboration we have been able to support education that is crucial to our field of business and have provided opportunities for life-long learning in our companies.

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2019

## Recruitment and changes in the markets

There is currently overcapacity in the pole business, which will continue to have an impact on the markets in 2019. We have been preparing for challenges we expect Brexit to bring although it is difficult to predict all forthcoming changes.

Unlike previous years, fluctuations in export markets for sawn timber have calmed down. The use of impregnated timber has remained at a consistent level in Finland, but market shares have changed and competition is tougher than before. By streamlining the production of PrimaTimber and Joensuu Höyläyspalvelu during 2019 we can provide a broad and improved product range to our customers.

Exsane Oy will maintain its focus on the building of electricity networks and on service contracts. Efficiency of operations will continue to be improved, and digitalization of our activities will remain at the core of our development work.

While the world markets fluctuate with big political changes, our family business keeps steadily progressing. Our dynamic strategy, reliable partners and the right professionals in the right places make this possible. I want to thank you all for this past year, you make a great team.

Ari Mononen, CEO

## Quality materials for infrastructures across the world

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**O**ur global business grew during 2018 as we entered new markets. We delivered poles and other timber products to many destinations with challenging weather conditions and to areas where building of the basic infrastructure is at the very beginning. We had customers in 21 countries on three continents, seven countries more than last year. The total volume of the deliveries made was 2.3% higher than the previous year.

The Group's pole deliveries had a value of 31.8 million euros. A total of 54 000 m<sup>3</sup> of impreg-

nated poles were produced. In addition, nearly 7500 m<sup>3</sup> of peeled poles were delivered.

In Norway, we finalized the rebuilding of the Ilseng impregnation plant. Our sales grew in Sweden. In the UK, we were successful in two major bids which guarantee a significant volume of production and sales for the next few years.

Brexit brings along challenges and uncertainties to the markets. However, we have prepared for the situation and our collaboration with our main partners continues in the UK with good prospects.

### Wood procurement



We have long and trustworthy collaborations with Scandinavian forest owners. Our wood procurement is responsible and sustainable; one verification of it is our Chain of Custody of PEFC-certified timber, which confirms that the wood is harvested from sustainably managed forests.

Wood procurement in Finland was lower than in the previous year. Prices of raw timber increased during the year, levelling off towards the end of the year.

Wood procurement	2018	2017
Total wood procurement in Finland	<b>107 943 m<sup>3</sup></b>	127 234 m <sup>3</sup>
Reception of poles in Norway	<b>12 480 m<sup>3</sup></b>	12 500 m <sup>3</sup>





SCAN | POLE

16 **TURNOVER**  
million euros

9 **TOP**  
PROFESSIONALS

0 **OCCUPATIONAL  
ACCIDENTS**

106 **RETAILERS**  
ACROSS FINLAND

## Remarkable growth and continuous improvement

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**P** The turnover of PrimaTimber Oy was a total of 16.3 million euros, 4.3 million higher than the previous year.

The most significant investment took place when PrimaTimber Oy acquired the share capital of Joensuun Höyläyspalvelu Oy, a company that specializes in timber planing. With the acquisition, two production chains were combined, and we can serve our customers with improved quality and offer a wider product portfolio than before.

Our main market areas in consumer goods were Finland, Western Europe and Asia. The domestic share of the turnover is significant

and co-operation with the main partners and customers was further strengthened. Demand for sawn timber in the export markets and for pulpwood in the Finnish market caused temporary challenges in the supply of raw material – a situation which we managed with the help of our long-term partners.

We continued to invest in the quality of operations and products throughout the operating chain. PrimaTimber's product portfolio will expand during 2019 as we streamline the operations of PrimaTimber and Joensuun Höyläyspalvelu. All sales and purchases will be handled by PrimaTimber in the future.



### Superior quality timber for versatile use

In August 2018 PrimaTimber acquired Joensuun Höyläyspalvelu Oy, which has had a significant role in our production chain over the years. In addition to impregnated timber, our product range will include strength graded building materials, such as planed spruce.

Joni Nousiainen was appointed as Managing Director of PrimaTimber Oy in June 2018. He has earlier worked in various positions in the Iivari Mononen Group, most recently as Business Director of PrimaTimber Oy. He describes the company aims: "Long-term development of the business and top-quality day-to-day work will continue to be our focus in the future. This will be highly visible throughout the company's chain of operations."





PRIMA | TIMBER

9 **TURNOVER**  
million euros

5 offices and  
54 employees

IN 2018 WE BUILT **206 kms** OF CABLING  
AND **144** TRANSFORMER SUBSTATIONS

## Joint projects and digitalization

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**E** The turnover of Eksane Oy in 2018 was 9.5 million euros, 26.3% higher than in the previous year. The growth came from increased numbers of network building projects. The project business was boosted by direct contracts with network companies in building networks and in forestry, and by subcontracting works to other contractors.

Opportunities for growth in the domestic market continued in 2018. During the year we worked closely with our project partners. The most notable project of the year was a joint building project in Pälkäne municipality in central Finland.

We continued to recruit new staff, and provided further training and education whenever needed. In collaboration with education organizations, we provided additional training to qualify as an electricity grid designer or as an electrician.

Our joint projects with tele-operators and cooperatives will increase in the future because competitive bidding is common in large network building projects.

We intend to keep strengthening our project organization and digitalization of the systems supporting it.

Eksane is the main contractor  
in a 20 million euro building project



We are the main contractor in a project with national significance as we build over 700 kilometres of optical fibre network in the municipality of Pälkäne over the next three years. In the same context, we will renovate and transform 250 kilometres of Elenia Oy's electricity lines into a cable network. This all improves the provision of electricity in any weather conditions.

The clients for the project are Pälkäne Valokuitu Oy and Elenia Oy. The investments in this project will continue until 2020 and it will provide employment for about 70 persons each year.





**exsane**

## Iivari Mononen Group

### Financial statements

#### Group turnover and investments

The Group's total turnover in 2018 was 59.9 million euros, being 6 % higher than the previous year. The Group's investments reached the total of 3.9 million euros.

PROFIT AND LOSS ACCOUNT	2018	2017
<b>Turnover</b>	<b>59 990 364</b>	<b>56 134 337</b>
Change in stocks of finished goods and WIP	628 576	231 419
Other operating income	1 679 834	1 448 252
Raw materials and consumables	-40 051 511	-35 829 418
Staff costs	-8 282 223	-6 980 615
Depreciation	-1 583 147	-2 026 595
Other operating expenses	-10 020 100	-8 237 359
Income from associated companies	-193 732	-22 002
<b>Operating profit</b>	<b>2 168 062</b>	<b>4 718 018</b>
Financial income and expenses	-387 472	-501 164
<b>Profit before appropriations and taxes</b>	<b>1 780 590</b>	<b>4 216 854</b>
Appropriations	-4 192	-18 457
Income taxes	-645 975	-989 286
<b>Profit (loss) for the period</b>	<b>1 130 423</b>	<b>3 209 109</b>

#### Number of employees 2015-18

2015	102
2016	119
2017	150
2018	169

#### Employees per country

Sweden	1
Norway	16
UK	26
Finland	126



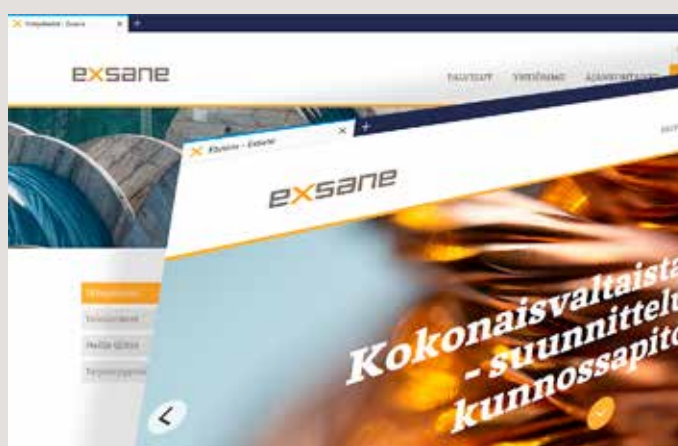
BALANCE SHEET, ASSETS	2018	2017
Intangible assets	2 742 281	2 167 955
Tangible assets	8 893 002	7 170 865
Investments	421 332	615 063
<b>Fixed assets</b>	<b>12 056 616</b>	<b>9 953 885</b>
Stocks	25 074 992	20 462 921
Long term receivables		
Current receivables	13 526 455	10 308 429
Investments	0	257 020
Cash in hand and at banks	219 912	1 560 567
<b>Current assets</b>	<b>38 821 359</b>	<b>32 588 938</b>
<b>ASSETS</b>	<b>50 877 974</b>	<b>42 542 823</b>

BALANCE SHEET, LIABILITIES AND EQUITY	2018	2017
Shareholder's capital	70 000	70 000
Retained earnings	22 494 135	21 011 347
Profit for the year	1 130 423	3 209 109
<b>Equity</b>	<b>23 694 558</b>	<b>24 290 457</b>
Long term liabilities	6 945 813	3 853 407
Current liabilities	20 237 603	14 398 959
<b>Liabilities</b>	<b>27 183 416</b>	<b>18 252 366</b>
<b>LIABILITIES AND EQUITY</b>	<b>50 877 974</b>	<b>42 542 823</b>

## Administration and marketing

During the year, we developed our IT systems and production management further, making full use of digital tools.

We also revamped our company websites and increased our presence in social media.



## Board of Directors **Iivari Mononen Oy**

IIVARI MONONEN OY

**ARVI MONONEN**  
Chairman

**PAULI MONONEN**  
**ARI MONONEN**  
**JAANA MONONEN**  
**LASSE MONONEN**  
**TOMMI MONONEN**  
**PEKKA MONONEN**  
**JUHA MONONEN**

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## Group Management Board 2018, **Iivari Mononen Group**

Chairman, CEO **Ari Mononen**



**Janne Monni**  
Finance and Strategy Director



**Tommi Mononen**  
Business Director



**Sami Lehtoranta**  
Technical Director



**Joni Nousiainen**  
Business Director,  
Timber Business



**Martti Mäkiranta,**  
Managing Director,  
Service Business



**Petri Rajasuo**  
Business Director,  
Pole Business, Finland



**Hannu Boren**  
Business Director, Pole Business,  
Sweden and Norway



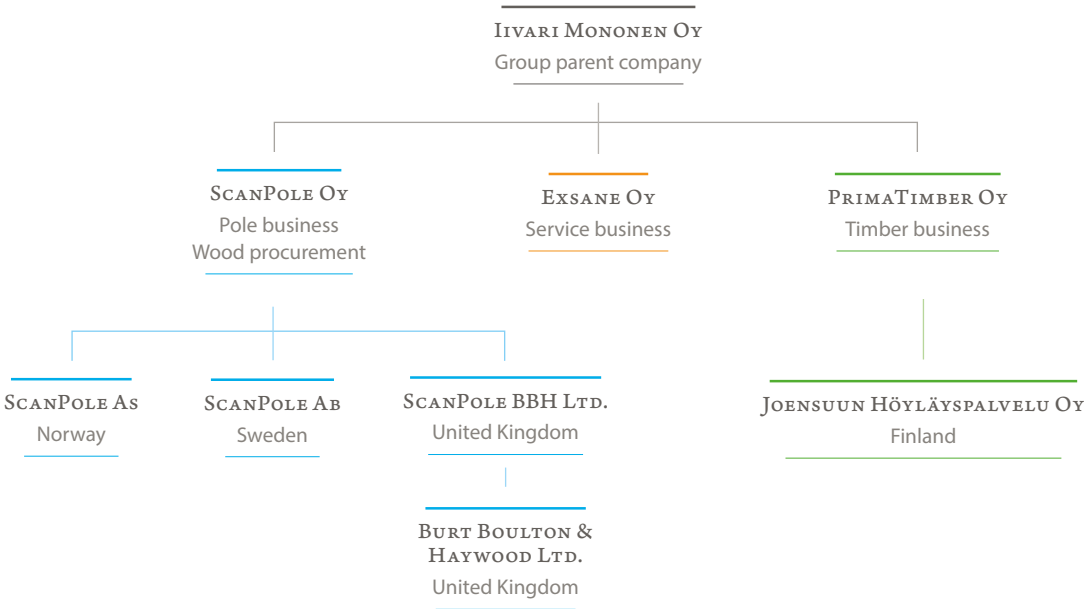
**Simon Pears**  
Managing Director,  
Pole Business, UK

Board of Directors  
Subsidiaries

SCANPOLE OY  
PRIMATIMBER OY  
EXSANE OY

ARI MONONEN,  
Chairman

TOMMI MONONEN  
ARVI MONONEN  
VESA KORPIMIES  
TIMO LUUKKAINEN  
MARTTI KALLIONIEMI



Group relations and fusions:  
Iivari Mononen Oy owns entire capital stocks of ScanPole Oy, PrimaTimber Oy and Exsane Oy.  
ScanPole Oy owns entire stocks of ScanPole As, ScanPole Ab, ScanPole BBH Ltd and Burt Boulton & Haywood Ltd.  
PrimaTimber Oy owns entire capital stocks of Joensuun Höyläyspalvelu Oy.  
In addition, Iivari Mononen Oy owns 40.0 % of Scantrepo Oy.

## Iivari Mononen Group

### Our experts across Europe

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"It is difficult to think of a better employer. After working so many years for the company, it feels like a second home"

Our skilful employees in Finland, Norway, Sweden and in the UK are highly committed to their work. We are particularly proud and happy for the low staff turnover in all our subsidiaries. We are a flexible employer and take the employees' individual circumstances into account whenever possible.

Especially in our service business, we have provided our staff with additional training and education for upgrading official qualifications.

Every now and again, we take a break and spend some time together. Be it trekking in the North Karelian wilderness, joining in sports activities or gathering for a Christmas lunch, they all are important and memorable events.



**Arto Anttilainen**  
ScanPole Oy, Höljäkkä



**Janne Remes**  
Joensuun Höyläyspalvelu Oy /  
PrimaTimber Oy, Joensuu



**Jukka Samola**  
Exsane Oy, Porvoo



**Pekka Tahvanainen**, Previously Technical Director, now retired. **Arto Yletyinen**, Previously Business Director, now retired



**Ilona Rannikko**  
Iivari Mononen Oy

**Nathan Fortuna**  
BBH Ltd., Newport





Tom King, BBH Ltd., Newport  
Mark Randall, Fence and Forget, Aberystwyth



Helena Veijonmaa, Exsane Oy, Joensuu  
Veronica Bohman, ScanPole Oy Joensuu  
Heli Martikainen, PrimaTimberOy Joensuu,  
Markus Martiskainen, ScanPole Oy Joensuu,  
Sami Lehtoranta, livari Mononen Oy Joensuu

Aaro Urvik  
Exsane Oy, Porvoo



## We are committed to a sustainable environment

Our environment management system and a set of high standards demonstrate our consistent work in considering the environment. Our environmental certificates are available on our company websites.

### Chain of Custody

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The Chain of Custody in all our companies is certified with the Programme for the Endorsement of Forest Certification (certificate number PEFC/02-31-152) which ensures environmental considerations and responsibility in timber harvesting and sourcing of timber.

### 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, we updated our ISO certificates with ISO 9001:2015 and ISO 14001:2015 standards.

### Environmental permits

- ScanPole Oy (Höljäkkä plant)
- Scanpole As (Ilseng plant)
- Burt Boulton & Haywood Ltd (Newport plant)
- PrimaTimber Oy (Joensuu plant)

## Our corporate social responsibility

### We are committed to building a bright future

Vitality of North Karelia is of great importance for us. In 2018 we were involved in several activities that supported local youngsters in building their opportunities both in their working life and free-time.

In 2018, we signed a memorandum of partnership with the North Karelia Municipal Education and Training Consortium, Riveria. This partnership aims at long-term education with a clear focus. In addition, we donated 15.000 euros to the Karelia University of Applied Sciences. With this contribution we support education in the fields that are increasingly needed in the changing global business, such as digital business, mechanical wood refinery, international trade and electricity and power networks.

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We believe our consistent support to sports at different levels has long-term impacts. In 2018, the local baseball team celebrated its national championship for the first time ever.


Front row, from left: Finance and Strategy Director **Janne Monni**, Managing Director **Ari Mononen** and Rector of the Karelia University of Applied Sciences, **Petri Raivio**



We want to encourage the use of wood in construction and building. Wood is a climate friendly and versatile material which is also aesthetically attractive for a wide range of buildings.


In the field of sports and culture, we supported an array of activities from sports clubs for children and youngsters to the local baseball team that won the Finnish national championship.

<p><a href="http://www.iivarimononen.fi">www.iivarimononen.fi</a></p> <p> <a href="#">iivarimononen</a></p>	<p><b>Iivari Mononen Oy</b></p> <p>Rantakatu 25 C 80100 Joensuu Finland</p>	
<p><a href="http://www.scanpole.com">www.scanpole.com</a> <a href="http://www.burtboultonhaywood.com">www.burtboultonhaywood.com</a></p> <p> <a href="#">scanpole</a>  <a href="#">burtboultonhaywood</a></p>	<p><b>ScanPole Oy</b></p> <p>Head office Rantakatu 25 C 80100 Joensuu Finland</p> <p><b>ScanPole As</b></p> <p>Linjeveien 47 2346 Ilseng Norway</p> <p><b>ScanPole BBH Ltd.</b></p> <p>Alexandra Dock Newport, South Wales NP20 2WA United Kingdom</p>	<p><b>ScanPole Oy</b></p> <p>Höljäkkä impregnation plant Höljäkantie 69 75990 Höljäkkä Finland</p> <p><b>ScanPole Ab</b></p> <p>Askims Fornborgsväg 14 436 42 Askim Sweden</p> <p><b>Burt Boulton &amp; Haywood Ltd.</b></p> <p>Alexandra Dock Newport, South Wales NP20 2WA United Kingdom</p>
<p><a href="http://www.primatimber.fi">www.primatimber.fi</a></p> <p> <a href="#">primatimber</a></p>	<p><b>PrimaTimber Oy</b></p> <p>Head office Rantakatu 25 C 80100 Joensuu Finland</p> <p><b>Joensuun Höyläyspalvelu Oy</b></p> <p>Planing plant Susiraja 2 80230 Joensuu Finland</p>	<p><b>PrimaTimber Oy</b></p> <p>Impregnation plant Kuhasalontie 31 80230 Joensuu Finland</p>
<p><a href="http://www.exsane.fi">www.exsane.fi</a></p> <p> <a href="#">exsaneoy</a></p>	<p><b>Exsane Oy</b></p> <p>Head office Pienteollisuustie 23 06450 Porvoo Finland</p> <p><b>Exsane Oy</b></p> <p>Rahtitie 1 50150 Mikkeli Finland</p> <p><b>Exsane Oy</b></p> <p>Rantakatu 25 A 1 80100 Joensuu Finland</p>	<p><b>Exsane Oy</b></p> <p>Onkkaalantie 67 36600 Pälkäne Finland</p> <p><b>Exsane Oy</b></p> <p>Tietäjäntie 1 70900 Toivala Finland</p>

A close-up, shallow depth-of-field photograph of autumn leaves. The leaves are in various shades of brown, orange, and red, with some showing signs of decay and being torn. The background is a soft, out-of-focus blur of similar colors.

**Iivari Mononen Group**

Rantakatu 25 c  
80100 Joensuu  
Finland

[www.iivarimononen.fi](http://www.iivarimononen.fi)  
 [iivarimononen](https://www.facebook.com/iivarimononen)

+358 20 733 0500