



Paloheimo



Paloheimo's broad, diversified view of construction, furniture and interior design is based on long experience.

We have a genuine desire to understand the needs of our customers and create the conditions required for efficient, far-reaching, productive co-operation. We value openness and fairness in our business relationships.

We are continuously developing our operations as customer needs grow and change. We want to keep learning new things and approach the future with an open mind.

We are a company that keeps its commitments and takes responsibility for its effect on the environment.

The basis of our business is efficient, profit-oriented operation, guaranteeing that our products will be competitive in a fast-changing environment.

If the above-mentioned factors are important to you or bring questions to mind, you should not hesitate to find out more about Paloheimo.



Eero Raitio

Managing Director, Paloheimo Oy

Paloheimo

Paloheimo is a highly-diversified, internationally-active Finnish company. For over one hundred and ten years, our operations have been based on the expert use of wood for diverse applications.

The Paloheimo Group is made up of four complementary operations: the companies are Fenestra Oy, Lundia Oy, Paloheimo Parquets Oy and Paloheimo Wood Oy. In addition to these, Paloheimo is actively involved in the energy branch; the company is a shareholder in Elnova which is one of the largest electric companies in Finland.

The Paloheimo Group is a modern, family-owned company founded in 1889. The family of Arvi Paloheimo, LL.M., and his sister own 96% of the parent company's shares.

The Group's turnover in 1999 was FIM 881 million and it had 1300 employees. Approximately half the turnover came from exports and international operations. The total turnover from Elnova and other associated companies was approximately FIM 542 million, while they employed 250 people.

DISTRIBUTION OF TURNOVER (FIM 881 MILLION IN 1999) FOR THE PALOHEIMO GROUP

① *Fenestra Oy*

Window Industry

- wooden-frame and wood-and-aluminium-frame windows

② *Lundia Oy*

Furniture Industry

- wooden shelving and furniture systems

③ *Paloheimo Parquets Oy*

Parquet Industry

- prefabricated and solid parquets

④ *Paloheimo Wood Oy*

Sawmill Industry

- sawn and planed timber and components for wood processing industry

① FIM 355 million



② FIM 62 million

③ FIM 200 million



④ FIM 250 million

PALOHEIMO OY

PALOHEIMO OY SUBSIDIARIES

FENESTRA OY
AS Parmek, Estonia

LUNDIA OY

PALOHEIMO PARQUETS OY
Parqueterie Lemoine SA, France

PALOHEIMO WOOD OY
Paloheimo B.V., Holland
Paloheimo SARL, France

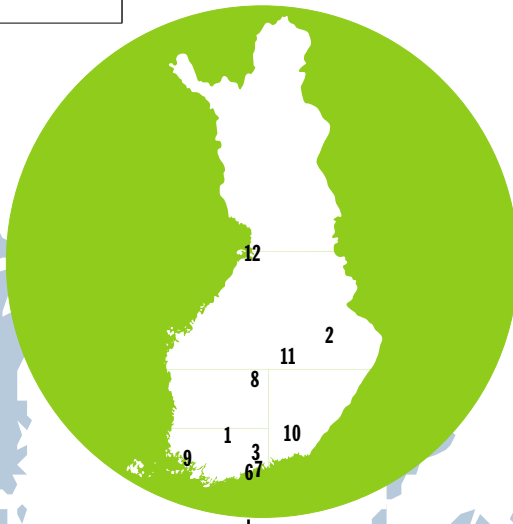
PALOHEIMO OY ASSOCIATED COMPANIES

ELNOVA
Uudenmaan Energia Oy
Uudenmaan Sähköverkko Oy

VERKONRAKENTAJA WIRE OY

RIIHIMÄEN KAUKOLÄMPÖ OY

ETELÄ-HÄMEEN KUNNOSSAPITO OY



MANUFACTURING/SALES OUTLET

- 1 Forssa
- 2 Kuopio
- 3 Riihimäki
- 4 Tallinn
- 5 Darney

SALES OFFICES

- 6 Helsinki
- 7 Vantaa
- 8 Tampere
- 9 Turku
- 10 Kouvola
- 11 Jyväskylä
- 12 Oulu
- 13 St. Petersburg
- 14 Moscow
- 15 Houten
- 16 Paris

- 4
- 13
- 14
- 15
- 16
- 5



Fenestra

Fenestra windows form an essential part of high-quality, durable construction. They are the top-notch product of their kind and are produced according to the individual wishes of the customer.

Fenestra is Scandinavia's leading producer of wooden-frame windows, wood-and-aluminium-frame windows, and balcony doors. We are backed by solid experience that includes demanding international construction deliveries.

Our modern technology and flexible production procedures create the foundation for reliable deliveries, even for very large orders. Efficient production is also the key to the competitive prices of our windows.

All of our Finnish operations belong to the ISO 9001 quality system. Our products are tested in the relevant research institutes in the Nordic countries, Germany, England and Russia, and our windows meet these countries' highest quality standards.

When it comes to developing windows, we are leading the way. In addition to their durability and convenience, we have also been able to improve their energy efficiency considerably. Our solutions have been proven by numerous studies to be most competitive, even from the ecological point of view.

FENESTRA OY

Products wooden-frame and wood-and-aluminium-frame windows, specially-designed windows, balcony doors

Brand Name Fenestra

Major Customers construction sector, developers, real estate owners, the house-building industry and private individuals

Major Markets Finland and the Baltic states, Russia and other CIS countries, Poland, Turkey, Japan

Production Facilities window factories in Forssa, Kuopio and Tallinn

Key Figures Total production capacity of the factories: approx. 310,000 window units per year. Turnover: FIM 355 million, of which exports and international operations accounted for approx. 10%. Number of employees: approx. 720.

Subsidiary AS Parmek, Estonia

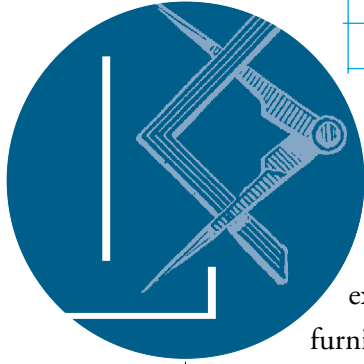
Company History Paloheimo has been in the window industry since 1980, when it acquired a company that had been manufacturing windows since the 1920's. Fenestra was created in 1992 by the fusion of the window-manufacturing operations of Paloheimo and Rakennustoimisto A. Puolimatka. Fenestra was transferred completely to Paloheimo's ownership in 1997.





● Fenestra window solutions increase the value of real estate and the competitiveness of high-quality construction in both new work and renovation. They are also the visual complement to a well-designed room or architectural plan.





Lundia

Lundia furnishings provide ideal solutions for work, study or play spaces.

Lundia's main product is the timeless, durable wooden shelving system. It can be expanded, adapted, and supplemented. In addition to being a timeless piece of furniture, its popularity is fuelled by its high quality and environmental friendliness.

Lundia quality begins in the forest. The raw material is Finnish softwood, which is a renewable, recyclable natural material. Thus, the customer gets a technically and ecologically sustainable product.

We develop and re-work our product according to the wishes and requirements of the users. For example, for the ever more common home worker, we have developed a high-quality home-office set. Lundia durability is also suitable for demanding use in public spaces, such as offices, archives, and day care centres.

A feature connecting Lundia products and our other furniture systems is a fine perception of timber use, as well as a good prices-quality ratio. Our modern production network ensures competitive pricing.

LUNDIA OY

Products wooden shelving and furniture systems

Brand Names Lundia, Libra, Fani, Pro, Riff, Wood Rack System

Major Customers private customers: through furniture retailers and Lundia's own stores, direct corporate sales

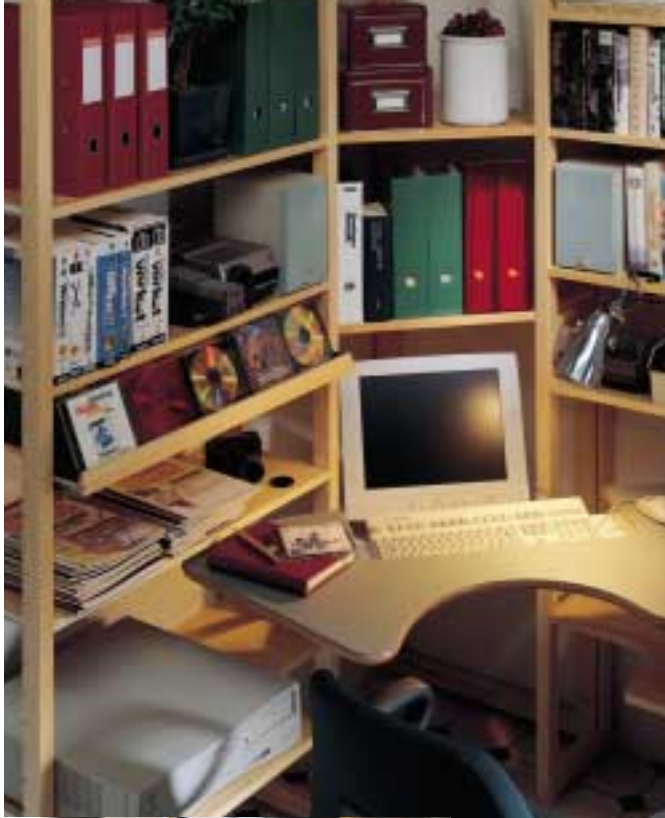
Major Markets Finland, Denmark, USA, Germany, Japan

Production Facilities furniture factory in Riihimäki; additional manufacturing network

Key Figures Turnover: FIM 62 million, of which exports accounted for approx. 30%. Number of employees: approx. 80.

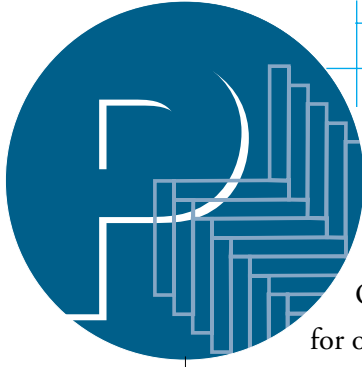
Company History Lundia Finland was founded in 1949. Paloheimo has been a manufacturer of wooden furniture systems since 1954. Lundia Oy became a subsidiary of Paloheimo Oy in 1992.





● Lundia's wooden furniture system is timeless and adaptable. Components manufactured decades ago are still compatible with the newer ones. Lundia Oy has also expanded its selection with other solid wood furniture systems.





Paloheimo Parquets

Paloheimo parquet floors form a durable basis for timeless, individual interior design.

The natural structure and tones of wood are faithfully preserved in the floors. Our parquet selection is quite comprehensive. We offer first-class parquet options for organisations and individuals, for both new buildings and renovation work.

We pioneered the development and manufacture of Finnish prefabricated hardwood strip flooring. We supply high-quality hardwood strip flooring made from 10 different wood species, each available in several grades. In addition to parquets with lacquer finish, we produce oil-treated prefabricated hardwood strip flooring, in which the feel and appearance of the wood are very natural.

Our prefabricated hardwood strip flooring selection is complimented by the high-quality Lemoine mosaic and massive parquets. Lemoine parquets are the product of 100 years of experience and possess proven durability, even when located in public places.

We work closely with the customer, acting as a quickly-adjusting service organisation. Because of our flexible manufacturing and efficient logistics services, we are able to deliver even large parquet orders safely and promptly.

● Massive parquets are a durable option with a classic look for home or public buildings.

**PALOHEIMO
PARQUETS OY**

Products prefabricated hardwood strip flooring; mosaic and massive parquet flooring

Brand Names Lamella and Lemoine

Major Customers wood, flooring and interior decoration businesses, construction businesses

Major Markets Europe, USA, Canada

Production Facilities parquet factories in Riihimäki, Finland and Darney, France

Key Figures Production capacity of the Lamella factory approx. 1.7 million m²/year; of the Lemoine factory approx. 0.6 million m²/year.

Turnover: FIM 200 million, of which exports and international operations accounted for approx. 85%. Number of employees: approx. 220.

Subsidiary Parqueterie Lemoine SA, France

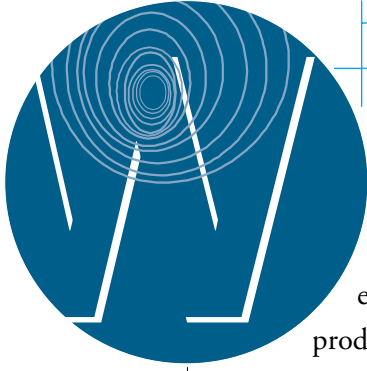
Company History Paloheimo began manufacturing parquet flooring in 1957. Parqueterie Lemoine, which commenced operations in 1898, became part of Paloheimo in 1989.





● Prefabricated hardwood strip flooring, easy to install and easy to care for, is experiencing increased popularity, especially in repair construction work. It is a genuine wooden floor with a durable lacquer finish or natural-looking oil treatment.





Paloheimo Wood

Paloheimo Wood's HGB stamp on the end of a package of wood products is the mark of a choice, high-quality product. The mark stands for a combination of the far-reaching experience of Finnish sawmill technology and the competitiveness of an efficient production.

Paloheimo Wood is one of the largest private sawmill companies in Finland, concentrated on sawing and, increasingly, processing spruce.

We provide our customers with the sawn and kiln-dried wood products in the size of their choice. We have a large production capacity and cost-effective production methods. New production and organisation methods have improved the regularity of quality and the security of delivery.

Our customer service is organised by market area. This way we can attend to our customers' individual requirements effectively and offer them long-term solutions.

Our spruce comes from private forests near our sawmills, often just several dozen kilometres away. The spruce trees in the area are straight and sturdy. All of our timber is produced from select logs. The timber is supplied to us by the Forestry Division of one of the largest forestry companies in Europe, UPM Kymmene.



PALOHEIMO
WOOD OY

Products sawn timber, planed products and components for wood processing industry

Major Customers wood product businesses and importers, construction, carpentry technology, parquet industry

Major Markets Finland, Western and Central Europe, Israel, Japan, United States

Production Facilities sawmill, planing mill and component factory in Riihimäki

Key Figures Production capacity: approx. 260,000 m³/year. Turnover: FIM 250 million, of which exports and international operations accounted for 75%. Number of Employees: approx. 150.

Subsidiaries Paloheimo B.V., Holland, Paloheimo SARL, France

Company History Paloheimo has been in the sawmill and sawn timber business since 1891.



● First-class logs, modern technology and professional expertise have been the foundation of Paloheimo's wood product trade for over 110 years.



Paloheimo knows wood and the Finnish forests. They are our country's most valued property and most important natural resource.

Finland is the most forested country in the world. Nearly 65% of its land area is covered by forest.

Finnish trees have a slow growth rate, which means that the branches are few, thin and symmetrical. The trunks are round and straight. The yearly growth rings are narrow and close together. There is little sapwood and an abundance of heartwood. It is durable, tight wood, and its beautiful patterns also make it first-class timber for uses in which visual effect is the top consideration.

Over half of the Finnish forests are pine forests. Spruce forests make up nearly 40%. Pine and spruce are the most important Finnish trees for Paloheimo. Deciduous forests, mainly birch, form less than 10%.

Private individuals own over 60% of Finland's forests. The state owns 25% and the forestry industry holds approximately 10%. One out of every five Finnish families owns some forest, often passed down as inheritance from one generation to the next. Naturally, people also want this inheritance to benefit the next generation. Paloheimo has owned forests for over 100 years, and has approximately 2000 hectares at the present time. In Finland, forests are maintained methodically with a combination of forest management and forest conservation based on ecological criteria.

There are more trees growing in the Finnish forests than there have been at any time over the last century. The yearly growth of the forests exceeds the amount of logging. The forest renewal regulations guarantee that whenever part of the forest is cut down, the area is replanted. On a yearly basis, over 250 million tree seedlings are planted in our forests. Consistent forest management allows Finnish industry, including Paloheimo, to replenish the resources that fuel its growth and prosperity.

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