Slovenian State Forests

SIDG

Slovenski državni gozdovi

Slovenian State Forests

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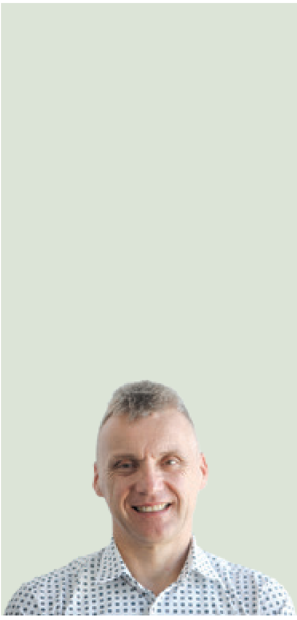
FOREWORD

Dear Partners and Friends,



Marko Matjašič, MSc
Chief Executive Officer
Slovenian State Forests

It will soon be ten years since Slovenian State Forests formally assumed responsibility for managing state-owned forests, on 1 July 2016. We are by far the youngest state-owned forestry company in Europe, where even centennial anniversaries are not uncommon. Despite our youth, we are proud that the state has entrusted us with the management of some of the highest-quality state forests in Europe, characterised by high growing stock and exceptional biodiversity.

The history of managing state-owned forests in Slovenia is, of course, much longer than the history of our company. For most of the period following the Second World War, state forests were managed by regional forest enterprises within their respective areas. Slovenia is a country of forests, with a long-standing and remarkable tradition of responsible forest management. On the proposal of the Ministry of Agriculture, Forestry and Food, the National Assembly of the Republic of Slovenia adopted the Act on the Management of Forests Owned by the Republic of Slovenia on 2 February 2016, establishing Slovenian State Forests (SiDG). Under this legislation, the company is responsible for managing state-owned forests. In doing so, Slovenia aligned itself with other European countries that manage their state forests in a unified manner.

Forest management in Slovenia is specific in that forest planning, forest development and the selection of trees for felling for all forest owners are carried out by the public institution, the Slovenian Forest Service. Within state forests, SiDG primarily performs a commercial

SiDG is, and must remain, a benchmark for all forest owners in Slovenia in applying the principles of sustainable, multi-purpose and close-to-nature forest management.

function and therefore pays a compensation fee to the Republic of Slovenia into a dedicated forest fund, amounting to 20% of the roadside timber price.

We are confident that, through its operations, SiDG has justified the trust placed in it and continues to deliver value to society in line with expectations. In managing state forests, SiDG adheres to standards that go beyond the baseline requirements, as expected by both the professional community and the general public.

The beginnings ten years ago were far from easy. Many critics doubted the company's success. However, through the professional dedication of our employees, we have earned the trust of both the public and the owner. This period was also marked by numerous natural disturbances, particularly windthrow, bark beetle outbreaks, wildfires and floods, which caused significant damage to our forests. Through preventive measures, strong organisation and rapid response, SiDG employees actively contributed to the mitigation of and restoration after these impacts.

SiDG is, and must remain, a benchmark for all forest owners in Slovenia in applying the principles of sustainable, multi-purpose and close-to-nature forest management. Compared to many other European countries, Slovenia has succeeded in preserving high-value forests and habitats, which significantly contributes to the quality of life of its population.

SiDG applies the highest standards in managing state-owned forests. We carry out all silvicultural and forest protection measures prescribed by forest management plans prepared by the Slovenian Forest Service. Over the past decade, we have significantly increased investments in forest infrastructure and, through acquisitions, expanded the area of state-owned forests. Returns to the state have also grown substantially, both through contributions to the forest fund and through the company's net profit.

SiDG has established long-term partnerships with the domestic wood-processing industry. Through stable timber supply, the company has made a significant contribution to the development of forest-based value chains and to increasing the processing capacity of the domestic sawmilling industry.

In 2023, we adopted a new strategic plan for the period 2024–2028, setting clear priorities for the development of our core forestry and sales activities. In response to the increasing share of beech in Slovenian forests and the revitalisation of the wood-processing sector in the demographically challenged Kočevje region, the strategy also outlines the restructuring of our subsidiary, Fagus Slovenica, into a modern wood-processing company focused on the processing of beech logs.

I would like to express my sincere gratitude to everyone who has contributed to the development of SiDG into the successful company it is today.

238.000
area of state-owned forests in ha

74 %
share of forests within Natura 2000

20 %
share of all forests in Slovenia

3.582 km
forest roads

323
average growing stock in m³/ha

7.5
annual increment in m³/ha/year

10 mio.
annual investment in forests

250
contracted roundwood buyers

370
employees

www.sidg.si

www.fagus-slovenica.si

6.124 ha
forest reserves

18.962 ha
protective forests

20 %
harvest carried out using own capacities

1,2 mio.
annual net harvest in m^3

54 %
share of conifers in sales

COMPANY AT A GLANCE

KEY INFORMATION

Name:	Slovenian State Forests
Short name:	SiDG
Address:	Rožna ulica 39, 1330 Kočevje, Slovenia
Year of establishment:	2016
Ownership:	Republic of Slovenia
Share capital of the parent company:	EUR 22,440,000
VAT ID:	SI75204878
Key markets:	Slovenia, Italy, Austria

ACTIVITIES

FORESTRY:

→ Ensuring the implementation of planned operations in state forests as prescribed by the public forestry service, the Slovenian Forest Service:
- felling and extraction of timber from state forests
- construction and maintenance of forest infrastructure (excluding maintanance of forest roads)
- silvicultural and protection works, and other activities to ensure all forest functions

SALE OF ROUNDWOOD AND LOGISTICS:

→ sale of forest timber assortments from state forests
→ organisation of transport of forest timber assortments from state forests

REAL ESTATE MANAGEMENT AND FOREST ACQUISITION:

→ legal transactions involving forests: purchase, sale, exchange, division etc.

WOOD PROCESSING:

→ primary wood processing – the subsidiary company Fagus Slovenica Ltd., wholly owned by SiDG

CERTIFICATES

- FSC
- PEFC
- SURE-EU

GOVERNANCE

General Assembly: Slovenian Sovereign Holding
Supervisory Board: composed of six members; four appointed by the General Assembly and two elected by the company's Works Council
Management Board: two to three executive directors
Expert Council: ten members (advisory body to the management)

CONTACTS

Email: info@sidg.si
Phone: +386 51 200 784
Website: www.sidg.si

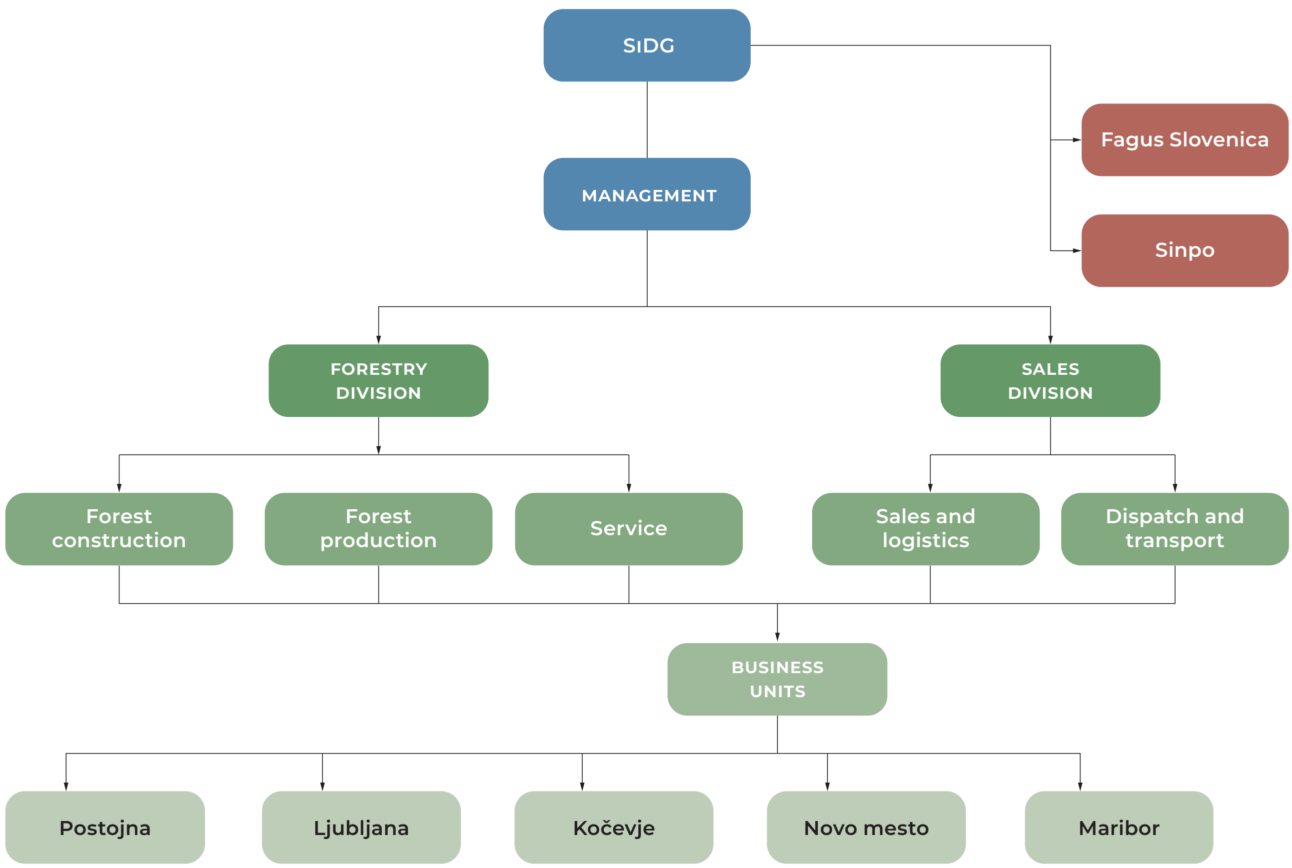
SOCIAL MEDIA

Facebook

Instagram

YouTube

ORGANISATIONAL STRUCTURE



STATE-OWNED FORESTS IN SLOVENIA

With approximately 58% forest cover, Slovenia ranks as the third most forested country in Europe. Around one fifth of forests are owned by the Republic of Slovenia, 77% are owned by more than 400,000 private owners, while a small proportion is owned by local communities.

State-owned forests are not evenly distributed across the country. Larger forest complexes are typically located at higher elevations, on the Dinaric karst plateaus in the southern part of Slovenia, where extensive and contiguous forest areas prevail (Snežnik–Javorniki, Trnovo Forest, the Kočevje region), as well as in the Pohorje area and, to a lesser extent, in the Alpine region.

Most state-owned forests are multi-purpose (Table 1). In just over 5% of the area, no management is carried out (forest reserves and ecological set-aside areas), while in protective forests (8%), management is generally very limited and primarily aimed at strengthening their protective function.

Categories of state-owned forests (%)

Category	Share (%)
Forest reserves	2,57
Ecological set-aside areas (no intervention)	2,40
Ecological areas (with management)	0,46
Protective forests	7,97
Multi-purpose forests	86,60
Total	**100,00**

Table 1

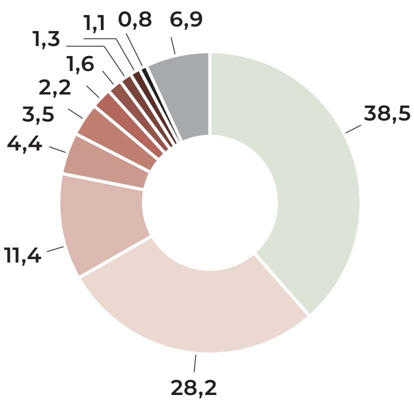
Forest sites and tree species composition

Fir–beech forest sites clearly predominate, followed by submontane beech forests on carbonate and mixed bedrock, and then montane, upper montane and subalpine forests on similar substrates. Pure fir and spruce sites are relatively scarce (around 5% combined), as are oak forests (all variants together account for around 6%). Beech and fir–beech forests together represent approximately 80%, reflecting the fact that beech is the most naturally abundant tree species in Slovenia.

The current tree species composition (Figure 1) differs significantly from the natural composition, due to past management practices that strongly promoted conifers. Beech clearly dominates (around 38%), followed by spruce (28%), which had an even higher share in the past. Silver fir ranks third (11%), followed by sycamore maple (4%), sessile oak (3%), and numerous other species with smaller shares. Broadleaved species now account for almost 56% of the growing stock.

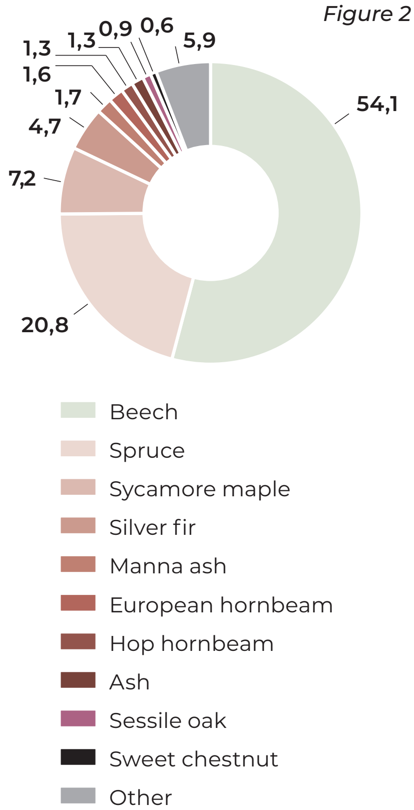
Share of tree species in growing stock (%)

Figure 1



Share of tree species in forest regeneration (%)

Figure 2



Future tree species composition is indicated by forest regeneration. When mature forest stands are regenerated through silvicultural measures, regeneration emerges beneath them as a new forest generation. Analysis of regeneration shows an even stronger dominance of beech (54%), followed by spruce (21%), sycamore maple (7%), silver fir (5%), while sessile oak accounts for only about 1% (Figure 2). This indicates that economically more valuable species (fir, oaks) regenerate poorly and that, in the long term, the share of conifers—and likely oaks—is declining. Beech is clearly increasing its share.

Stand characteristics, growing stock and increment

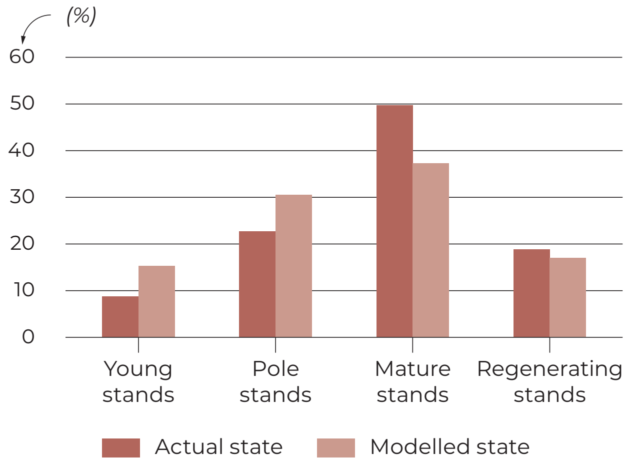
Based on stand structure, 85% of forests are classified as single-storied, 14% as full-storied (including selection forests), and approximately 1% as succession or pioneer stages. A closer look at single-storied forest stands (Figure 3), classified by development phases, shows a clear predominance of mature stands (50%). According to the model, which assumes that regeneration should begin when the value increment starts to decline, only 37% of stands should be in this phase. This indicates that forests are generally regenerated too late in terms of economic value. Older stands are also less vital and carry higher risks of disturbances (e.g., bark beetle outbreaks).

In state-owned forests, stands with two dominant tree species (each representing at least 10% of the stand) are most common, followed by single-species stands and stands with three dominant species (Figure 4). The share of stands with more than three dominant species is around 9%. The most common combinations are beech–spruce, beech–fir and a combination of beech, fir and spruce.

The average growing stock is approximately 323 m³/ha (Figure 5), which is above the Slovenian average (303

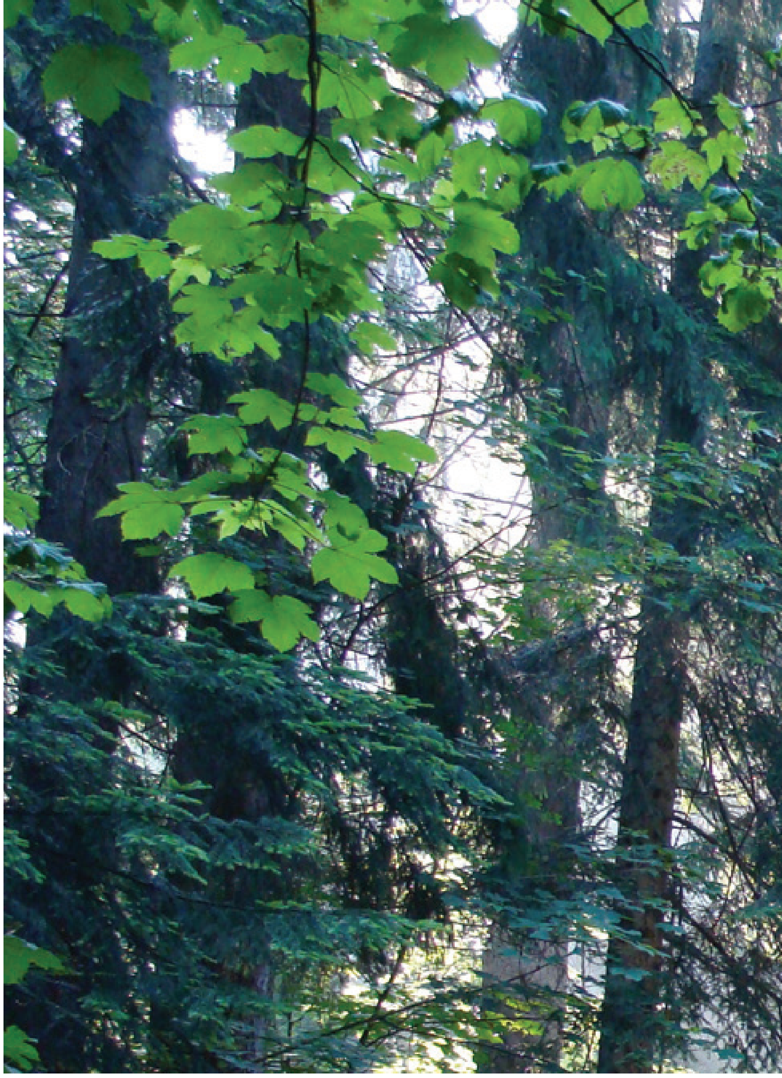
Distribution of development phases – actual vs model

Figure 3



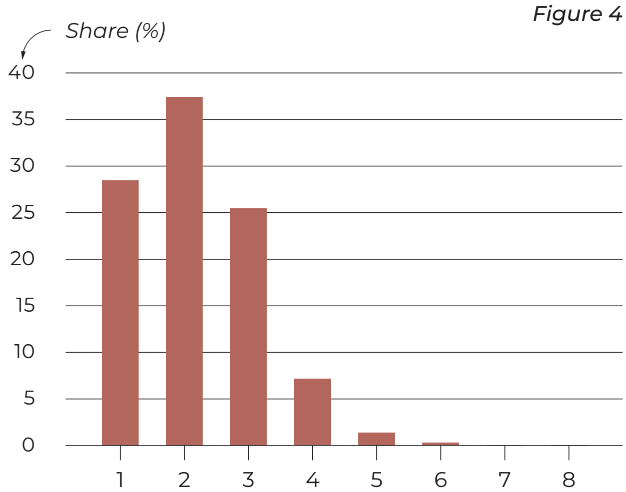
m³/ha). Growing stock has increased over recent decades but is now expected to stabilise due to stand ageing. It can also be observed that, after 2010, broadleaved species overtook conifers in total growing stock.

A similar trend is observed in the increment (Figure 5). The curve shows signs of levelling off, and a potential decline in the future cannot be excluded. The extent to which this is due to stand ageing, climate change or their interaction is difficult to assess.



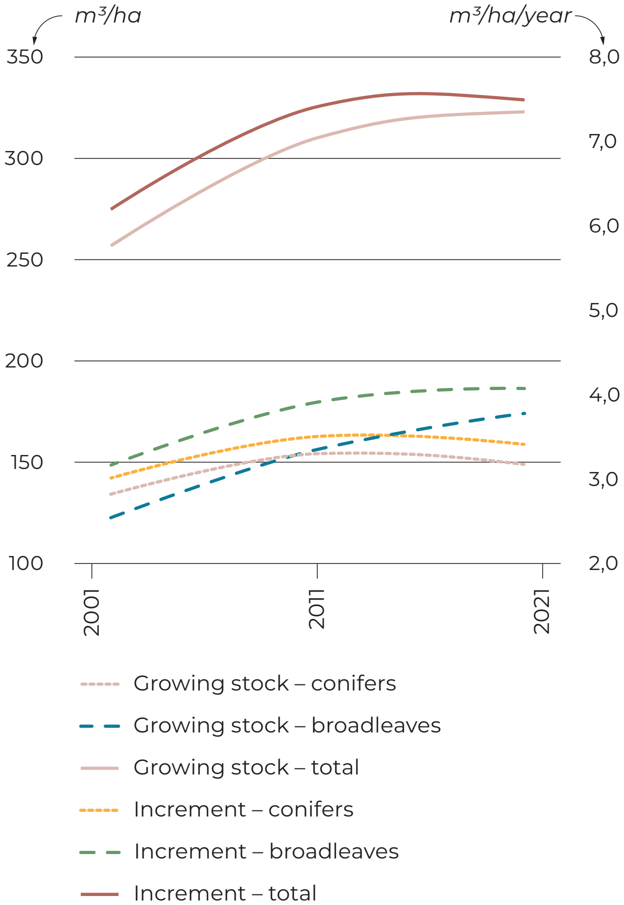
Share of forest area (%) by number of dominant tree species in stands

Figure 4



Growing stock and increment by tree group over time

Figure 5



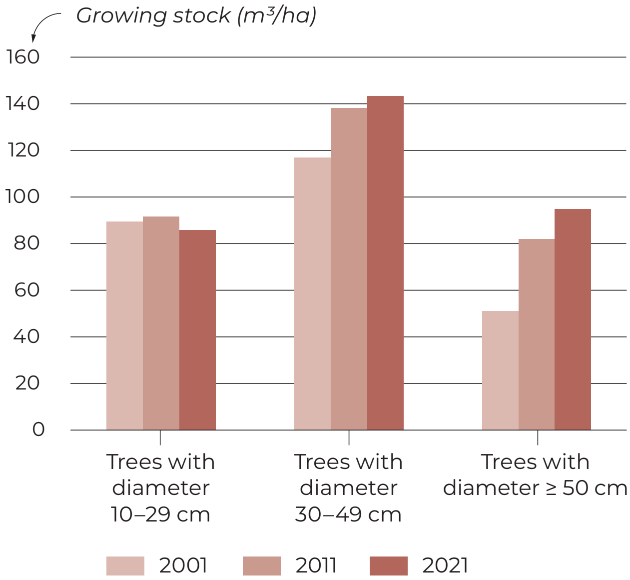
The increase in growing stock in recent decades has been driven primarily by large-diameter trees (above 50 cm DBH), for which the volume has increased by 86%. These trees are often beyond commercial maturity, and their share in the total growing stock has reached around 30%. At the same time, the volume of smaller-diameter trees is decreasing, indicating the ageing of Slovenian state-owned forests (Figure 6).

Particularly concerning is that younger (smaller diameter) stands contain lower shares of fir and spruce, while the share of beech is higher. For example, the share of

fir in large-diameter trees is four times higher than in younger stands. In the case of spruce, the difference is less pronounced, but its share in younger stands is still around one third lower than in mature stands.

Diameter structure of growing stock over recent decades

Figure 6



Average density of forest transport infrastructure

Table 2

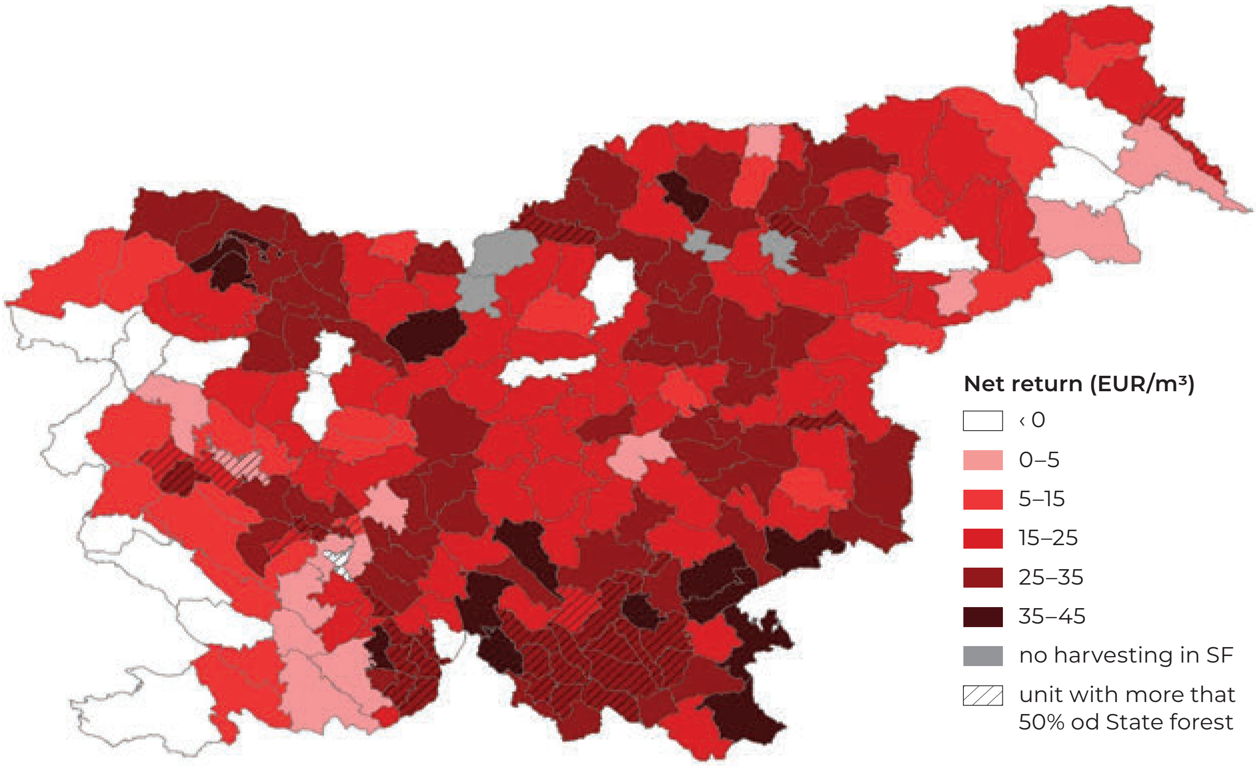
Infrastructure type	Density (m/ha)
Skid trails	89,41
Forest roads	13,16
Municipalities roads	6,75

Forest accessibility, harvesting and returns

State-owned forests are generally well accessible (Table 2) through forest transport infrastructure, including both primary (forest roads) and secondary (skid trails) networks. Forests in the Alpine region are less accessible; cable yarding there is more common and therefore fewer skid trails are required. Fewer forest roads are also found in north-eastern Slovenia, although this is compensated by a higher density of public roads.

Forest accessibility enables active forest management and, consequently, the long-term strengthen-

Net return (EUR/m³), excluding transport and overhead costs



Ratio of harvesting to increment by period

Period	Harvest / Increment (%)
2001–2010	64
2011–2020	85
2021–2025	73

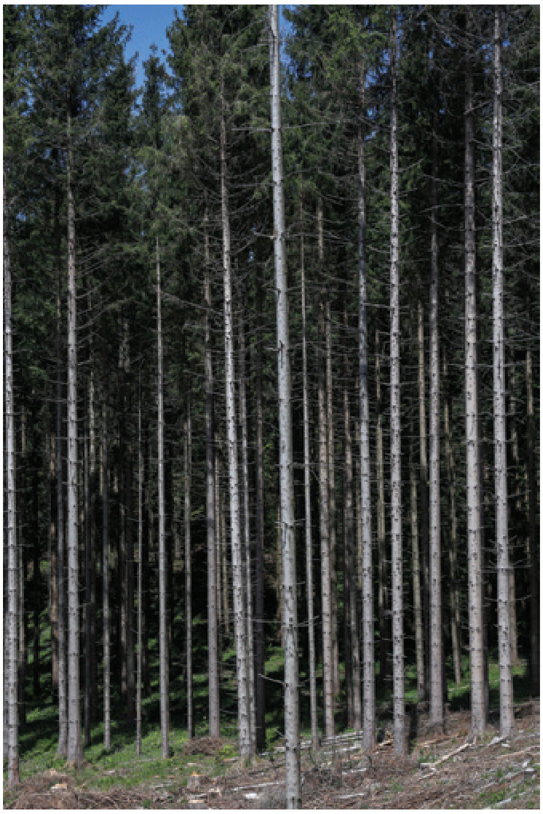
Table 3

Even in the decade when forests were severely affected by the 2014 ice storm, harvesting levels did not exceed increment.

Since the primary objective of managing state-owned forests in Slovenia is to achieve the highest possible return for the owner (the state), we strive—within all regulatory and environmental constraints—to ensure long-term, stable and high financial returns. Forests differ in their economic potential (Map 1). Higher returns are achieved in areas with a higher share of conifers, more favourable terrain, lower silvicultural investment requirements, and sufficient availability of contractors.

ing of forest resilience and vitality. Annual harvesting amounts to approximately 1,200,000 m³ (net), which is significantly below the annual increment (Table 3). Concerns among part of the public that forests are being over-harvested are therefore unfounded. On the contrary, if forest resilience is to be strengthened, and if tree species diversity (most species require larger canopy openings and more light for successful regeneration) and structural diversity are to be increased, forests will need to be regenerated more actively than in the past 70 years. This will also ensure sufficient areas of young forests, which will form the mature forests of future generations.





FOREST MANAGEMENT IN SLOVENIA

Photo: Primož Šenk

Public forestry service

The public forestry service for all forests, irrespective of ownership, is carried out by the Slovenian Forest Service (with selected tasks also performed by the Slovenian Forestry Institute). Within this framework, the Slovenian Forest Service performs a wide range of functions, in particular:

- monitoring the condition of forests and populations of wildlife,
- preparing forest management plans, hunting management plans, and various restoration programmes,
- selecting trees for felling in cooperation with forest owners,
- issuing administrative decisions for forest operations,
- granting permits for interventions in forests and forest spaces,
- planning the maintenance of forest roads and determining traffic regimes on forest roads,
- promoting public awareness and understanding of forests and their importance.

Slovenia is among the most forested countries in Europe, with forest cover approaching 60%. The majority of forests are privately owned (77%), followed by state-owned forests (20%) and forests owned by local communities (3%).

In accordance with the Forest Act, forest management in Slovenia is based on the principles of sustainability, close-to-nature silviculture and multifunctionality, while adhering to environmental protection and nature conservation requirements. This framework ensures the long-term and optimal functioning of forests as ecosystems and the continuous provision of their multiple functions.

State-owned forests are managed by the company Slovenian State Forests (SiDG) under a special law.

The forestry sector falls under the responsibility of the Ministry of Agriculture, Forestry and Food, within which the Forestry and Hunting Directorate is the competent authority for forest policy and governance.

Photo: Primož Šenk

Forest management planning

The Slovenian Forest Service is responsible for the preparation of forest management plans at both regional and management-unit levels. These plans are adopted for a ten-year period. The planning process is participatory, allowing forest owners to contribute through proposals and comments.

Forest management plans also incorporate nature conservation guidelines provided by the Institute of the Republic of Slovenia for Nature Conservation, as well as management directives issued by the Slovenian Water Agency. Final approval of the plans is granted by the ministry responsible for forestry.

Tree selection and silvicultural measures

Forest owners must apply to the Slovenian Forest Service for the selection of trees to be felled. This process is typically carried out in the field by a district forester from the Slovenian Forest Service in co-operation with the forest owner or their representative.

Following the selection of trees, the Slovenian Forest Service issues an administrative decision specifying the allowable harvest, including its volume and structure, as well as the time frame and conditions for implementation. In cases of sanitary felling, the Service often independently designates trees for removal and issues the corresponding administrative decision. In

Photo: Primož Šenk

particular, for spruce stands affected by bark beetle outbreaks, implementation deadlines are typically very short.

The Slovenian Forest Service also issues administrative decisions for silvicultural and forest protection measures. Private forest owners are generally eligible for subsidies to support the implementation of these activities.

Forest operations and timber sales

Following the issuance of an administrative decision authorising felling or other forest operations, the forest owner or manager is responsible for their implementation. These activities may be carried out either using the owner's own resources or by engaging registered qualified contractors.

The sale of timber and forest products is not regulated and remains entirely at the discretion of the forest owner.

Slovenia is among the most forested countries in Europe, with forest cover approaching 60%.

Forestry education and research

Forestry research in Slovenia is primarily conducted by two key institutions: the Biotechnical Faculty (Department of Forestry and Renewable Forest Resources) of the University of Ljubljana, and the Slovenian Forestry Institute. In addition to research activities, the Slovenian Forestry Institute is responsible for the National Forest Inventory and provides professional guidance for monitoring the forest condition, including damage and biotic threats.

The Biotechnical Faculty offers forestry education at bachelor, master's and doctoral levels. In addition, a two-year professional programme in forestry and hunting is available in Postojna. Secondary and vocational forestry education is provided in Postojna and Maribor.

Hunting sector

Hunting in Slovenia is organised through hunting associations (clubs). There are 411 hunting grounds managed by local hunting clubs and 10 special-purpose hunting areas managed by state authorities. Game is owned by the state, and the hunting community comprises more than 20,000 registered hunters.

Forest supervision

Within the framework of the public forestry service, the Slovenian Forest Service is responsible for monitoring forest conditions and overseeing the implementation of operations, primarily through tracking compliance with the administrative decisions that it has issued.

In addition, forest supervision is carried out by the forestry inspectorate, which focuses in particular on the execution of forest operations, the compliance of contractors, the legality of harvesting, and the traceability of forest timber assortments.

Private forest owners

Forest ownership in Slovenia is highly fragmented. There are approximately 400,000 private forest owners, with an average holding size of only about 3 hectares. Larger forest estates are relatively rare.
Forest owners make independent management decisions within the constraints defined by forest management plans. The selection of trees for felling is carried out by the Slovenian Forest Service in cooperation with the forest owner.

In certain areas, forest properties are also managed by agrarian communities. Forest owners may voluntarily associate in societies or cooperatives; there are around 30 such associations, which are further united within the Slovenian Forest Owners Association.

The interests of forest owners are also represented by the Chamber of Agriculture and Forestry of Slovenia, whose mandate extends beyond forestry alone.

State-owned forests

The vast majority of state-owned forests are managed by Slovenian State Forests (SiDG). Among other managers, the Ministry of Defence is notable, since it administers forests designated for military purposes.

SiDG plans and implements all necessary operations in state-owned forests, either through its own capacities or by engaging external contractors. In the selection of contractors, the company must comply with public procurement regulations.

In addition to regular forest management, SiDG undertakes investments in forest infrastructure and actively increases the area of state-owned forests through acquisitions wherever possible and justified.

Further details on the management of state-owned forests are provided in subsequent chapters.

Forest ownership in Slovenia is highly fragmented. There are approximately 400,000 private forest owners, with an average holding size of only about 3 hectares


SiDG
SiDG
MAN
LJ 55-NPG

THE COMPANY SiDG

Slovenian State Forests (SiDG) was established in 2016 to manage state-owned forests and is wholly owned by the Republic of Slovenia. Within the scope of its activities, the company performs tasks related to the management of state-owned forests, the disposal of state-owned forests, and the acquisition of forests.

Until mid-2016, state-owned forests were managed by the Farmland and Forest Fund of the Republic of Slovenia (as the grantor), while operations were carried out by private forestry companies and the state-owned company Fagus Slovenica (formerly Snežnik d.d.) under 20-year concession agreements. On the expiry of the concession period, the Republic of Slovenia decided to introduce a new management model.

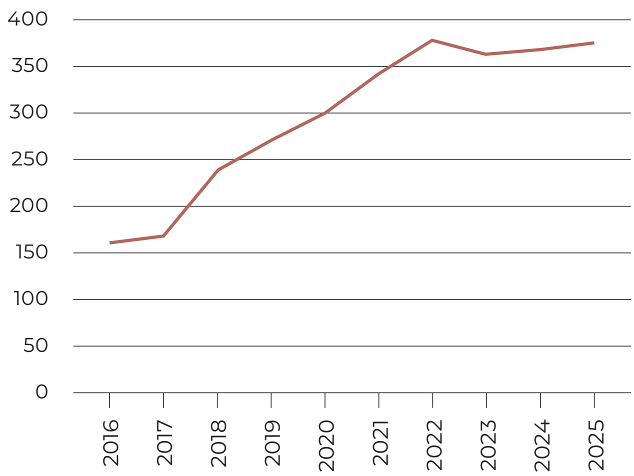
Legal framework, activities and responsibilities of the company

SiDG was established by a specific legal act (the Act on the Management of Forests Owned by the Republic of Slovenia), which clearly defines its responsibilities:

- Management of state-owned forests includes the implementation or outsourcing and supervision of timber felling and extraction, transport of forest timber assortments, execution of silvicultural and protection measures, and all other activities necessary to ensure the social and ecological functions of state-owned forests, the harvesting and sale of forest products, the construction and maintenance of forest infrastructure (excluding forest roads), the sale of timber and forest timber assortments, and the leasing of state-owned forests.

Number of employees (as at 31 December) by year

Figure 7



- Disposal of state-owned forests includes their sale, transfer through exchange or other forms of compensated or non-compensated transfer, the establishment of easements, real encumbrances and building rights in state-owned forests, as well as ensuring legal compliance and proper documentation.

- Acquisition of forests refers to any transfer of ownership of forest land to the Republic of Slovenia.

The management of state-owned forests is highly complex, since it requires balancing financial performance (economic component), nature conservation (ecological component) and rural development (social component). Given the still underdeveloped wood-processing industry, the objective of strengthening forest-based value chains must also be taken into account. The company operates at a high level of environmental and social responsibility, while reconciling often divergent objectives, which requires strong professional expertise, a broad range of competencies, and a high degree of commitment and perseverance.

Today, the company generates virtually all of its revenue from forestry operations, specifically from timber sales. SiDG pays a compen-

sation fee for the management of state-owned forests into a dedicated forest fund (the Forest Fund), amounting to 20% of revenue from timber sales (based on roadside timber prices). The company's profit is managed by the General Assembly, represented since the end of 2022 by the Slovenian Sovereign Holding (SDH). Dividends are transferred directly to the state budget.

Human resources and organisational structure

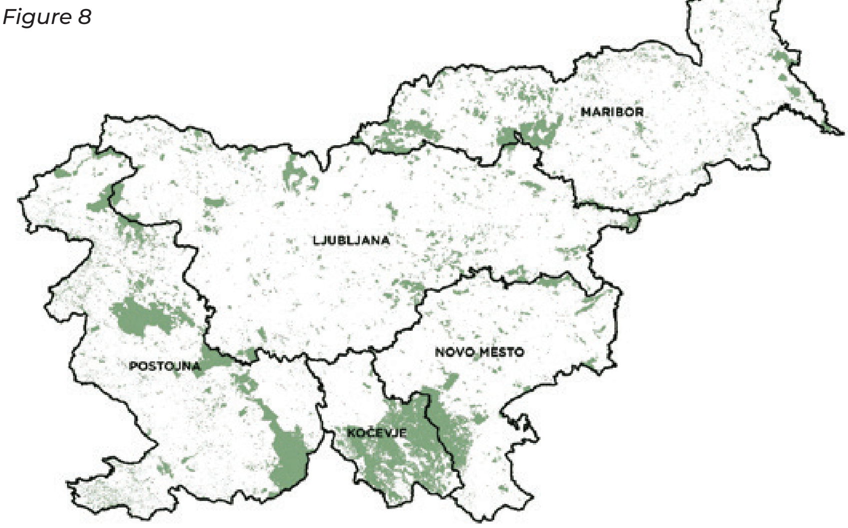
Human resources are the key to the success of any company. The number of employees has stabilised at around 370 (Figure 7). The workforce grew rapidly during the period of establishing in-house capacities for forest operations and transport.

The company currently operates through two main divisions (forestry and sales), five business units (Figure 8) and supporting services. Business units are further divided into forest districts, of which there are 35 in total. Among the supporting services, the real estate department plays a key role, managing all procedures related to forest acquisition and disposal on behalf of the Republic of Slovenia.

On average, each business unit manages approximately 48,000 hectares of forest (ranging from

Territorial organisation into business units (green indicates state-owned forests under management)

Figure 8



Real return per cubic metre of timber sold by year

Figure 9

32,000 to 72,000 hectares), while each forest district manages around 6,800 hectares (ranging from 4,000 to 10,700 hectares). On average, business units harvest around 240,000 m³ annually (ranging from 180,000 to 260,000 m³), while a typical forest district harvests around 34,000 m³ (ranging from 10,000 to 55,000 m³).

SiDG carries out approximately 20% of harvesting operations using its own capacities, with the remaining 80% performed by external contractors. Similarly, only a minority of transport operations are carried out using the company's own fleet.

Development strategy and future challenges

The SiDG Strategic Plan for the period 2024–2028 identifies four key strategic priorities in the development of core infrastructure:

- Establishment of modern central (regional) timber yards to optimise timber sales and increase average sales prices

- Development of in-house forest operations to enable the utilisation of the maximum allowable harvest
- Implementation of an advanced information system to reduce operational risks and costs
- Restructuring of the subsidiary Fagus Slovenica into a modern and profitable wood-processing company

The main challenges identified are:

- Guiding forest development towards greater resilience (particularly in the context of climate change), while ensuring economic viability (e.g., maintaining the

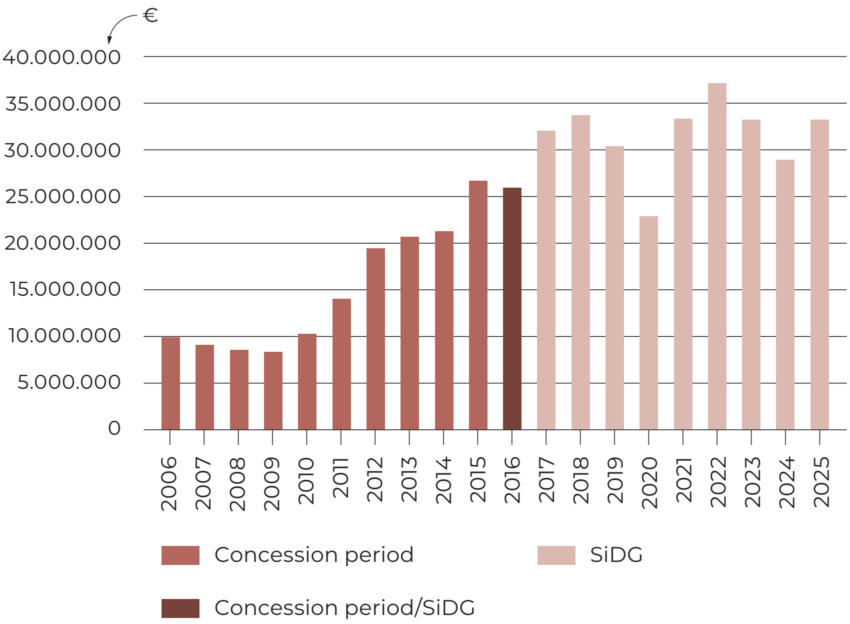
Key financial indicators for the period 2023–2025 (adjusted to January 2026)

Indicator	Average (adjusted) value 2023–2025
Sales revenue (EUR)	101,918,359
Operating expenses (EUR)	86,291,439
EBIT (EUR)	17,315,984
Net profit (EUR)	14,426,202
ROA (%)	17,89
ROE (%)	22,22
EBITDA margin (%)	20
Return to the state (EUR)	31,760,934
Return (EUR/m³)	27,22
Return (EUR/ha)	133.70

Table 4

Return to the state
(values adjusted to January 2026)

Figure 10



share of conifers). This requires an increasingly complex alignment of financial and environmental objectives.
- Ensuring stable working conditions to maintain the operational and professional capacity of forestry contractors and promoting the forestry profession. Demographic trends in Slovenia and Europe are unfavourable, and forestry work remains physically demanding and hazardous. Improving labour productivity in harvesting operations is therefore essential.
- Ensuring a reliable, long-term and competitive supply of roundwood to the wood-processing industry, which is a key prerequisite for its development.
- Efficient management of large-scale natural disturbances, which are expected to occur more frequently and with greater intensity. This requires timely sanitary felling, effective forest restoration, appropriate timber storage, and as continuous supply to customers as possible.

The SiDG Group

The parent company, Slovenian State Forests, has two wholly owned subsidiaries. The first is Fagus Slovenica Ltd., which is engaged in wood processing and the purchase of timber from private forests (presented in more detail in a separate chapter).

The second subsidiary is Sinpo Ltd., a social enterprise employing persons with disabilities. It primarily carries out silvicultural and protection measures in state-owned forests, as well as various maintenance works, pallet production and a range of supporting activities. Its objective is to provide safe and suitable employment for persons with reduced working capacity.

Business performance

By all indicators, SiDG ranks among large companies and is the largest company in the Slovenian forestry sector. In recent years, annual sales revenue has reached approximately EUR 100 million (Table 4), almost entirely derived from the sale of forest timber assortments.

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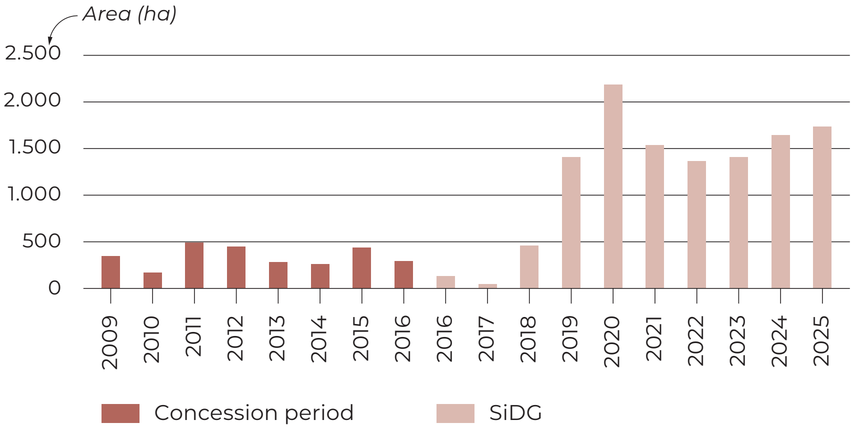
By all indicators, SiDG ranks among large companies and is the largest company in the Slovenian forestry sector.

Forest acquisitions on behalf of the Republic of Slovenia (ha)

Figure 11



Earnings Before Interest and Taxes (EBIT) amounts to approximately EUR 17 million, while net profit is around EUR 14.5 million. Return on assets (ROA) is around 18%, return on equity (ROE) around 22%, and the Earnings before interest, taxes, depreciation and amortization (EBITDA) margin approximately 20%. In recent years, the company has generated around EUR 32 million annually for the owner, with just over half in the form of compensation for forest management (20% of roadside timber price) and slightly less than half as profit. This corresponds to approximately EUR 134 per hectare of managed forest and around EUR 27 per cubic metre sold.

Return per cubic metre harvested or sold shows a gradual real increase over time (Figure 9).

The indicator of financial return to the state for the period since SiDG assumed management (July 2016–2025) represents the sum of net profit and compensation for forest management. For the period 2006–June 2016, the return corresponded to concession fees paid by concessionaires. Following the establishment of SiDG, returns from state forest management increased significantly. Adjusted returns are 2.14 times higher than the average annual return achieved under the previous management system (Figure 10).

The indicator is influenced by the company's operational performance and efficiency, market conditions in the timber sector, and the volume of forestry operations.

20 %

was the average EBITDA margin in recent years.

Expansion of forest area

Legislation and business objectives require SiDG to increase the area of state-owned forests through acquisitions carried out on behalf of the Republic of Slovenia. Given the relatively low share of state-owned forests in Slovenia, this objective is of particular importance. Priority is given to the acquisition of forests with protective or conservation functions.

Forest acquisition has intensified significantly since the establishment of SiDG. In recent years, approximately 1,500 hectares of forest have been acquired annually (Figure 11).


Interexport
PONSSE
SiDG


EFEREE
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ŽIGA
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564

ECOSYSTEM SERVICES

As managers of state-owned forests, we strive to maximise societal benefits through sustainable, close-to-nature and multifunctional forest management. Our objective is to steer forest development in a way that delivers the greatest possible benefits to society. In general, we aim to create resilient forests characterised by high tree species diversity, as well as structural and age heterogeneity. This requires maintaining a full spectrum of forest developmental stages, from young to old-growth stands.

Our traditional forest management paradigm inherently ensures a favourable forest condition at the systemic level, enabling the provision of certain ecosystem services almost imperceptibly (e.g., clean drinking water, maintenance of forest soil fertility, and climate regulation and mitigation). Other ecosystem services, such as forest-based recreation, require additional targeted efforts.

Forests: more than a source of timber

Forests are complex ecosystems that perform a wide range of functions beneficial to both human society and the environment. The Slovenian Forest Act identifies as many as 17 forest functions that contribute to human well-being and enable societal sustainability. In recent years, the term *ecosystem* services has increasingly replaced the concept of forest functions, following international practice. Ecosystem services are broadly defined as the benefits that humans derive from nature. These benefits may be material (e.g., timber, game, mushrooms, non-wood forest products) or non-material (e.g., nature experience, recreation, psychological restoration). The demand for individual ecosystem services is spatially heterogeneous. Forests in the vicinity of urban areas are typically subject to higher recreational pressure, whereas forests on steep slopes above infrastructure primarily fulfil protective functions.

Ecological set-aside areas, forest reserves and protective forests

State-owned forests contain more than 60% of all Slovenian forest reserves and non-intervention ecological set-aside areas, despite representing only 20% of the total forest area. These include 6,124 ha of forest reserves, 5,706 ha of non-intervention ecocells, 1,099 ha of managed ecocells and 18,962 ha of protective forests. Management interventions in protective forests are minimal and often limited to emergency measures.

Natura 2000 in state-owned forests

As much as 74% of state-owned forests are located within Natura 2000 sites, which is exceptionally high—approximately three times the European average for state forests. In contrast, the share in private and municipal forests in Slovenia is around 37%.

The most prevalent forest habitat type is Illyrian beech forest, occurring on Dinaric karst plateaus and extending across the Slovenian–Croatian border. Other habitat types include:

- Tilio-Acerion ravine forests,
- Luzulo-Fagetum beech forests,
- Acidophilous spruce forests (montane to alpine zones),
- Illyrian oak–hornbeam forests,
- Riparian willow, alder and ash forests,
- Floodplain oak–ash–elm forests,
- Forests of extreme habitats (mires, sub-Mediterranean sites)

State forests host numerous species under the EU Birds and Habitats Directives, including:

- Lesser horseshoe bat *(Rhinolophus hipposideros)*
- Italian crested newt *(Triturus carnifex)*
- Barbastelle bat *(Barbastella barbastellus)*
- Yellow-bellied toad *(Bombina variegata)*
- Black woodpecker *(Dryocopus martius)*

Extensive habitats are also provided for forest grouse (hazel grouse *(Bonasa bonasia)*, western capercaillie *(Tetrao urogallus)*, black grouse *(Lyrurus tetrix)*), owls (boreal owl *(Aegolius funereus)*, Eurasian pygmy owl *(Glaucidium passerinum)*, Ural owl *(Strix uralensis)*), raptors (European honey buzzard *(Pernis apivorus)*, golden eagle *(Aquila chrysaetos)*, peregrine falcon *(Falco peregrinus)*), woodpeckers (three-toed woodpecker *(Picoides tridactylus)*, white-backed woodpecker *(Dendrocopos leucotos)*, middle spotted woodpecker (Dendrocoptes medius)), as well as large carnivores (brown bear *(Ursus arctos)*, Eurasian lynx *(Lynx lynx)* and grey wolf *(Canis lupus)*).

The Eurasian lynx *(Lynx lynx)* is among the most endangered large carnivores in Slovenia. It was extirpated in the past and subsequently reintroduced in 1973. Today, the population faces several challenges, including low genetic diversity due to population isolation and habitat fragmentation. Various scientific research and conservation projects are currently underway to support its long-term viability. At the beginning of 2024, the population size was estimated at approximately 50 individuals.

Slovenia hosts one of the largest brown bear *(Ursus arctos)* populations in Europe, currently estimated at 880–1,050 individuals. The population has increased over recent decades, which has led to growing challenges related to human–wildlife coexistence. Bears occasionally cause damage to agricultural property in rural areas and are increasingly observed in the vicinity of urbanised zones.

The grey wolf *(Canis lupus)* in Slovenia primarily inhabits the Dinaric karst region, particularly the Kočevje area, Inner Carniola and parts of the Littoral region. The population forms part of the broader Dinaric–Balkan population extending across the Slovenian–Croatian border. In Slovenia, 16 packs are currently recorded, comprising approximately 147 individuals (including transboundary individuals). Wolves frequently cause damage to livestock, and the state therefore co-finances preventive measures, such as electric fencing and the use of livestock guardian dogs.

Deadwood and large-diameter trees

Due to numerous conservation-oriented guidelines—often not fully substantiated from a silvicultural or economic perspective—forest management targets frequently prescribe high terminal diameters and extended rotation periods. As a result, harvesting in state-owned forests includes a substantial proportion of large-diameter trees exceeding the commercial optimum.

Timber value typically begins to decline beyond a certain stem diameter. In the case of spruce, approximately 47% of the harvested volume annually exceeds the diameter associated with peak value; for silver fir this share is 55%, and for beech as much as 58%. These are remarkably high proportions and can be interpreted as a consequence of management objectives aimed at maintaining very old stands with large-diameter trees.

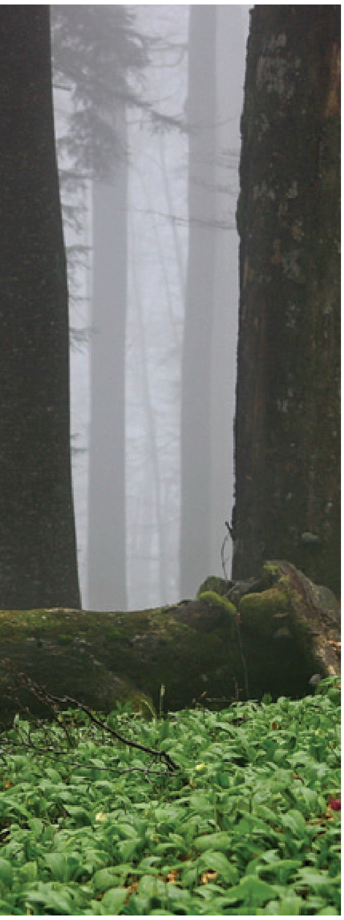
However, harvesting over-mature timber of reduced quality has at least three negative implications for the forest–wood value chain: reduced efficiency of mechanized harvesting, lower economic returns for the forest owner and diminished timber quality for the wood-processing industry. The volume of large-diameter timber in state-owned forests has increased significantly in recent years (see Figure 6 in the chapter on state-owned forests).

An important ecological indicator of forest condition is also deadwood volume. Deadwood plays a crucial role as a habitat for saproxylic organisms and species dependent on decaying or weakened trees. In state-owned forests, the volume of above-ground deadwood amounts to 20.2 m^3/ha, representing 6.2% of the total growing stock.

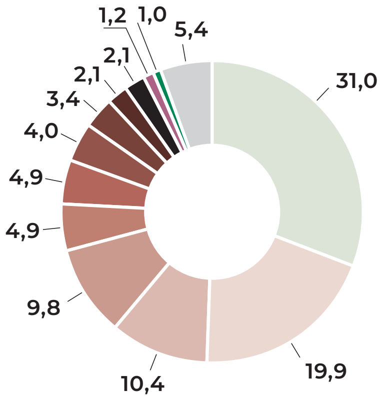
Biomelioration and forest protection

In addition to our core activities, we also implement forestry operations specifically aimed at improving or maintaining the favourable conservation status of ecologically important habitat types and species. These include direct habitat management interventions, such as biotope restoration, maintenance of water bodies, grasslands, forest paths and shrublands, installation of nesting structures and related measures.

Beyond biomelioration activities, which are exclusively conservation-oriented, forest condition is further enhanced through annual silvicultural and forest protection measures. Approximately 5% of total annual revenue is allocated to these activities, which contribute to strengthening both the ecological and productive functions of forests.



Share of planted tree species (%)



Pedunculate oak
Spruce
Sessile oak
Beech
Common alder
Larch
Sycamore maple
Silver fir
Other oaks
Wild cherry
European hornbeam
Black pine
Other

Figure 12

Although forest regeneration is primarily based on the principle of natural regeneration, the increasing frequency of extreme weather events has in recent years necessitated the more frequent use of artificial regeneration. A key guiding principle in this process is the preservation and, where possible, enhancement of tree species diversity, thereby increasing forest resilience.

In recent years, a total of 36 different tree and shrub species adapted to local site conditions have been planted in state-owned forests. The most commonly planted species is pedunculate oak, followed by spruce, sessile oak, beech, black alder and larch (Figure 12). Among non-native species, Douglas fir is the most frequently planted; however, it accounts for less than 1% of all planted seedlings.

Forest Fund and ecosystem services

Each year, 20% of revenue from timber sales (based on roadside timber prices) is allocated to the Forest Fund. This amounts to approximately EUR 16 million annually (five-year average). More than EUR 1 million of these funds is invested each year in private forests, specifically for measures and activities within Natura 2000 areas. These interventions significantly enhance the ecological condition of (private) forests.

36

different tree and shrub species adapted to local site conditions have been planted in state-owned forests.

In addition, slightly over EUR 4 million from the Forest Fund is annually allocated to local road infrastructure (municipal roads). This infrastructure plays an important role in sustaining rural settlement patterns in Slovenia, preserving its characteristic cultural landscape and, in particular, enabling access to forests for recreational and other purposes.

Furthermore, as the manager of state-owned forests, we invest approximately EUR 5 million annually directly into forest infrastructure in order to maintain and improve the condition of forest transport networks. These networks largely—and in many areas predominantly—serve public use, facilitating access to forests for recreationists, hunters, non-wood forest product gatherers, beekeepers, tourists and researchers.

In total, more than EUR 9 million per year is invested in infrastructure that supports both the management and public use of state-owned forests.

Strengthening social functions

Our mission also includes raising awareness of the importance of forests, sustainable resource use and the benefits of recreation and well-being in forest environments.

We organise numerous public events, including nationwide tree-planting campaigns, corporate planting initiatives, forestry trail events and national logging competitions.

We also maintain forest infrastructure and cultural assets, such as benches, information boards and heritage sites.

Through donations and sponsorships, we strengthen connections between society, forests and wood as a renewable material.

Acquisition of forests with enhanced functions

Between 2016 and 2025, a total of 11,917 hectares of forest land were acquired on behalf of the Republic of Slovenia. In recent years, acquisitions have averaged over 1,500 ha annually.

Approximately 35% of acquired forests have a special status (forest reserves, protective forests, or legally protected areas), thereby transferring the responsibility for their management to the state.

In addition to our core activities, we also implement forestry operations specifically aimed at improving or maintaining the favourable conservation status of ecologically important habitat types and species.

Stakeholder cooperation

We collaborate with a wide range of institutions on projects addressing sustainable forest management, biodiversity conservation and multifunctional forest use, including the Slovenian Forest Service, Institute of the Republic of Slovenia for Nature Conservation, municipalities, the Slovenian Forestry Institute, Biotechnical Faculty of the University of Ljubljana and forestry schools.

We are also actively engaged in EUSTAFOR, the European association of state forest managers, facilitating knowledge exchange and the adoption of best practices.

Concluding remarks

Slovenian forests represent only a small fraction of Europe's forest area, and state-owned forests an even smaller share. Nevertheless, through professional and dedicated management, we maintain forests in an excellent condition for present and future generations.

FORESTRY

Forestry is the core activity of SiDG. Forests are managed in a sustainable, close-to-nature and multi-purpose manner, which involves balancing economic, ecological and social objectives. In addition to timber harvesting, forestry activities include the implementation of silvicultural and protection measures, ensuring the ecological and social functions of forests, and the construction and rehabilitation of forest infrastructure.

Harvesting and timber extraction

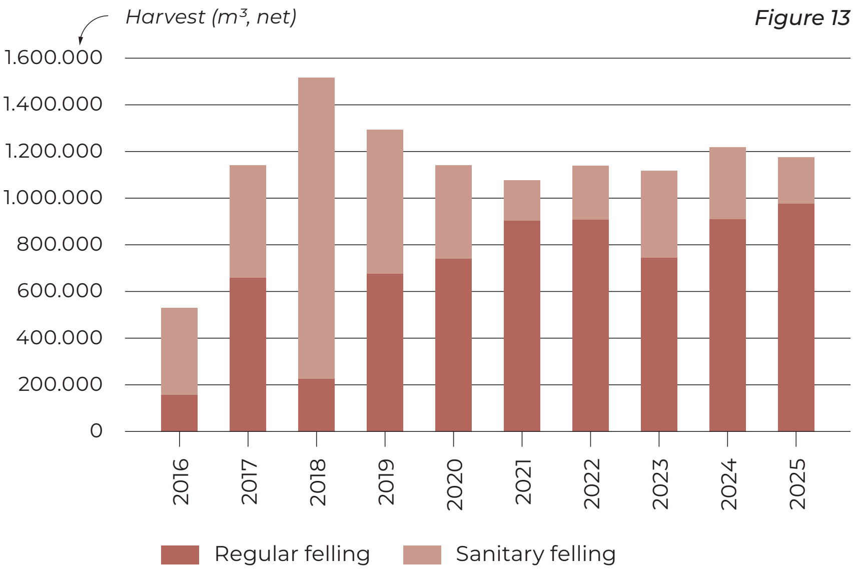
Annual harvesting amounts to approximately 1.2 million cubic metres (net). Around 85% of the harvest consists of three main tree species: beech, spruce and silver fir. The highest value for spruce is achieved at diameters of around 56 cm DBH, for silver fir at 64 cm, and for beech at 49 cm.

In state-owned forests, harvesting levels remain below those permitted by the valid regional forest management plans. Records indicate that approximately 85% of the allowable cut is realised. The reasons why part of the allowable harvest remains unutilised vary (limited accessibility, co-ownership, fragmented ownership structure, proximity to infrastructure, etc.).

Over the past ten years, sanitary felling has accounted for 39% of total harvesting on average (ranging from 16% to 85% in individual years) (Figure 13). The lowest annual volume of sanitary felling was 172,000 m³, while the highest reached 1,290,000 m³. Spruce is the species with the highest share of sanitary felling.

Harvest (regular and sanitary felling) by year

Figure 13



Over the past ten years, sanitary felling has accounted for 39% of total harvesting on average (ranging from 16% to 85% in individual years).

Among the causes of sanitary felling, insects clearly predominate, in particular the European spruce bark beetle (Figure 14). Wind is the second most significant factor, followed by diseases and fungi. The impact of snow and forestry operations (damage to trees caused by felling and timber extraction) is also notable.

The largest share of harvesting (around 72%) is carried out using conventional methods, approximately 23% is performed using mechanised harvesting (mostly in combination with pre-harvesting operations), and around 5% is carried out using cable yarding systems, primarily on difficult terrain. The majority of harvesting (around 80% in recent years) is carried out by external contractors, while approximately one fifth is performed using in-house capacities.

Share (%) of person-days by activity group (past five-year period)

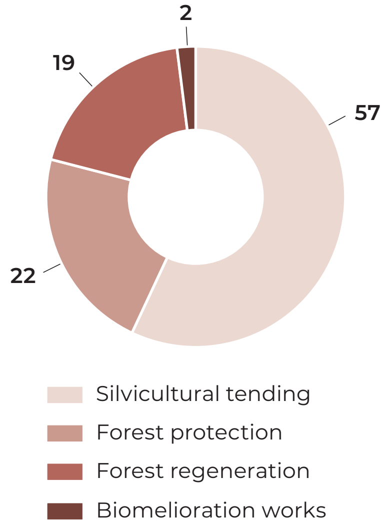
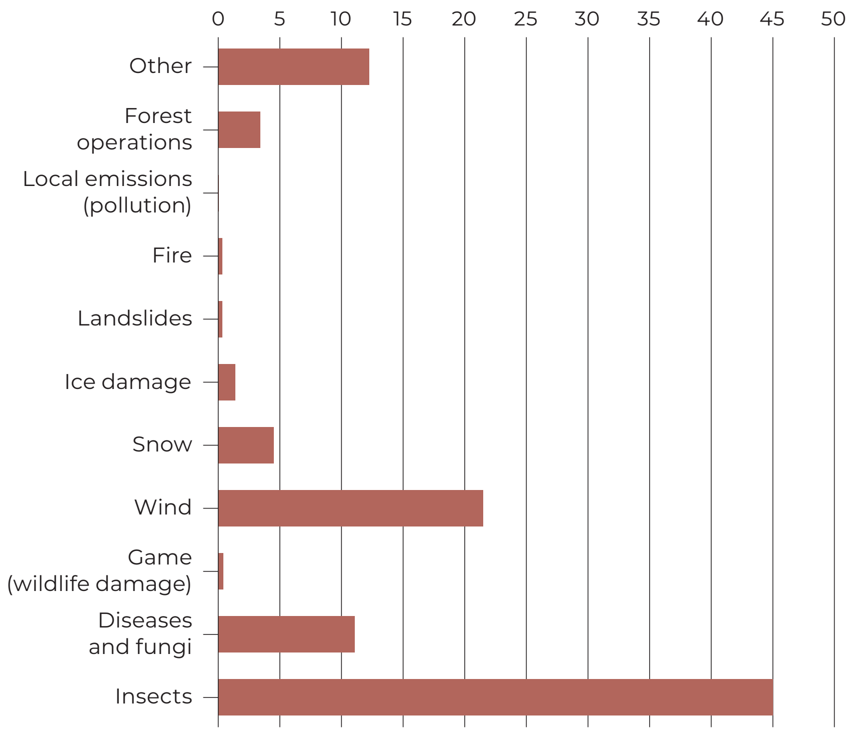


Figure 15

Causes of sanitary felling (%)

Figure 14



Silvicultural, protection and biomelioration measures

The implementation of silvicultural, protection and biomelioration measures is one of the foundations of sustainable management of state-owned forests. The main objective of these activities, which represent a significant share of the company's investments, is to maintain and improve forest quality and to ensure ecological, social and productive forest functions.

Over the past five years, an average of approximately EUR 4 million has been invested annually in these activities, corresponding to around 24,000 person-days per year. This represents roughly 5% of the timber price. In terms of workload, forest tending operations account for the largest share, representing 57% of total activities (Figure 15). These are followed by forest protection measures at 22%. Forest regeneration accounts for 19%, while biomelioration measures represent approximately 2%.

Over a ten-year period, artificial forest regeneration through planting was carried out on more than 2,043 hectares, with over 4,758,735 seedlings planted. More than 30 tree species are used in planting. Artificial regeneration is primarily implemented where natural regeneration fails due to forest damage (natural disturbances), where herbaceous or shrub vegetation severely limits the development of forest regeneration, or for other specific reasons.

Compared to the private sector, the implementation of these activities in state-owned forests is significantly more intensive. When comparing the number of person-days over the past five-year period, the volume of work in state-owned forests is approximately four times higher than in private forests. In state-owned forests, around twelve person-days per 100 hectares are carried out annually, while in private forests this figure is approximately three person-days per 100 hectares per year.

External contractors in harvesting

Demographic trends, the demanding nature of forestry work, and broader societal urbanisation are probably key factors contributing to the decline in the number of contractors (Figure 16). This is addressed through the promotion of the forestry profession, strengthening long-term partnerships with contractors, and increasing labour productivity—primarily through the introduction of advanced mechanisation.

Number of contractors carrying out felling and timber extraction, and silvicultural, protection and biomelioration measures by year

Figure 16

In-house forest operations

To strengthen the operational resilience of the felling and timber extraction system—particularly during periods of natural disturbances, labour market disruptions and large-scale sanitary felling—SiDG has established its own in-house forest operations. These are based on professionally trained teams and modern forestry machinery. Using its own teams, the company carries out approximately one fifth of all felling and timber extraction services in state-owned forests.

In-house operations also enable the development of new expertise, the testing of advanced technologies, and the implementation of consistent work standards across the country. In addition, internal training and professional development of technical staff are most efficient when supported by in-house capacities.

Each year, we design and supervise the construction of more than 80 complex infrastructure projects. We strive to apply advanced technologies that enable the collection of reliable and precise data:

- during the route planning phase, we use digital terrain models and, with the support of artificial intelligence, determine the optimal alignment of forest roads,
- during the design phase, we use high-precision GPS instruments to position engineering designs in space,
- during the construction phase, we use advanced remote sensing technologies to monitor and evaluate construction works.

Using drones, we carry out positional measurements with centimetre-level accuracy and are developing a mobile geomechanical laboratory. We independently design wire mesh structures (gabions), fully manage the preparation of subgrades for asphalt pavements and their implementation, and were the first to introduce reinforced slope construction techniques into Slovenian forestry. The rehabilitation of smaller bridging structures has also been brought to the stage of routine implementation.

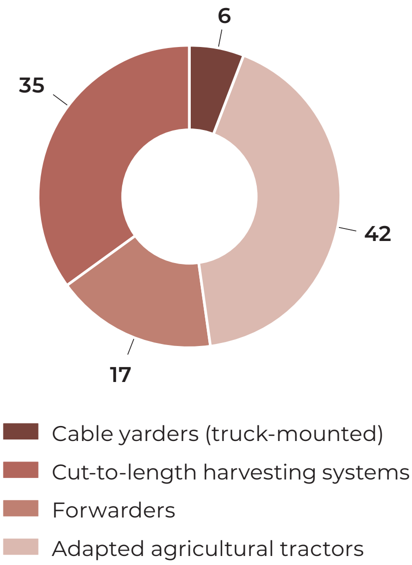
Subcontracting

Most operations in state-owned forests (harvesting, silvicultural and forest protection measures, activities supporting other forest functions, and the construction and maintenance of forest infrastructure) are subcontracted through public procurement procedures. A proportion of harvesting and transport is carried out using in-house capacities, while the majority is outsourced.
Four framework agreements are in place for subcontracting:

- → harvesting,
- → silvicultural and forest protection measures,
- → timber transport,
- → forest engineering (construction of forest infrastructure).

Share of harvesting technologies in recent years (%)

Figure 17

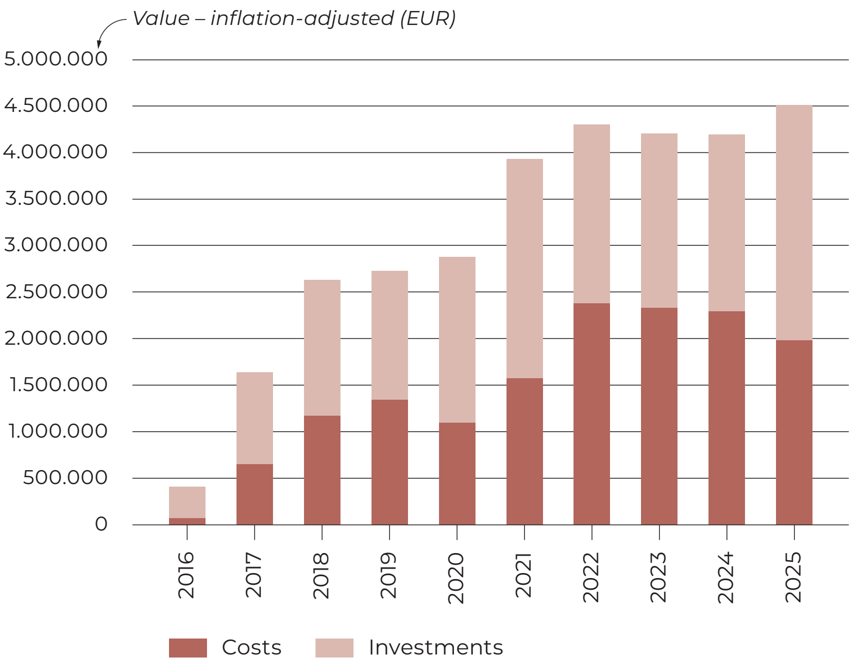


Forest engineering

Well-designed and properly implemented forest infrastructure plays an essential role in forest management. It supports forest protection by ensuring access for preventive measures, monitoring and rapid response in the event of natural disturbances, contributes to fire safety, and enables recreation, tourism and other activities, such as hunting, fishing, the collection of non-wood forest products and other close-to-nature uses.
Approximately EUR 5 million is invested annually in the construction and maintenance of forest roads and skid trails, representing around 5% of the timber price (Figure 18). All forest engineering works are carried out by qualified construction companies.

Growth of infrastructure investments – ratio between costs and investments

Figure 18

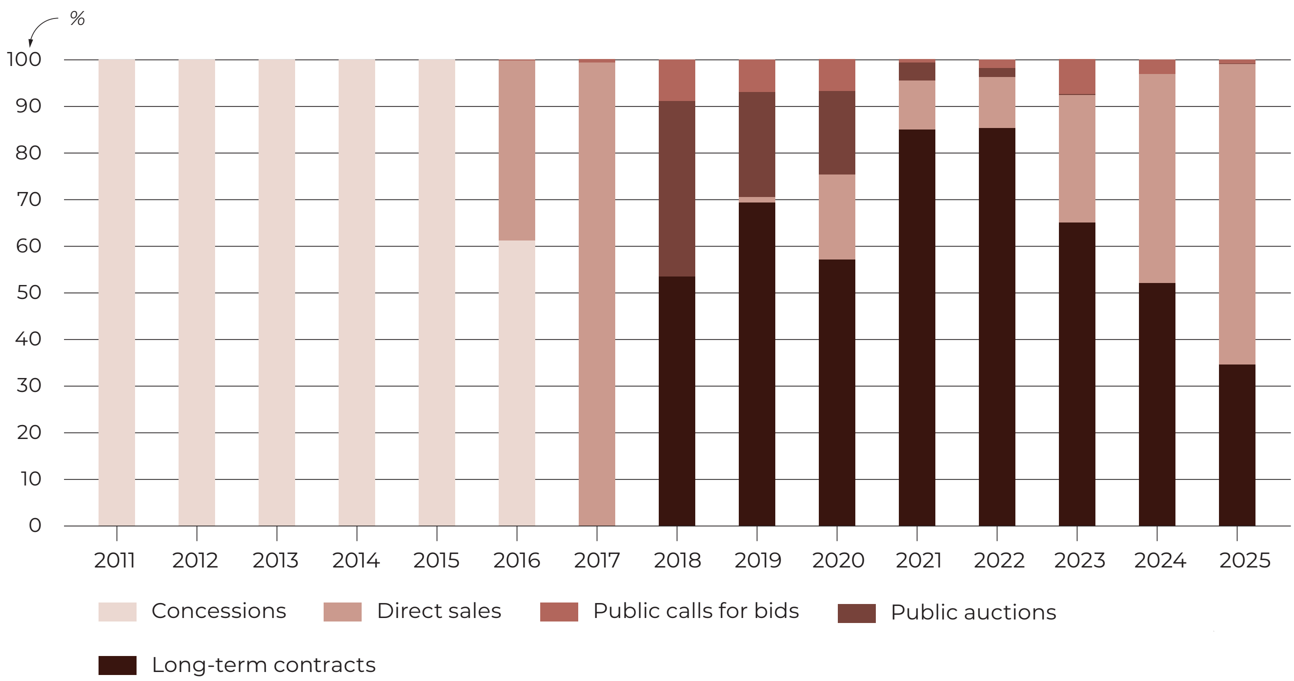


ROUNDWOOD SALES

SiDG is a strategic and important supplier of roundwood to the wood-processing industry, thereby making a significant contribution to the development of the green economy, rural areas and the circular economy. The key advantage of SiDG as a supplier lies in ensuring stable and consistent deliveries of forest timber assortments. Through its development, SiDG has continuously adapted its sales concepts and sought an optimal balance between different sales channels, taking into account the characteristics of the wood-processing industry (customer structure), the operational reach of timber sales from Slovenia, the specifics of felling and timber extraction in state-owned forests (size of harvesting sites, high heterogeneity of tree species and forest timber assortments), and the development of logistics operations.

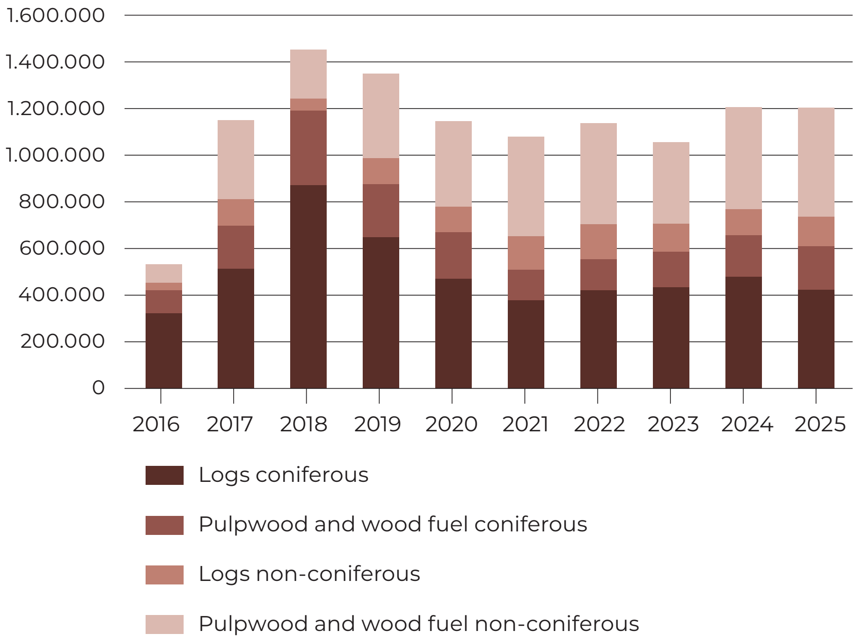
Sales structure by sales types

Figure 19



Structure of roundwood sales (m³)

Figure 20



By strengthening its in-house capacities in felling and timber extraction (20%) and timber transport (25%), and through the concept of establishing modern logistics centres, SiDG continues to optimise timber sales.

The company organises the transport of forest timber assortments from state-owned forests using both its own and contracted transport resources (Incoterms 2020 DAP – delivered at place). Only in exceptional cases and to a limited extent are customers allowed to arrange their own transport (EXW roadside or EXW logyard). SiDG is also increasing the share of rail transport, either organised by the customer (FCA wagon) or by the company itself (DAP customer). In 2025, 90,000 m³ of pulpwood were delivered to customers by rail.

Roundwood sales

Over the past 35 years, the structure of the wood-processing industry in Slovenia has changed significantly. In the 1970s and 1980s, Slovenia had a highly developed wood-processing sector, with strong export channels for furniture and other wood products to Europe and the United States. This structure has since changed considerably. Sawn timber production is now dominated by small and medium-sized enterprises. In the processing of lower-quality industrial wood, Slovenia has one company producing mechanical pulp, one producing fibreboards (MDF/HDF) and one producing chemicals from wood (biorefinery). The structure and characteristics of these industries have a strong influence on the development of timber sales concepts and trade flows. As sales of lower-quality industrial wood have shifted from trading companies to direct sales to customers abroad, the share of direct sales and timber exports has increased.

The volume of timber sold from state-owned forests has averaged approximately 1.2 million m³ per year over the past decade. SiDG currently cooperates with more than 250 wood processing companies and is therefore an important regional supplier to wood-processing industries producing sawn timber, veneer, fibreboards and mechanical pulp in Slovenia. It also supplies the energy sector, either directly or indirectly through producers of wood fuels (wood chips). From the perspective of rural development, SiDG places particular emphasis on the sale of firewood to households for domestic heating (approximately 1,500 customers per year).

Sales types

SiDG sells forest timber assortments through the following sales types:

- public tenders for the conclusion of long-term sales contracts,
- direct sales,
- public auctions,
- public calls for bids.

Public tenders for long-term sales contracts are intended to establish stable and consistent sales of forest timber assortments to customers who are primary processors of roundwood and to customers located in demographically challenged areas, with the aim of strengthening and developing the green economy, rural areas and forest-based value chains. Sales under long-term contracts are carried out in accordance with the currently valid price list, determined by SiDG based on market conditions. The duration of long-term contracts ranges from two to five years, and exceptionally may extend beyond this period.

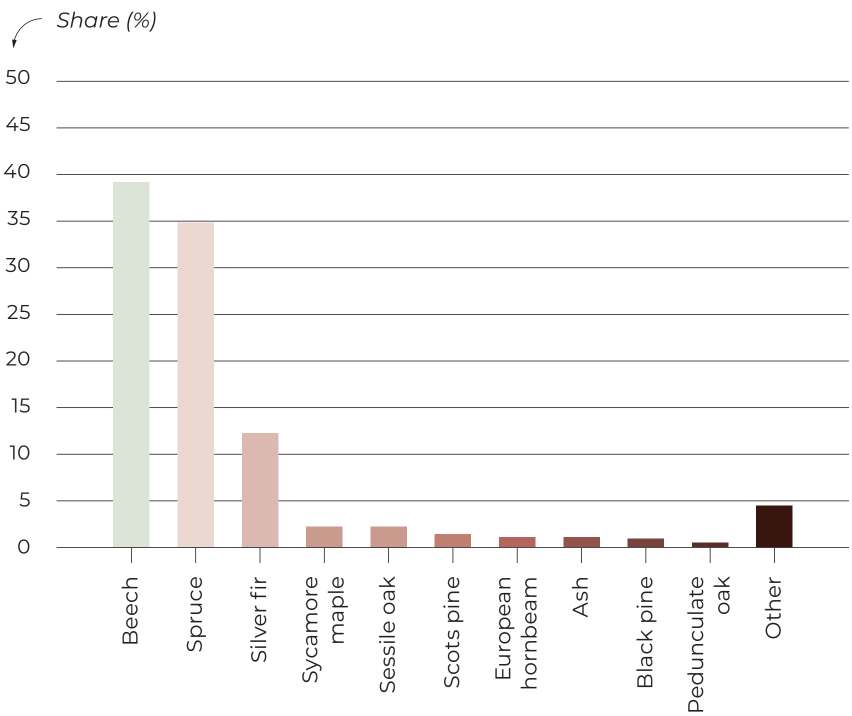
Direct sales are intended for the sale of forest timber assortments exceeding contractual obligations under other sales channels, as well as for the sale of assortments that are not included in other sales channels. Customers may express interest in direct sales either in response to a call issued by SiDG or by submitting an enquiry directly to the company.

Public auctions of forest timber assortments may be organised for assortments that are measured and classified by quality, which SiDG prepares in advance at temporary or permanent timber yards, as well as for lots or individual assortments to be delivered within a specified period. Measurement of dimensions, determination of quantities and quality classification are carried out by SiDG. A special form of auction—submissions (tender-based auctions)—offers selected high- to premium-quality logs, primarily sycamore maple, pedunculate oak and sessile oak. In exceptional cases, figured maple logs (curly maple) can achieve prices exceeding EUR 8,000/m³, and even up to EUR 20,000/m³.

Public calls for bids may be used for the sale of lots or individually defined assortments to be delivered within a specified period. Measurement, determination of quantities and quality classification are carried out by SiDG.

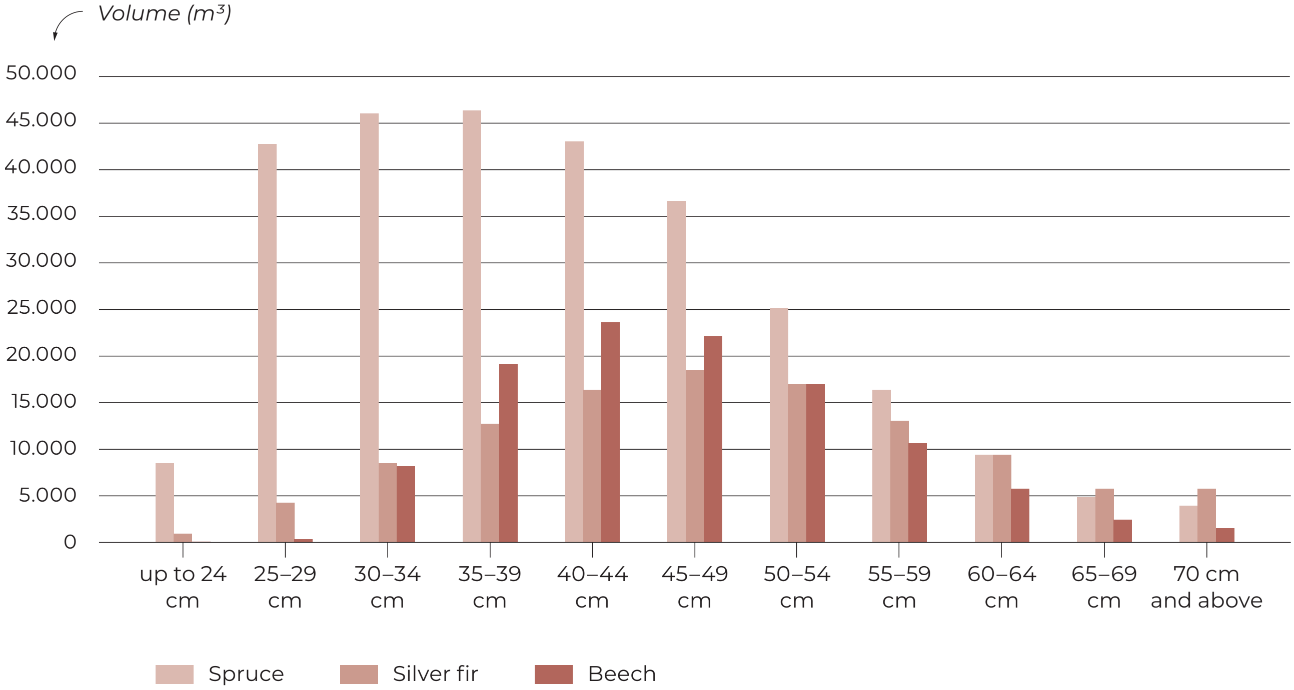
Harvest structure by tree species (2025)

Figure 21



Structure of log volumes by mid-diameter classes

Figure 22



Measurement and quality classification

The quality and volume of logs are determined by SiDG in all sales types. Quality is assessed based on the rules applicable in Slovenia for the sale of timber from state-owned forests. Volume is measured using the standard method of double measurement of mid-diameter and commercial length, with volume calculated using Huber's formula.

For industrial wood, there is greater diversity in quality classification and quantity measurement. Quality is typically determined by SiDG or, under contract, by the buyer. Quantities may be determined by SiDG based on stacked cubic metres and the use of conversion factors. Quantification by weighing may be carried out by SiDG or by the buyer, depending on the agreement. Increasing importance is being placed on determining quantities through weighing, measuring moisture content and calculating dry matter (atro tonnes), particularly for customers with appropriate procedures for such measurements.

Tree species and assortment diversity

More than 50 tree species are present in harvesting, with beech, spruce and silver fir accounting for over 80% of the total. The share of broadleaved species is around 50% and is increasing due to changes in growing stock. The high diversity of tree species presents both a challenge and an advantage: while it complicates the optimisation of sales and logistics, it also provides a competitive advantage, enabling SiDG to meet the needs of a wide range of wood-processing industries.

Due to close-to-nature and sustainable management of state-owned forests, the dimensions of timber assortments are highly heterogeneous, which is particularly important in the case of sawlogs.

Environmental certification

SiDG ensures that timber products purchased by its customers originate from independently certified forests, by which traceability is guaranteed and management is carried out in accordance with the principles of sustainability, multi-functionality and close-to-nature forestry. SiDG holds FSC, PEFC and SURE-EU certificates for timber produced through sustainable and close-to-nature management. The SURE-EU certification scheme primarily covers timber intended for energy use.

THE COMPANY FAGUS SLOVENICA

100,000 m³

of beech sawlogs will be processed annually.

Fagus Slovenica d.o.o., with its headquarters and production facilities in south-eastern Slovenia, is a wholly owned subsidiary of SiDG and is currently implementing a major investment project valued at EUR 50 million. The investment in Kočevska Reka is aimed at the construction of a completely new, state-of-the-art wood processing centre for beech sawlogs. The new wood-processing and energy complex will rank among the most advanced facilities for processing beech sawlogs and will also be among the larger processors globally, with an annual processing capacity of 100,000 m³ of beech sawlogs. The investment is fully aligned with the strategic plan of SiDG.

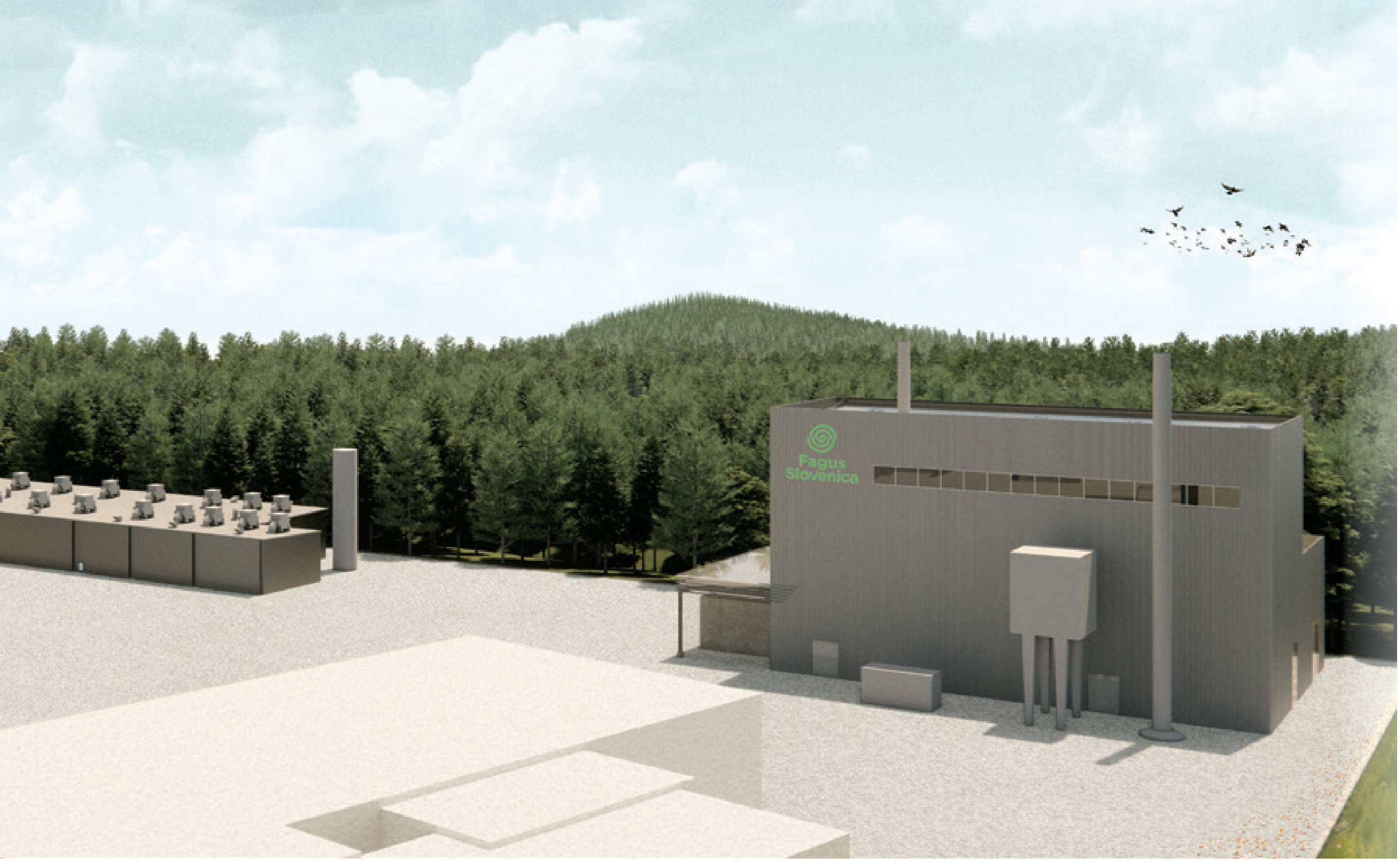
This investment is an important step in the development of the Slovenian wood-processing sector. It will enhance the company's competitiveness, strengthen its export potential and contribute to the creation of high-value, technology-driven jobs in the local environment. The project will also increase energy self-sufficiency and promote environmentally responsible production, in line with European sustainability objectives for industrial development.

Efficient technological process

The new sawmill will be designed as a series of interconnected technological units forming a modern, automated and highly efficient production process. The best available technologies (BAT) will be applied. The system will include log debarking and primary breakdown, precise secondary processing supported by optimisation systems, sorting lines and advanced steaming and drying lines, enabling the achievement of stable mechanical and visual wood properties.

Robust sawing process and flexible drying

The processing of beech sawlogs is based on two compact vertical band saws with a 17° tilt, specifically designed for cutting hardwoods, with integrated energy recovery. The process is supported by advanced scanning systems for optimising the sawing pattern, followed by secondary processing enhanced by artificial intelligence, which classifies products into quality grades within an automated board sorting line. All dried products are subsequently re-scanned and quality-assessed.




Source: muehlboeck.com

The applied sawing technology ensures maximum flexibility and adaptability to market requirements.

A high degree of flexibility in the drying and steaming of beech sawn timber is ensured through:

- 15 drying kilns of various sizes (manufacturer Mühlböck) with heat recovery
- 1 vacuum drying kiln for the highest-quality, unsteamed light-coloured products, primarily intended for the most demanding markets (e.g., Japan) (manufacturer ISVE)

Thanks to the high drying capacity, products can be steamed under different regimes, ranging from light to intensive steaming. Final products will achieve a moisture content between 8% and 10%. The entire steaming and drying process is based on automation and tailored to customer requirements. Drying quality will be consistent, since the kilns will automatically adjust airflow and temperature according to the moisture content of sawn timber throughout the drying chamber.

Innovation

A strong emphasis throughout the system is placed on innovative solutions, including the use of artificial intelligence and advanced technologies for measuring and scanning beech timber (X-ray scanners). Measuring systems for logs and finished products will be integrated throughout the entire production process, enabling full product traceability. These systems transform traditional wood processing into a modern, data-driven industrial environment supported by artificial intelligence.

Through the use of advanced sensors, computer vision and machine learning algorithms, precise quality monitoring is enabled, along with optimisation of the sawing process, automated material sorting and real-time adjustment of production parameters to actual operating conditions.

Source: www.mebor.eu

This investment is an important step in the development of the Slovenian wood-processing sector. It will enhance the company's competitiveness, strengthen its export potential and contribute to the creation of high-value, technology-driven jobs in the local environment.

Beech products

Final products will consist of steamed and dried edged and unedged boards of high and consistent quality, with defined dimensions and moisture content, tailored to various downstream processing requirements. As the company develops and depending on market opportunities, its favourable location and extensive production facilities will also allow the development of further processing of beech sawn timber.

Due to its technical properties, beech offers a wide range of applications. With a high-tech processing system, the company's products will be suitable for the furniture industry, interior applications, flooring, and other structural elements. Beech also has particular value in the production of children's toys and playground equipment, as well as in small-scale craftsmanship.

With its state-of-the-art production based on best available technologies (BAT) and its production capacity, the company will ensure stable supply and meet all technical requirements of customers, particularly in terms of quality grading, surface treatment, thermal processing, drying, and achieving the required wood properties for each customer.

Sales markets

Due to the high quality of the raw material and advanced, technology-driven processing, the majority of products are intended for export.
Sales markets:

- Europe, where demand for certified and sustainably produced wood semi-products is stable and long-term
- Asia, representing a fast-growing market with a strong demand for high-quality wood materials for the furniture, construction and craft industries
- North America, where Slovenian wood products are traditionally well established due to their quality,

traceability of origin and sustainable production practices
- North Africa, due to geographical accessibility, favourable trade connections and increasing demand for quality wood semi-products for construction, interior design and development projects
- The Middle East, where rapid urbanisation, infrastructure development and the growth of the furniture industry are driving demand for reliable suppliers of high-quality wood materials

Energy

An important component of the new sawmill is a cogeneration system (CHP) with a thermal capacity of 8 MW and electrical capacity of 2 MW, using wood residues from the processing of beech sawlogs and biomass from surrounding forests (green wood chips) as input material. In addition, all drying and steaming units will be equipped with heat recovery systems, enabling the reuse of approximately 30% of thermal energy.

COMPANY BACKGROUND AND DEVELOPMENT MILESTONES IN LOG PROCESSING

1953 The Snežnik State Estate was established as an institution of special importance for the needs of Slovenian republican authorities in the event of war. Its activities included agriculture (livestock farming and crop production), forestry, hunting, sawmilling, construction, trade and hospitality.

1980 The sawmill and wood-processing operations of the Snežnik company were modernised. A mechanised facility for debarking, cross-cutting and storage of logs was established, a new sawmill with a frame saw and band saw was built, and the production of glued panels and profiles for joinery was introduced. The company employed approximately 360 people.

2025–2027 Following business restructuring and its renaming to Fagus Slovenica, the company is implementing a major investment project. In 2027, production will commence in a modern wood processing centre in Kočevska Reka, with an annual processing capacity of 100,000 m^3 of beech sawlogs.

Photo: Darko Pretner

HISTORY OF FORESTRY IN SLOVENIA

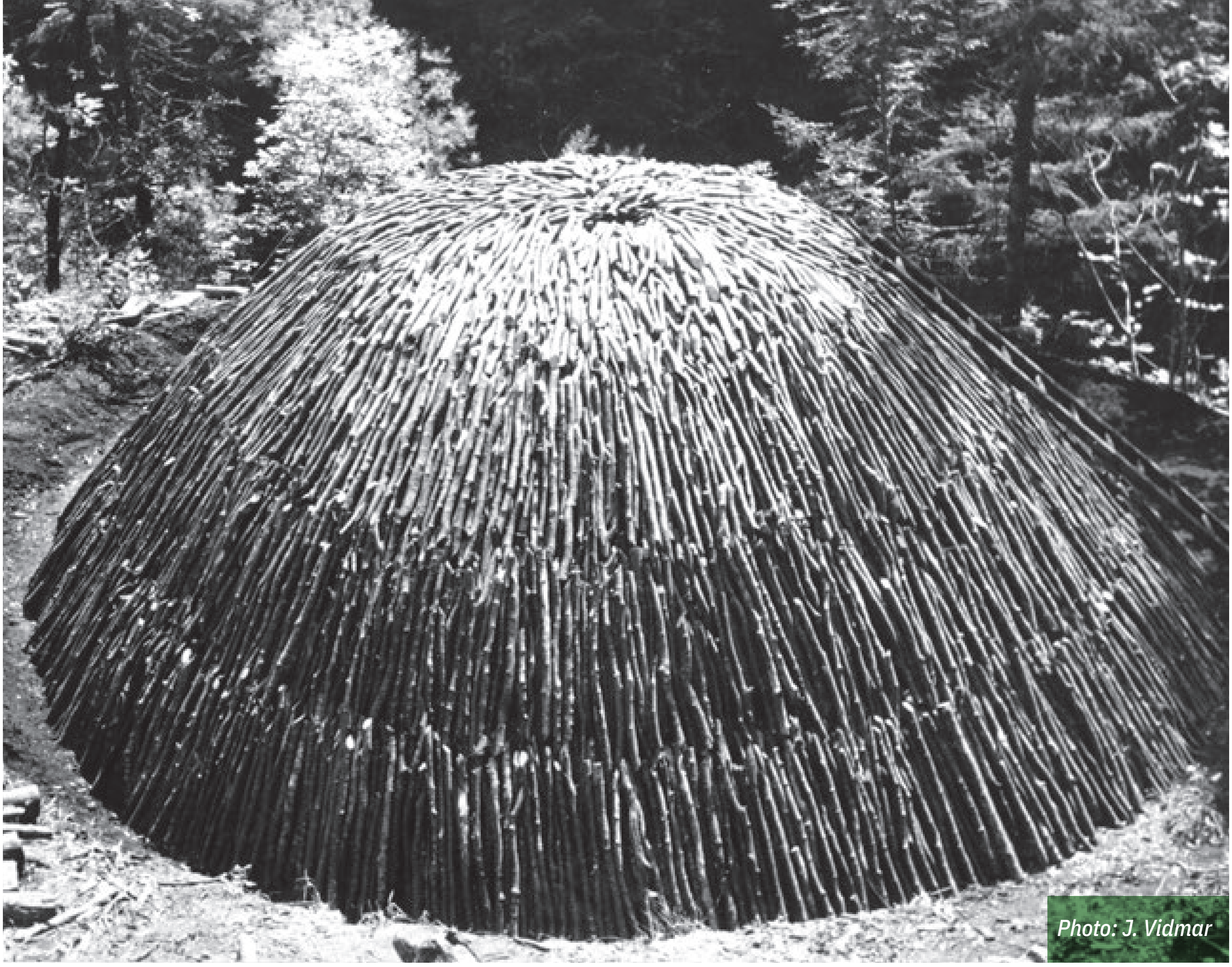


Photo: J. Vidmar

When certain goods begin to become scarce, or when their provision can no longer be taken for granted, the need arises for regulation and the search for appropriate solutions. The situation is no different in the case of forests and timber.

The first known document regulating forest management on the territory of present-day Slovenia is the *Ortenburg Forest Ordinance* of 1406. In the mid-fifteenth century, it was followed by a forest ordinance for Venetian Istria, later subject to amendments.

In the sixteenth century, as many as ten regulations (forest and mining ordinances) were adopted for the Slovenian lands, addressing, among other aspects, forest management. In the seventeenth century, only five such regulations were issued, after which the pace accelerated markedly. The peak was reached in the eighteenth century, with 27 regulations and amendments. In the nineteenth century, forest ordinances and various decrees began to be replaced by provincial legislation; within this period, 16 legal acts were adopted for the Slovenian lands.

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In 1748, Empress Maria Theresa of Austria introduced a tax rectification reform, which led to the establishment of the Theresian Cadastre. This was a form of fiscal inventory based on the registration of all peasant (rustical) and manorial (dominical) lands, compiled on the basis of seigneurial estates.

The development of forest legislation can be divided into the following periods:

1. **The period up to the mid-fifteenth century**, when the primary objective was the maintenance of hunting.
2. **The period from the mid-fifteenth century to the beginning of the eighteenth century**, characterised by efforts to secure sufficient quantities of timber, particularly for shipbuilding, as well as for mining and ironworking operations.
3. **The period of the eighteenth century and the first half of the nineteenth century**, during which forest ordinances, in addition to provisions on forest policing, increasingly included regulations on rational forest management aimed at preserving the forest resource potential.
4. **The period from the mid-nineteenth century to the late twentieth century**, when legislation began to reflect the view that the most effective means of forest stewardship lies in increasing the productivity of forest land and advancing professional knowledge.

5. **The period from the late twentieth century to the present**, marked by the growing importance of ecological and social forest functions within forest and related legislation, particularly the conservation of biodiversity, habitat capacity, and other ecosystem services provided by forests to society.

Photo: V. Klanjšček

With the increasing scarcity of timber and the growing demand for it, forests also became progressively more important from both fiscal and administrative perspectives. Administrative and tax reforms provided the impetus for the development of various cartographic surveys.

In 1748, Empress Maria Theresa of Austria introduced a tax rectification reform, which led to the establishment of the *Theresian Cadastre*. This was a form of fiscal inventory based on the registration of all peasant (rustical) and manorial (dominical) lands, compiled on the basis of seigneurial estates. Land parcels were not yet surveyed; instead, their extent was estimated indirectly according to agricultural output, calculated as a six-year average. The survey was carried out between 1748 and 1756.

Maria Theresa's successor, Emperor Joseph II, ordered a new tax regulation through a patent issued in 1784. The resulting land tax register is known as the *Josephinian Cadastre*. It was the first to be implemented according to the territorial principle, based on recruitment districts (the earliest administrative districts), whose administrative centres were located in designated castles. The survey was conducted in the years 1789 and 1790.

Because the *Josephinian Cadastre* could not be effectively implemented due to the absence of accurate maps and imprecise measurements, Emperor Francis I issued a land tax patent in 1817. This led to the creation of the *Franciscean Cadastre*, a comprehensive fiscal survey introduced across the Habsburg hereditary lands between 1818 and 1828. The cadastre comprised both descriptive (written) and cartographic components. For the first time, it provided a systematic overview of land use areas in the Slovenian lands, including forests.

Photo: V. Klanjšček

The beginnings of planned forest management

The scarcity of forests and forest products—particularly timber—also stimulated the emergence of planned forest management, including the study and understanding of them.

The earliest forms of planned forest management can be traced back to pre-Roman and Roman times. The oldest known written reference to a simple form of forest planning appears in Book XVII of Pliny, which describes the cultivation of chestnut coppice for the production of vineyard stakes, with a rotation period of three to five years, in the wine-growing regions of Gaul.


Photo: V. Klanjšček

In the Slovenian territory, historical sources do not extend this far back. During the Middle Ages, specialised teams of mounted foresters, known as forest inspectors (Waldbereiter), surveyed and assessed individual forest areas in order to ensure a sustained supply of timber for mines, ironworks and urban centres.

Forest resources of Slovenia

Year	Forest area (ha)	Growing stock (m^3/ha)	Annual increment ($m^3ha^{-1}year^{-1}$)
1947	879,000	126	3,1
1990	1,072,000	193	4,9
2024	1,177,000	303	7,3

Table 5

The first instances of systematic, engineering-based forest management in the Slovenian lands are associated with the forests of the Idrija mercury mine, the Trnovo Forest, and the forests in the Tolmin and Bovec regions. The earliest known planning of timber yields for the Idrija forests dates back to 1724, followed by subsequent planning in 1759. A study by Joannes Antonius Scopoli entitled »Proposals for the Maintenance of Forests to Counteract the Emerging Shortage of Timber« (originally published in German in 1768 as »Vorschläge zur Erhaltung der Wälder, um den schon gegenwärtigen Holzmangel hierdurch zu steuern«) also originates from this period. Scopoli, who was employed as a physician at the Idrija mercury mine, addressed the growing issue of timber scarcity.

The influence of the powerful Idrija mercury mine also extended to the Trnovo Forest, for which the first management plan was prepared by Franc Flamek in 1771. All these early-generation plans were based on a relatively simple principle: ensuring the sustainability of timber yields through the distribution of forest stands across age classes. Each age class was required to contain either a sufficient forest area or an adequate volume of growing stock to guarantee sustained timber yields over the long term (with rotation periods or »production cycles« typically lasting around 120 years).

The development of forest management planning thus logically began in areas where a stable, long-term supply of timber was essential—primarily for mining and ironworking operations. At that time, timber transport over longer distances was generally not feasible.

In the early nineteenth century, a public state forestry administration began to take shape within the Austrian provinces.

By the mid-nineteenth century (1848), the feudal system had come

Photo: V. Klanjšček

to an end. Following the abolition of servitudes in the second half of the nineteenth century, approximately two thirds of forests passed into the ownership of farmers. These holdings were typically small and, due to economic pressures, often subject to intensive exploitation.

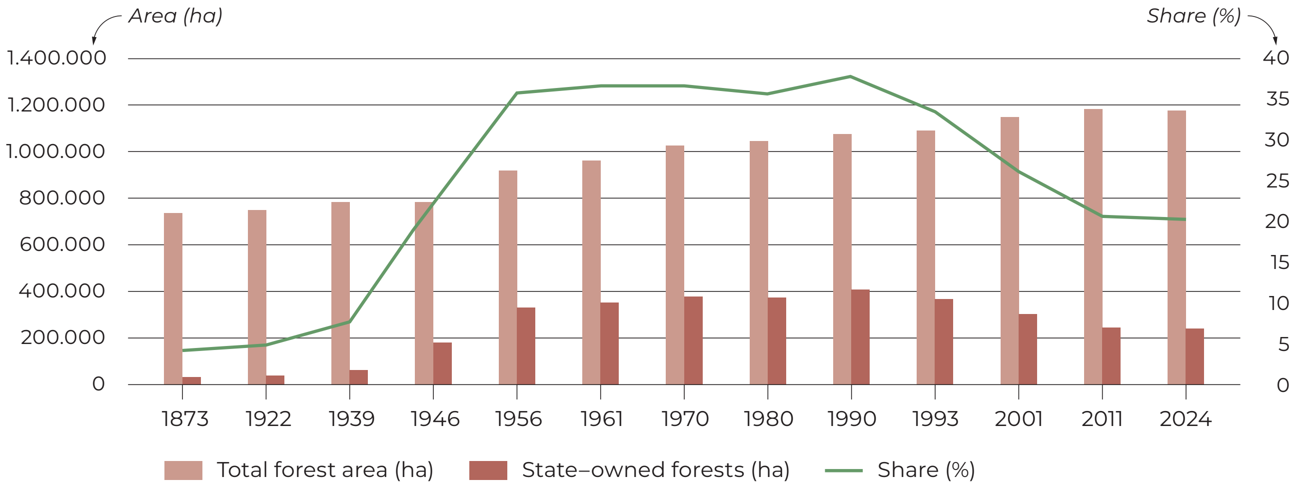
A different situation prevailed on estates retained by the nobility. These properties were larger and were relieved of servitude obligations. As a result, forest management plans began to be drawn up for the estates on their own initiative.

Particular attention should be given to the forest management of the Auersperg estates. Count Auersperg appointed the renowned forester Dr Leopold Hufnagl as estate manager, who, through his 1892 management plan, introduced a selection system (uneven-aged silviculture) in these forests. Hufnagl rejected clear-cutting systems for forests on karst terrains (the High Karst), probably because of concerns over karstification processes and the formation of barren surfaces following felling or forest clearance. He also protected several remnants of primeval forests in the Kočevje region, placing him among the pioneers of conservation in Slovenia.

During the same period, an original form of the control method was established in the management of large private forest estates on the Snežnik massif (Inner Carniola region). This approach was developed by estate manager Henrik Schollmayer Lichtenberg for the uneven-aged forests (selection forests) of the Snežnik area.

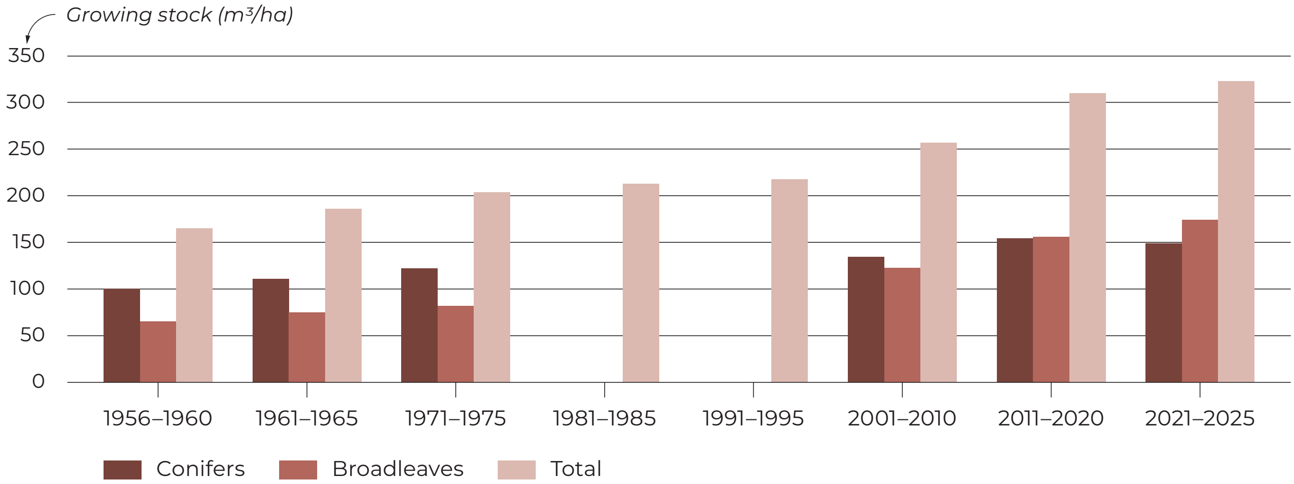
A distinct chapter in Slovenian forestry was the afforestation of the Karst region in the second half of the nineteenth century and thereafter. At that time, the Karst landscape was barren, rocky and characterised by a low proportion of forest cover on limestone bedrock. Following numerous unsuccessful attempts, forestry practice eventually succeeded in revitalising the area through the introduction of black pine *(Pinus nigra)*, significantly increasing forest cover in this wind-exposed landscape.

Total forest area (ha), state-owned forest area (ha) and their share (%) within the territory of the present-day Republic of Slovenia *Figure 23*



Growing stock (m³/ha) by periods with available data

Figure 24



The interwar period

Between the two world wars, most of present-day Slovenia was part of the Drava Banovina within the Kingdom of Yugoslavia. Under the Forest Act of the Kingdom of Yugoslavia, all state forests, forests under special public supervision (including banovinian, agrarian community, ecclesiastical, corporate and bank-owned forests), as well as all private forest estates exceeding 300 hectares, were required to have approved forest management plans. However, nearly half of the forests that should have been covered by such plans either lacked them entirely or had outdated documentation.

Small-scale forest holdings, particularly those owned by farmers, received little to no professional attention. An exception can be found in the journal *Kmetijske in rokodelske novice* (Agricultural and Crafts News), which regularly provided numerous tips for even small forest owners.

Already in the Kingdom of Yugoslavia, efforts were made to implement agrarian reform aimed at improving the socio-economic position of farmers and limiting large landholdings through the introduction of maximum estate sizes. However, the implementation of these reforms was protracted and subject to extensive lobbying in Belgrade, where various legal mechanisms were used to obstruct their effectiveness. In total, only 23,693 hectares of forest in the Drava Banovina were expropriated; these remained under temporary state administration (ZDU) until 1945, when they were formally nationalised.

During the Second World War, occupying forces largely devastated forests in the vicinity of settlements and along transport corridors, often creating clearings along railway lines for security purposes. In more remote areas, the absence of active management led to the proliferation of forest pests.

Despite the wartime conditions, some larger forest estates continued to be managed in a professional manner, with forest management plans being prepared and implemented.

The period after the Second World War and until independence (1945–1991)

Following the end of the Second World War, particularly in the period 1947–1951, harvesting levels (planned felling) in Slovenian forests were approximately twice the annual increment. The country required reconstruction, and timber was virtually the only available domestic raw material. In the immediate post-war years, wood accounted for as much as 80% of the total value of Slovenia's exports.

The forestry profession expressed serious concern over the condition of forests and succeeded in securing a ban on clear-cutting as a silvicultural system as early as 1947. At the same time, the first comprehensive forest inventory was carried out (1946–1947), revealing a highly degraded state of forest resources (Table 5).

Following the Second World War, nationalisation was carried out in line with the socialist (communist) socio-economic transformation. Forests owned by large estates, the Church and other legal entities were nationalised, as well as farm holdings exceeding 45 hectares, non-agricultural holdings exceeding 5 hectares, and all forests owned by village communities. Through agrarian reform measures and related legislation, approximately 180,000 hectares of forest were transferred into state ownership.

Photo: V. Klanjšček

In 1947, the Forestry Institute was established, and two years later the first generation of forestry students began their studies in Ljubljana. The state regarded forestry as a highly important sector, making a decisive contribution to economic and societal development.

In the initial post-war period, the forestry sector underwent several reorganisations. From the early 1960s onwards, state forestry enterprises became the managers of state-owned forests, with full authority. State forests were thereby designated their primary operational (fixed) assets.

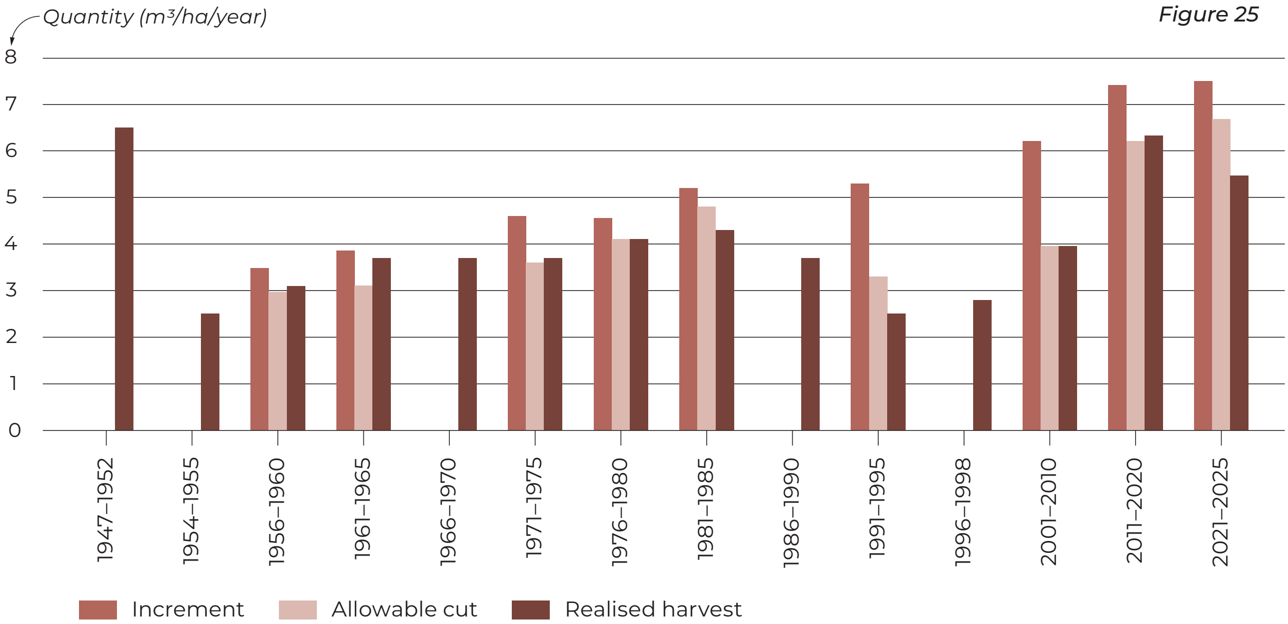
In the period 1961–1990, the forestry sector (state forest enterprises) enjoyed a high degree of autonomy in forest management. The professional community made effective use of this position, investing substantial resources in forests, particularly in the development of forest infrastructure and in silvicultural measures (tending, regeneration and forest protection).

During the 1960s, forest management planning became firmly established, and all forests in Slovenia were systematically covered by forest management unit plans. In the early 1970s, the first generation of regional forest management plans was also developed. The principle of sustainability was embedded in all planning documents. From around 1960 onwards, the systemic implementation of close-to-nature forest management also began.

There were 16 state forest enterprises responsible for managing state-owned forests. During this period, these enterprises prepared forest management plans, designated trees for felling, planned and

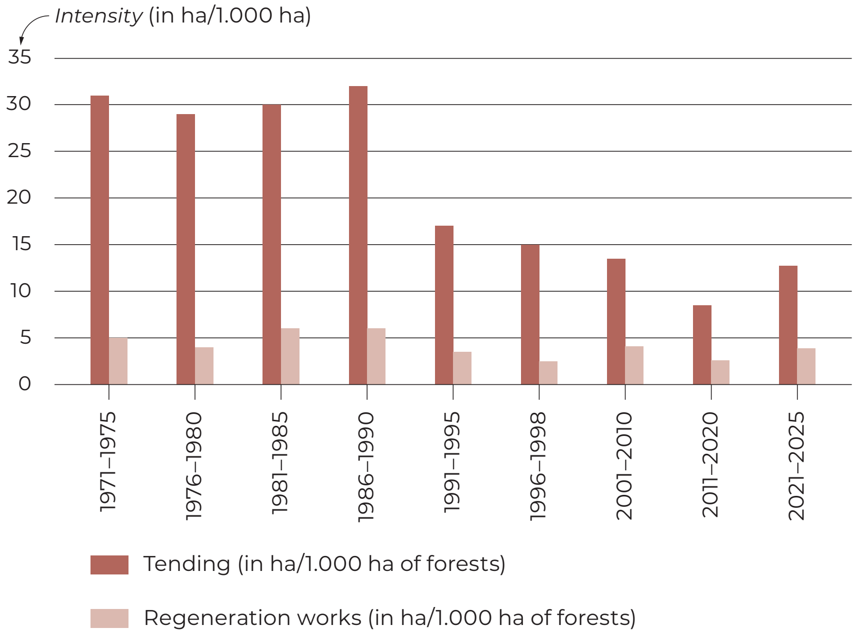
Increment, allowable cut and realised harvest (all in $m^3\ ha^{-1}\ year^{-1}$) by period

Figure 25



Intensity of regeneration works (including measures such as planting) and tending in state-owned forests (ha of operations per 1,000 ha of forest)

Figure 26



constructed forest infrastructure, managed forest nurseries, and carried out all silvicultural and related operations. They were also responsible for the maintenance of all forest roads, regardless of ownership, and for purchasing all timber from private forest owners that was not intended for their own use. Private forest owners were required to pay a specific levy on each cubic metre of harvested timber to support silvicultural operations and investments in forest infrastructure in private forests.

State forest enterprises, however, did not have autonomy in setting prices for forest timber assortments; prices were determined centrally by political authorities. They were also obliged, wherever possible, to supply timber to the domestic wood-processing industry within their respective regions.

The 1970s and 1980s were additionally marked by an impressive expansion of forest engineering. During this “golden period” of forestry, state-owned forests also benefited from exceptionally intensive silvicultural interventions.

By the late 1980s, the great power of forest economies began to wane. They shared the fate of the entire economy.

The period after independence (1991–present)

Shortly after gaining independence, the Republic of Slovenia adopted the Denationalisation Act (late 1991), initiating the process of returning forests that had been nationalised after the Second World War. As a result, nearly half of the forests previously under state ownership were restituted.

With the transition to a market economy, private forest owners were granted the freedom to sell timber on the open market.

In 1993, the remaining state-owned forests were transferred to the management of the Farmland and Forest Fund of the Republic of Slovenia. In the same year, the Forest Act (1993) established the legal basis for the reorganisation of the forestry sector. This process was completed in 1994 with the establishment of the Slovenian Forest Service as the public forestry authority. Its core responsibilities include the preparation of forest management plans, the designation of trees for felling, advisory services to forest owners, and related functions. Its mandate extends to all forests, irrespective of ownership—private, municipal or state-owned.

Following the separation of personnel and assets transferred to the newly established public Slovenian Forest Service, the existing state forest enterprises underwent privatisation.

The first half of the 1990s was characterised by a reduction in the allowable cut, a significant decline in harvesting volumes, and considerable turbulence in the operations of forest enterprises.

In 1996, forest enterprises were granted 20-year concessions for the management of state-owned for-

Owned by: Darka Pretnerja

ests, each within the area in which they had previously exercised exclusive rights. These concessions were formalised through contracts with the Farmland and Forest Fund of the Republic of Slovenia, acting as the granting authority.

The concession period (1996–2016) was marked by relatively low financial returns from state-owned forests. Investment in forest road construction declined substantially, and the scope of silvicultural operations was also significantly reduced compared to previous periods—although this reduction was to a large extent economically justified and rational. Despite these changes, the overall quality of work carried out in forests remained at a solid level.

Following the expiry of the concession agreements, management of state-owned forests was assumed in mid-2016 by a dedicated company established for this purpose—Slovenian State Forests (SiDG), wholly owned by the Republic of Slovenia. The company faced a highly demanding initial phase, since it had to establish virtually all business processes from the ground up. In carrying out forest operations, it follows the applicable forest management plans, which continue to be prepared by the Slovenian Forest Service. Operational activities are procured through public tendering procedures, while timber is sold in accordance with sales rules approved by the General Assembly. Until the end of 2022, this role was performed by the Government of the Republic of Slovenia; it has since been assumed by the Slovenian Sovereign Holding (SDH).

Across the entire post-independence period, a growing emphasis has been placed on the ecological and social functions of forests. This trend has become even more pronounced following Slovenia's accession to the European Union.

During the period 2016–2026, financial returns to the owner (the Republic of Slovenia) increased significantly. There was also a marked expansion in forest acquisitions and a revitalisation of forest engineering activities.

Across the entire post-independence period, a growing emphasis has been placed on the ecological and social functions of forests. This trend has become even more pronounced following Slovenia's accession to the European Union.

A brief history of the management of state-owned forests in Slovenia

State forest ownership originated primarily from sovereign (ruler-owned) estates. During the feudal period, the majority of forests were owned by the nobility and ecclesiastical entities. Forests that remained under the direct control of the ruler were typically those located in the vicinity of mines and ironworks, or forests of particular strategic importance to the state. In the nineteenth century, the share of state-owned forests was very low (Figure 23), partly reflecting the prevailing principles of economic liberalism, according to which the state was not expected to engage directly in economic activities. In many parts of Europe, state-owned forests were therefore even sold.

Subsequently, in the first half of the twentieth century, the area of state-

owned forests increased, primarily through the expropriation of feudal estates, church property and larger private holdings (Figure 23). After 1991, Slovenia initiated the restitution of forests to numerous former owners under the Denationalisation Act.

At the same time, over the entire period for which data are available, the total forest area increased (Figure 23). This upward trend has stabilised only in the most recent decade.

Forest growth, harvesting and silviculture

In the period following the Second World War, state-owned forests were characterised by very low growing stock (although data for the immediate post-war period are relatively unreliable). After the end of the period of intensive planned felling, growing stock began to increase steadily (Figure 24), since harvesting levels remained significantly below annual increment.

It can also be observed that before 70 years ago, coniferous species significantly predominated over broadleaves, whereas after around 2010 this ratio shifted in favour of broadleaved species. The growing stock of conifers is now declining even in absolute terms. Overall, however, forestry practice over about 70 years succeeded in nearly tripling the growing stock of broadleaved species, increasing that of conifers by approximately 50%, and doubling total growing stock.

Forests have consistently reflected the prevailing socio-economic conditions and societal needs. In periods of scarcity and high demand for timber, harvesting intensity typically increased. Slovenian forests experienced—and withstood—intensive planned felling in the post-war period. Harvesting intensity was even higher in state-owned forests than in private ones, due to their better accessibility, higher growing stock, and the fact that the state was effectively the forest owner.

During the period of planned felling (1947–1952), i.e., the immediate post-war years, harvesting reached approximately twice the level of annual increment. Thereafter, however, harvesting has consistently remained below increment over the past 70 years (Figure 25). Increment increased over several decades, although this growth has stabilised in more recent periods. In the early 1990s, harvesting levels were exceptionally low, and even today they remain well below the productive capacity of forest stands.

A defining characteristic of state-owned forests is the high intensity of silvicultural interventions (tending and regeneration works), which significantly exceeds that observed in private forests. Owing to relatively low labour costs, comparatively high timber prices, and the strong emphasis placed on forest tending within Slovenian forestry, silvicultural activities were carried out with exceptional intensity during the “golden period” (1960–1990) (Figure 26).

Following independence and the transition to a market-based system, investments in silviculture began to be approached with a view to greater economic efficiency. Nevertheless, the intensity of silvicultural operations in state-owned forests remains approximately four times that in private forests.

Photo: Berginc P.

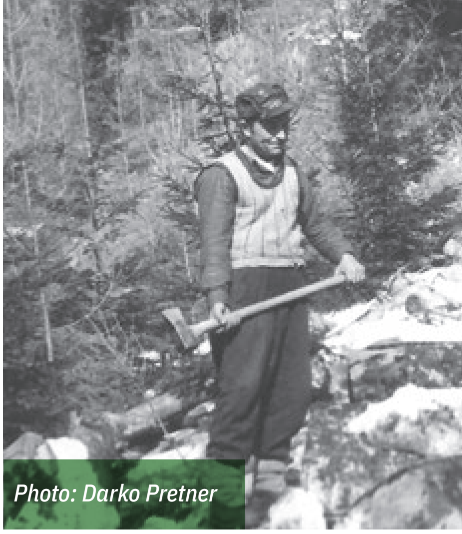


Photo: Darko Pretner

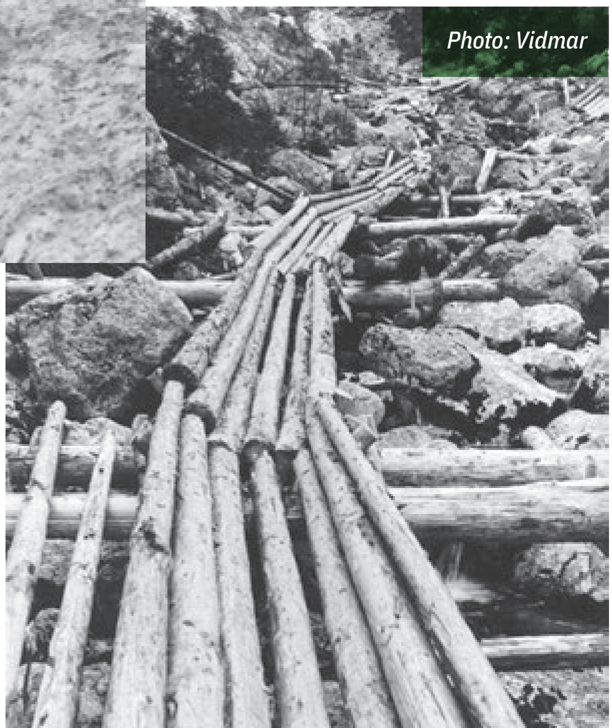


Photo: Vidmar

Photo: V. Klajnšček

Photo: Ljubo Čibej

Photo: V. Klajnšček

SLOVENIAN STATE FORESTS IN EUROPE

Slovenia is often described as a forest-rich country with well-preserved forests managed according to close-to-nature principles. Forest cover accounts for as much as 58% of the country's land area. However, since Slovenia is a relatively small country, its share of the total forest area in Europe (excluding the Russian Federation) is correspondingly modest, amounting to approximately 0.6%. The area of Slovenian state-owned forests represents around 1‰ (0.1%) of all forests in Europe (excluding the Russian Federation).

Forest area, share of state-owned forests, and share of state-owned forests within Natura 2000

Table 6

Parameter	EUSTAFOR (median)	SiDG
Forest area (ha)	796,928	238,000
Share of state-owned forests (%)	36	20
Natura 2000 (% of forests)	33	74

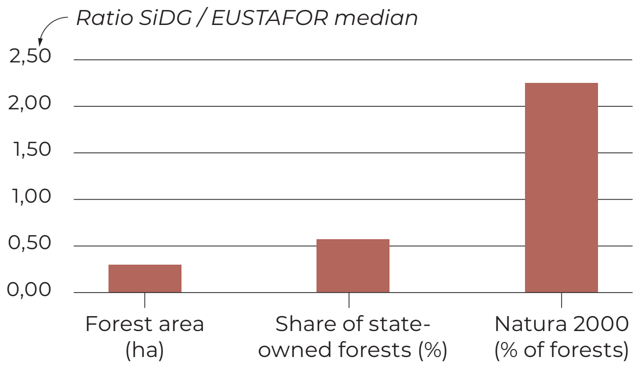
SiDG is a member of EUSTAFOR, the European State Forest Association based in Brussels, which currently brings together 39 organisations managing state or regional forests across Europe. The total forest area managed by EUSTAFOR members amounts to approximately 55 million hectares, representing 27% of Europe's forest area (excluding the Russian Federation). In addition, members manage a further 13 million hectares of other land.

Share and area of state-owned forests

The area of state-owned forests managed by SiDG amounts to approximately 238,000 hectares (20% of all forests). As much as 74% of these forests are located within Natura 2000 areas (Table 6). Among EUSTAFOR members, the median area of state-owned forests under management is nearly 800,000 hectares, with an average share of state ownership of 36%. The forest area managed by SiDG is around 30% of the EUSTAFOR median, while the share of state-owned forests in Slovenia is just over half (56%) of the EUSTAFOR median. By contrast, the share of Slovenian state-owned forests within Natura 2000 is approximately 2.25 times higher than the EUSTAFOR median (Figure 27).

Ratio between SiDG and the EUSTAFOR median (median = 1) for forest area, share of state-owned forests, and share of forests within Natura 2000 areas

Figure 27



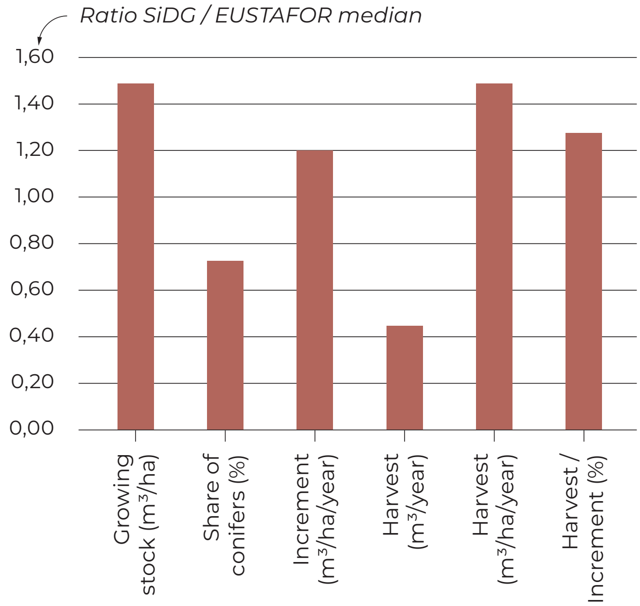
Growing stock, increment and harvest

One of the key indicators of forest condition is growing stock. State-owned forests in Slovenia have a high growing stock, while the share of conifers is gradually declining and currently stands at around 45%. Increment is also at a solid level. High growing stock combined with steady increment enables a relatively high harvest.

Despite the high growing stock and a significant share of both mature stands and large-diameter trees, harvesting amounts to only about three quarters of the annual increment (Table 7).

Ratio between SiDG and the EUSTAFOR median (median = 1) for growing stock, share of conifers, increment and harvest

Figure 28



Growing stock, share of conifers, increment and harvest

Table 7

Parameter	EUSTAFOR (median)	SiDG
Growing stock (m^3/ha)	217	323
Share of conifers (%)	62	45
Increment (m^3/ha/year)	6,2	7,4
Harvest (m^3/year)	2,670,891	1,200,000
Harvest (m^3/ha/year)	3,4	5,0
Harvest / Increment (%)	58	74

SiDG generates virtually all of its revenue from timber sales. Among EUSTAFOR members, the median share of revenue not related to the timber trade is 13%.

The growing stock of Slovenian state-owned forests exceeds the EUSTAFOR median by approximately 50%. The share of conifers in the growing stock is nearly 30% below the median, while increment is around 20% higher.

Due to the relatively small area of state-owned forests, the total annual harvest reaches only about 45% of the EUSTAFOR median in absolute terms. In contrast, the annual harvest per hectare is nearly 50% higher than the median.

EUSTAFOR members harvest close to 60% of their forests' increment, while SiDG exceeds the median of member organisations by 28% (Figure 28).

Mechanised harvesting and in-house operations

In Slovenian state-owned forests, less than one quarter of harvesting is carried out using mechanised systems, and even this is in most cases combined with pre-harvesting (conventional felling). SiDG carries out approximately 20% of total harvesting using its own capacities (Table 8).

Share of mechanised harvesting and share of harvesting carried out by in-house operations

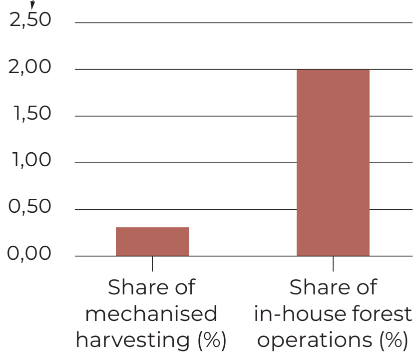
Table 8

Parameter	EUSTAFOR (median)	SiDG
Share of mechanised harvesting (%)	75	23
Share of in-house forest operations (%)	10	20

In terms of mechanised harvesting, SiDG significantly lags behind most EUSTAFOR members (at 31% of the median). Conversely, the share of harvesting carried out by in-house operations is twice the EUSTAFOR median (Figure 29), although the overall share at EUSTAFOR level is relatively low.

Mechanised and in-house harvesting

Figure 29



Activities and share of non-wood revenue

SiDG generates virtually all of its revenue from timber sales. Among EUSTAFOR members, the median share of revenue not related to the timber trade is 13%.

In addition to their core activity, EUSTAFOR members carry out a

range of other activities (Table 9). All members sell timber, which also represents the main source of revenue. Almost all members (with the exception of SiDG) are also engaged in hunting and the majority operate forest nurseries. Around two thirds of members generate revenue from recreation, tourism and education. Approximately half derive income from real estate activities, and slightly fewer from the extraction of mineral resources. Two fifths are active in the energy sector. The smallest share (around one fifth) is involved in wood processing; in this area, SiDG is active through its subsidiary Fagus Slovenica.

Range of activities carried out by EUSTAFOR members

Table 9

Activity	Share of members (%)	Slovenia
Wood processing	**19**	yes
Energy	**41**	no
Mineral extraction (quarries, gravel pits)	**43**	no
Real estate income	**50**	no
Recreation / Tourism / Education	**66**	no
Forest nurseries	**78**	no
Hunting	**94**	no
Timber sales	**100**	yes

Conclusion

SiDG is still a relatively young company at the beginning of its development path. By comparison, some forest management organisations abroad have been operating for well over 100 years; for example, Bavarian State Forests trace their origins back to as early as 1752.

2.25 x

higher is the share of Slovenian's state forests within Natura 2000 than in Eustafor average

SIDG

Slovenski državni gozdovi

gozdovi

Slovenian State Forests