

# **CHANGING PATTERNS IN GLOBAL WOOD PELLETS TRADE**

**NORDIC PELLET CONFERENCE  
FEBRUARY 2026**



# MEET YOUR SPEAKERS

MAGNUS SCHOU

TRADE ANALYST



MSC INTERNATIONAL MANAGEMENT

Experienced in Global Commodity Trade, proxy markets, energy conversion and biomass fundamentals. Developing emerging biomass markets and new business opportunities for CM Biomass.

HUGO OLSON

TRADER



MSC INDUSTRIAL ENGINEERING

Extensive hands on know how in wood pellet sourcing and trading in Sweden, Northwest Europe and the Baltics. Focused on the Swedish Premium Market and District Heating utilities.

# KEY FIGURES 2024

REVENUE  
**835**  
EUR M

SUPPLIERS  
**100+**

PROVIDING  
RENEWABLE  
ENERGY SINCE  
**2009**

**10**

PRODUCTION  
PLANTS

**13**

KEY  
MARKETS  
WITH  
OFFICES

DENMARK  
UK  
ITALY  
GERMANY  
USA  
CANADA  
SINGAPORE  
SWEDEN  
LATVIA  
VIETNAM  
PORTUGAL  
SOUTH KOREA  
POLAND

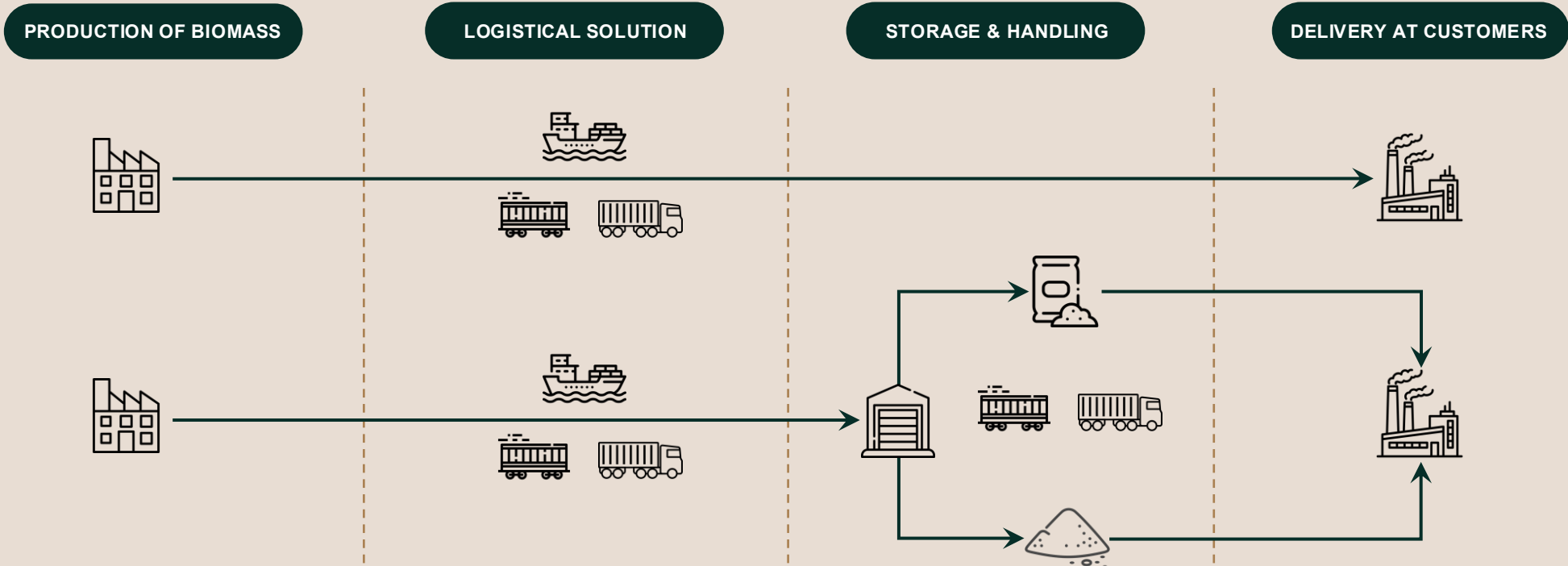
**3.6**

MILLION TONNES  
BIOMASS SOLD

EMPLOYEES  
**250**

10%+ GROWTH

# CM BIOMASS BUSINESS MODEL



CM BIOMASS

# 3 DRIVERS MOVING THE WOOD PELLET MARKET

# 1

**Changing Weather  
Patterns**

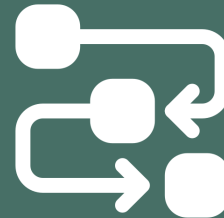
**Investments and  
Expansion of Renewables**



# 2

**Geopolitical Risks**

**Global Politics and trade  
flow implications**



# 3

**Novel Storage Set-Ups**

**Sophisticated Logistics  
Solutions**

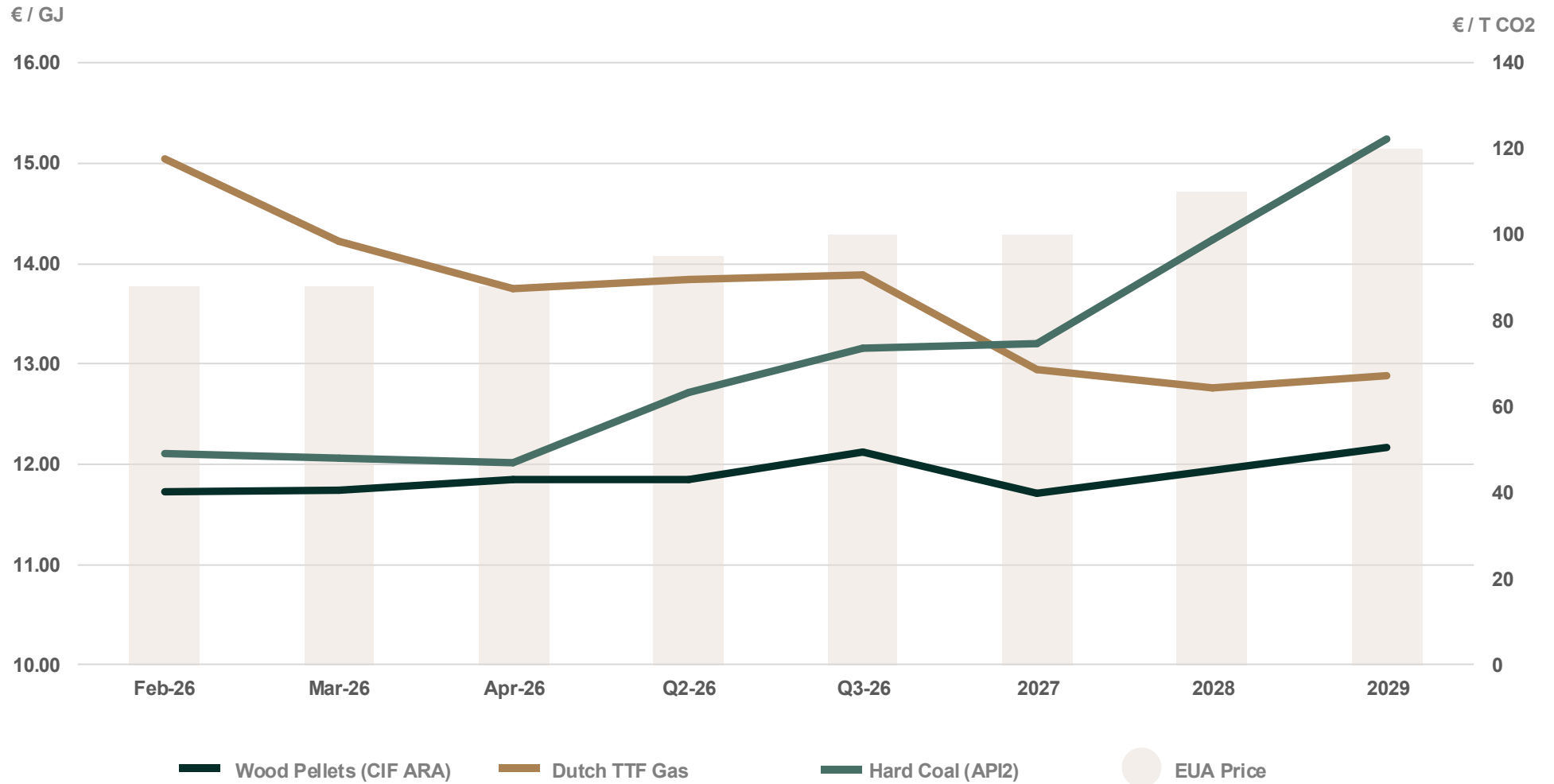


# Weather & Renewable Expansion



# FUEL SWITCH COST COMPARISON

Fuel Shift Comparison: Wood Pellet, TTF Gas & Hard Coal (2026 – 2029) – Emissions Adjusted



\*EUA Forecast Based on benchmark market pricing of EUA's. Sources: SP Global, ICIS Analytics, Bloomberg and CMB Analytics.

# LEGEND: KEY EUROPEAN HEATING MARKETS

## Overview of European Markets Using Biomass for Seasonal Heating

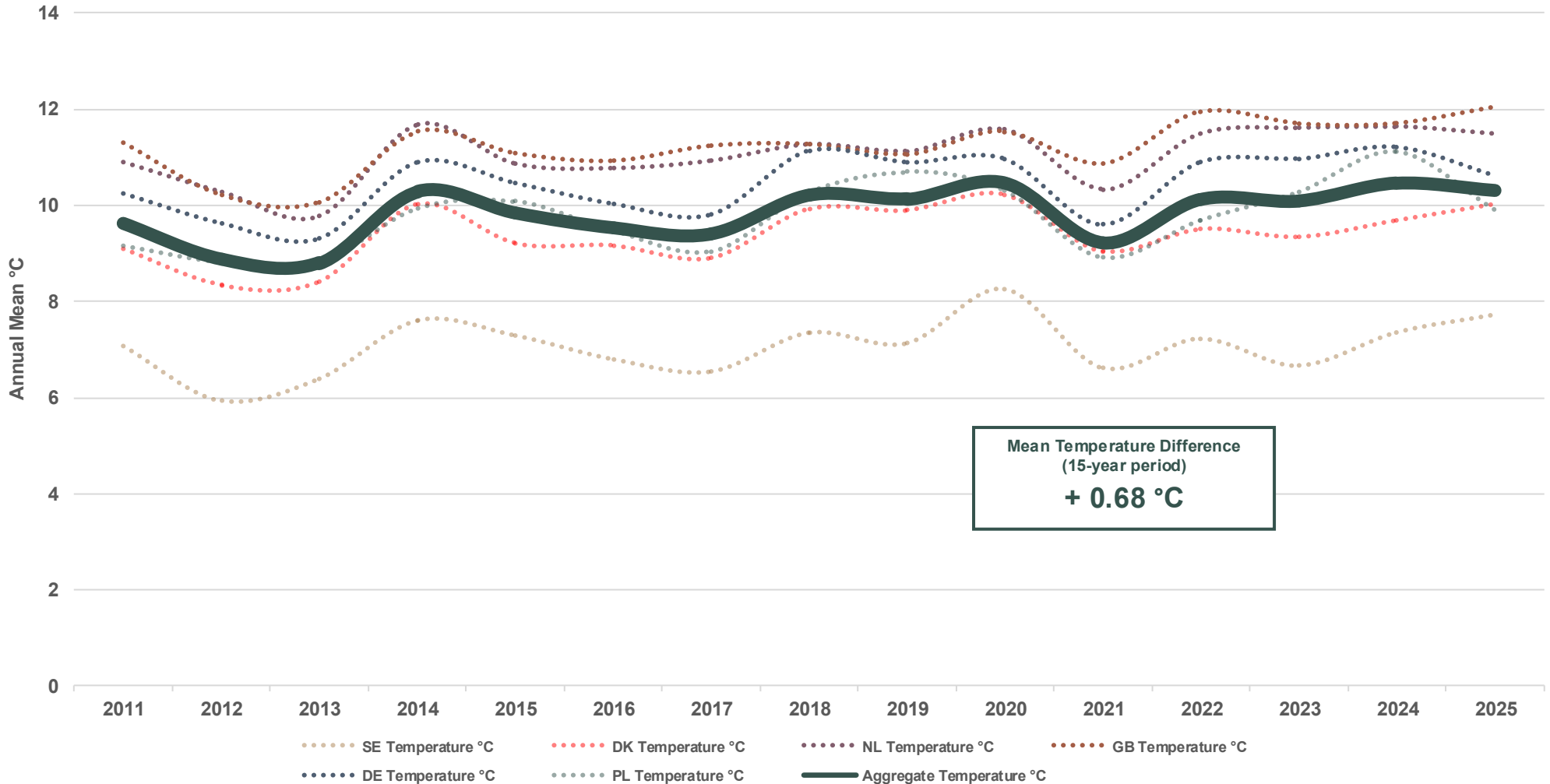


### Definition of European Heating Markets

- Markets with structural winter heat demand driven by cold climate, high heating degree days and seasonal consumption peaks.
- Countries with established biomass infrastructure (district heating, CHP, residential boilers, industrial boilers).
- Policy and subsidy support for producing power/heat with biomass, and subsidized home boiler programs.
- Regions with limited domestic gas or oil resources, increasing reliance on solid fuels for energy security.
- Markets which accounts for the biggest demand of wood pellets for Power / Heat in Europe.

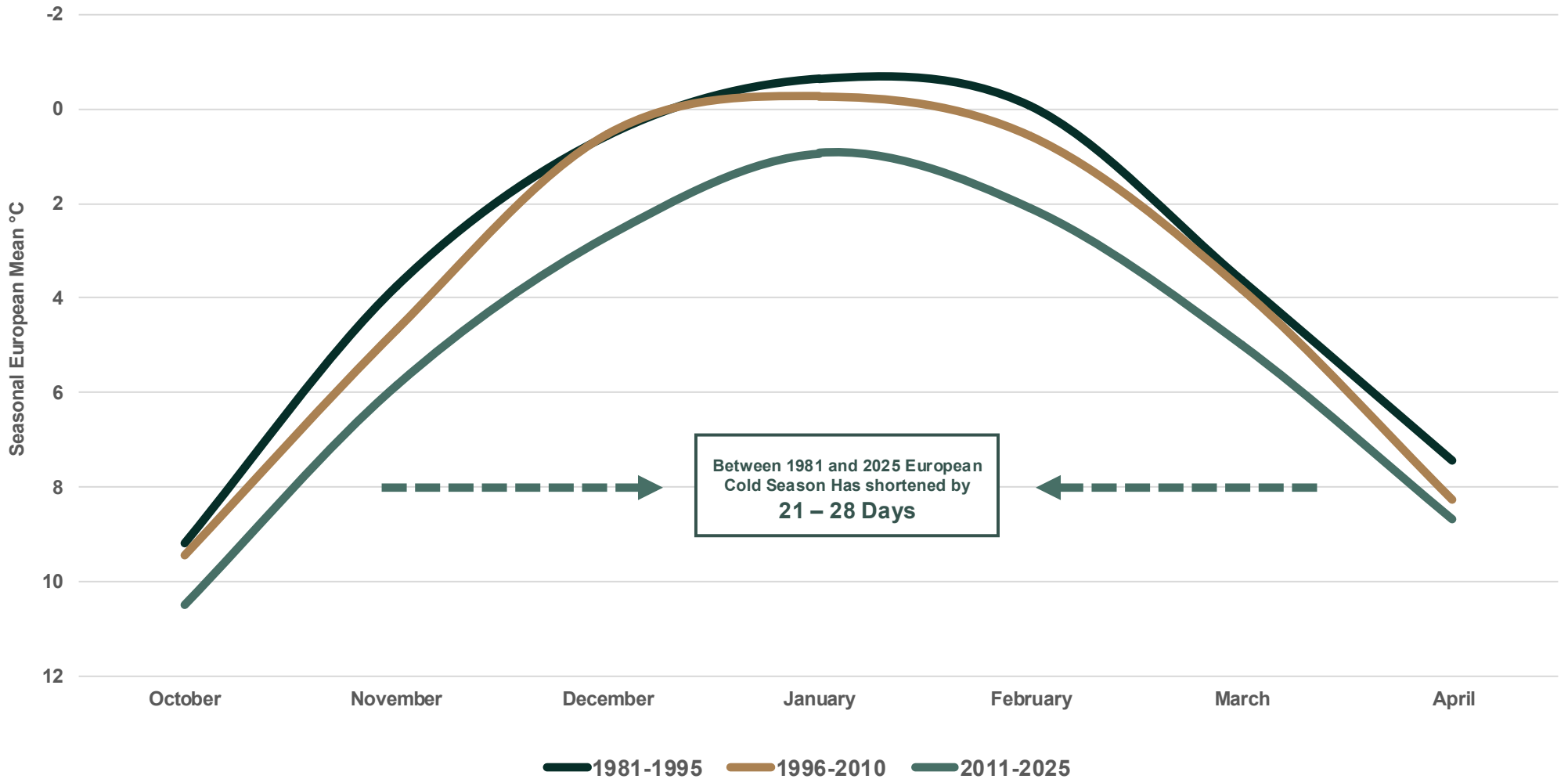
# EUROPEAN WEATHER – TEMPERATURE

## European Key Biomass Markets: Annual Mean Surface Temperature (2011 – 2025)



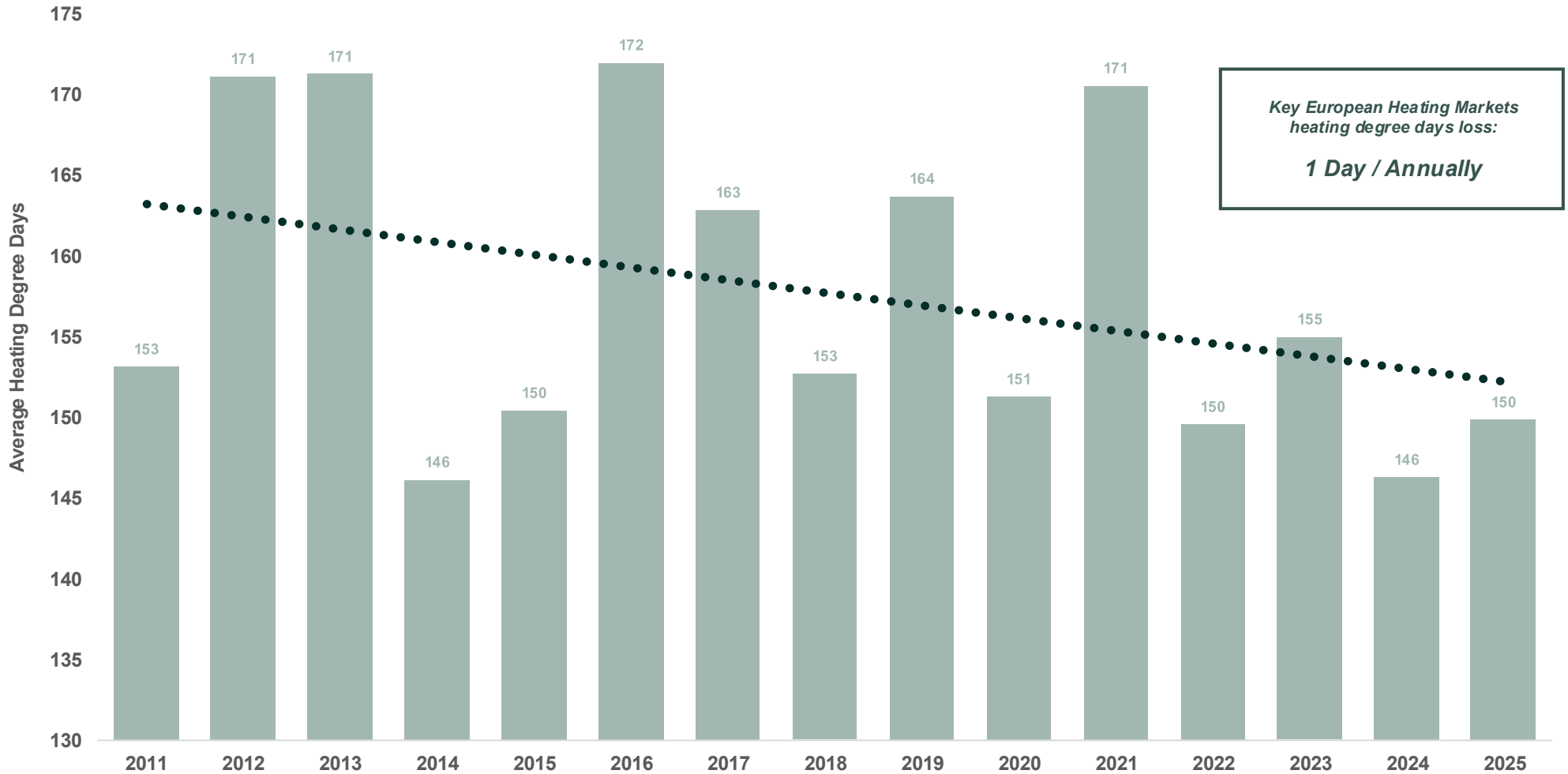
# EUROPEAN WEATHER – COLD SEASON SHIFTING

## 15-year average European Heating Season Temperatures 1981 - 2025



# EUROPEAN WEATHER – HEATING DEGREE DAYS

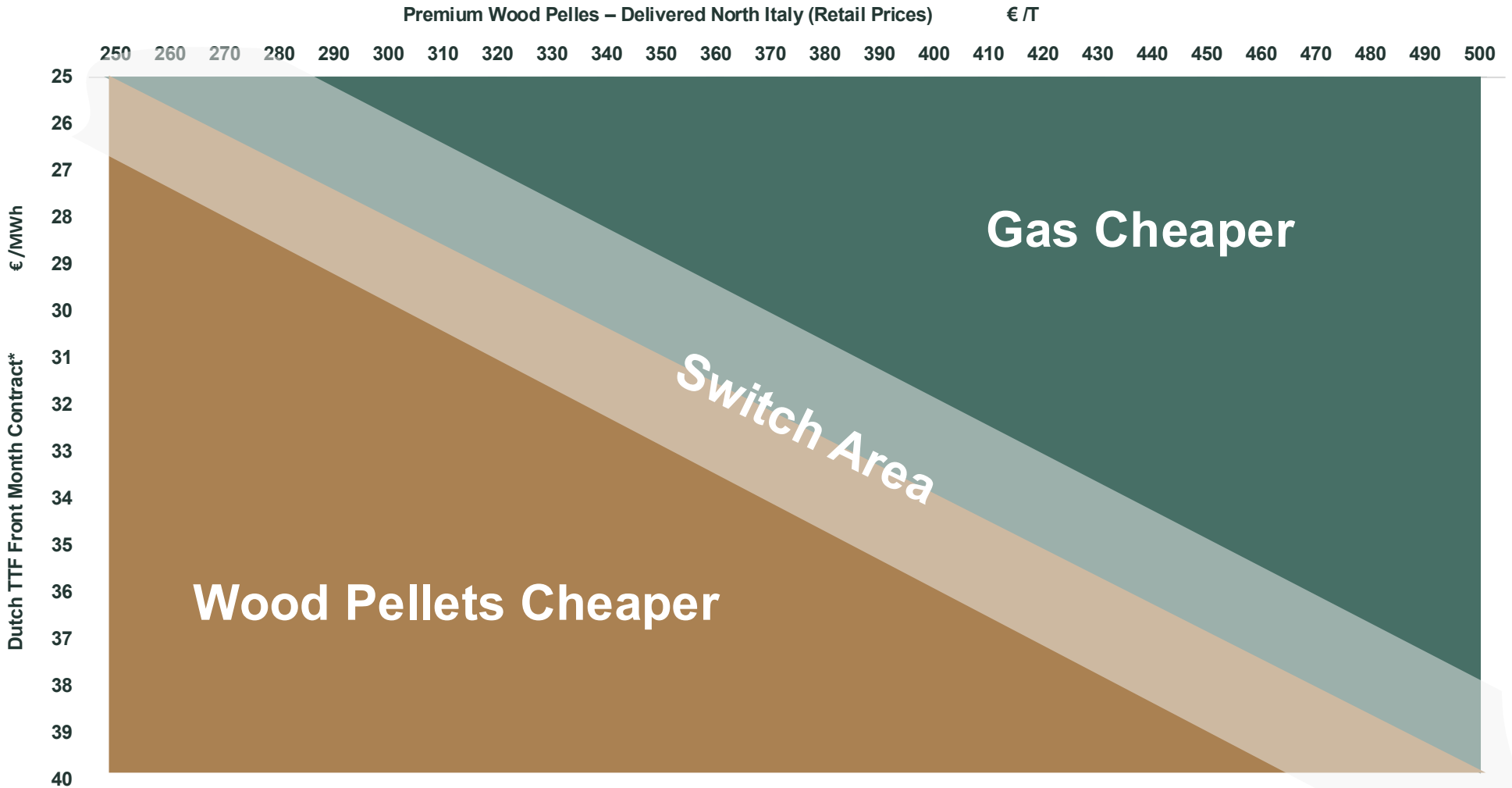
## Number of Average Annual Heating Degree Days\* – Key European Biomass Markets (2011 – 2025)



\*Heating Degree Day denotes a full day when the mean temperature in 24 hours is below 8°C

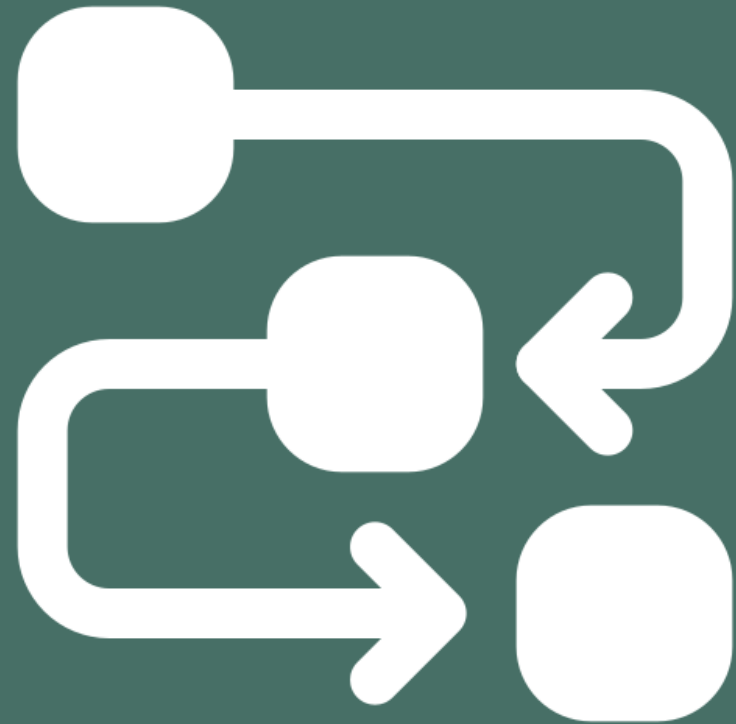
# GAS & WOOD PELLET FUEL SWITCH: ITALY

## Italian Consumer (Home Boiler) – Fuel Switch Between Gas and Bagged Wood Pellets



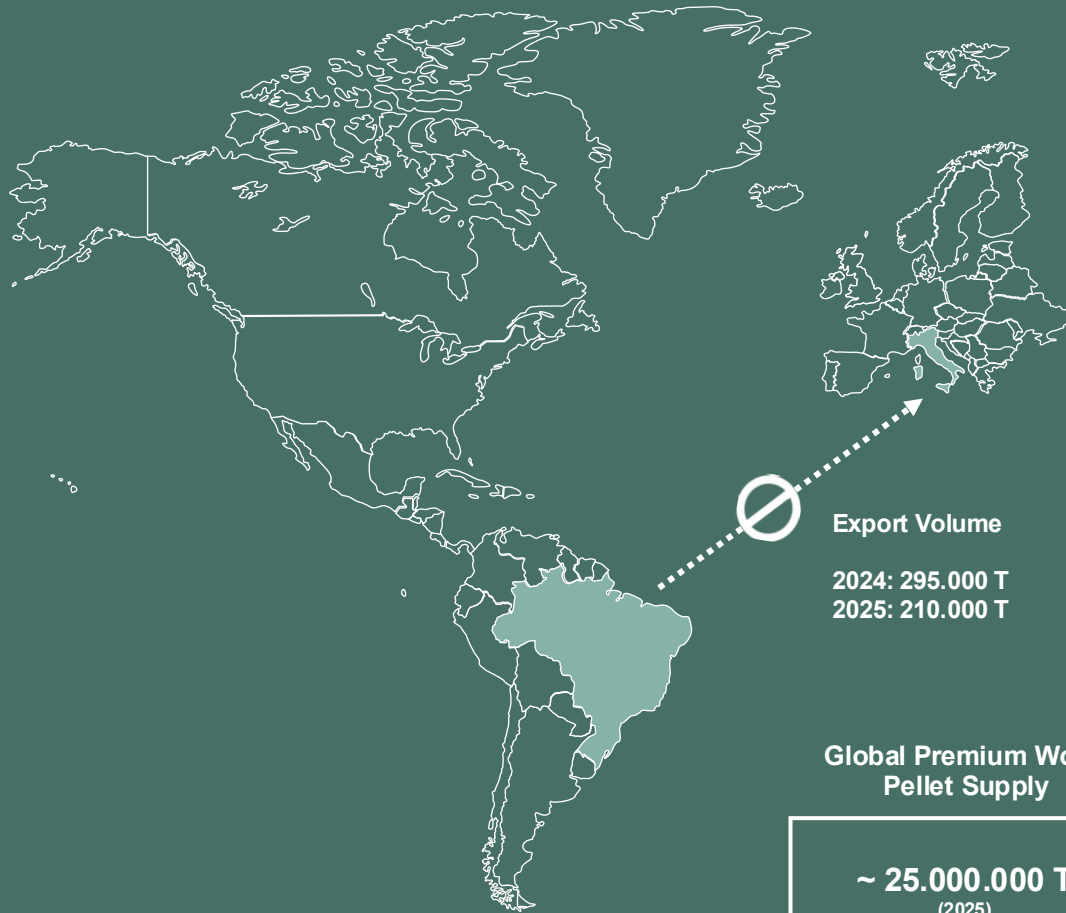
\*Dutch TTF and Italian PSV Forward Prices Correlation incl. taxes and levies\* for home appliance utilized for computation

# Geopolitical Risk & Policies



# SUPPLY CHAIN DISRUPTIONS

## Case Study: The Fragile Supply Chain of European Premium Wood Pellets



**Global Premium Wood Pellet Supply**

**~ 25.000.000 T**  
(2025)

**Change in Global Supply from Brazil**

**0.4 %**  
(100.000 T)

**FOB Baltic Premium Price (January)**

**180 – 205 EUR**  
(2025: 170 – 185 EUR)

— US tariffs on Brazilian timber products disrupted ~100.000 T of contracted / non-contracted Premium Wood Pellet Flows from Brazil to Italy in 2025.

— A shortage of Premium product in the pre-season in Italy, have led distributors and traders to explore new markets and trade flows (Balkan + Baltic origin).

— Increase in Baltic Flows via Containers to Italy, and three coasters in 2025 loaded with Baltic origin wood pellets.

— Effect: Shortage of Baltic Premium Pellets in Q4 2025, and Q1 2026 for traditional off-take countries (Denmark, Sweden, UK) + Elevated FOB prices.

# Flexibility in Logistics and Storage



# NAVIGATING THE NOVEL TRADING SPACE: CM BIOMASS

## The Biomass Market: Major Changes

- Just in time (JIT) solutions and inventory management.
- More competition in the Biomass markets from former Coal traders and fossil fuel conglomerates. Traders with financial backing are entering the market as coal is being phased out towards 2050.
- Change in consumer behavior. Colder winters the year prior makes consumers overcorrect on stock levels, and warmer winters ease the psychological need for storage.
- Some markets / countries are changing from net-exporters to net-importer of wood pellets (Poland).

## CM Biomass Working Actively to comply with changing markets and dynamics.

- Floating storages close to off-takers and sophisticated export terminals in key export markets.
- Distribution options: Adapt to market demand - volumes in containers to Europe allows for diversified sourcing options, and flexibility.
- More efficient transport and optimization allowing wood pellets / biomass to be transported in-lands, via rail, barge and trucks. Port storages and logistic hubs in key markets allow for delivery flexibility.
- Optimized logistics setup comply with GHG requirements and offer price competitiveness.



# CHANGING PATTERNS: WHY AGRICULTURAL BIOMASS?

Growing interest: The future of Agricultural and Alternative Biomass for Power / Heat

# 1

**Long-Term Cost Competitiveness:** Replacing fossil fuels for steam production or CHP eliminates fossil CO<sub>2</sub>. When feedstock sustainability and GHG-savings criteria are met, agricultural biomass is treated as biogenic, and will not fall under EU ETS.

# 3

**Traceability and EUDR Compliant:** Sustainability schemes (ISO LCA, GHG chain-of-custody) cover agricultural biomass, enabling audited claims for customers and regulators. Majority of Agricultural Biomass is compliant with EUDR and RED-II regulations.

# 2

**Full-product utilization:** Utilizing agricultural residue (not just the cash crop) captures value from what was historically under-used or even a disposal cost. Strengthens farm / producer margins and improves resource productivity without expanding cultivated land.

# 4

**Energy Security and fuel diversification:** A portfolio of various fuel types, including agricultural biomass, reduce dependence on imported fossil fuels and volatile LNG / coal / oil seaborne markets. Multi-feedstock contracts further de-risk supply.

# GROWING APPETITE FOR ALTERNATIVE BIOMASS



Peanut Pellets

NCV (GJ/T)



17 – 18

Ash Content



2 – 4

Certifications



Sourcing Regions



Bagasse Pellets

NCV (GJ/T)



16 – 17

Ash Content



2 - 3

Certifications



Sourcing Regions



Sunflower Pellets

NCV (GJ/T)



16 – 17

Ash Content



3 - 6

Certifications



Sourcing Regions



HTG Pellets

NCV (GJ/T)



18 – 19

Ash Content



3 - 5

Certifications



Sourcing Regions



# GROWING APPETITE FOR ALTERNATIVE BIOMASS



Cashew Nut Shells

NCV (GJ/T)



20 – 21

Ash Content



1.5 – 2

Certifications

ISCC

Sourcing Regions



Palm Kernel Shells

NCV (GJ/T)



15 – 16

Ash Content



3 - 4

Certifications

ISCC

Sourcing Regions



Straw Pellets

NCV (GJ/T)



16 – 16.5

Ash Content



2 - 5

Certifications

ISCC

Sourcing Regions



Olive Pits

NCV (GJ/T)



15.5 – 17

Ash Content



0.5 - 1

Certifications

ISCC

Sourcing Regions



# SUMMARY: CHANGING PATTERNS IN BIOMASS TRADE FLOWS



## SHORTER HEATING SEASONS

Global Warming and Changing weather patterns pushes the average European Temperature higher year on year. Demand window for heating shortens by one day annually.



## HIGHER VOLATILITY IN ENERGY DEMAND

Expansion of solar and wind energy in Northwest Europe increases volatility in power generation output. The role of biomass shifts to peak load generation, rather than base load.



## GEOPOLITICS: TRICKLE DOWN

Tariffs, embargos and global conflicts affects industrial output, raw material availability, cost of freight and commodity prices. Trickle down effect indirectly to the wood pellet market.



## EXECUTION RISK VS MARKET RISK

Execution and operational risk outweigh market and price risk. Buyers are demanding higher degree of delivery flexibility and more sophisticated logistics and storage setups.



## STRICTER REGULATIONS & COMPLIANCE

Changes in subsidy frameworks for industrial Users and European Biomass policies. Stricter regulations for both suppliers, imported and distributors and increased compliance risk (EUDR, REDIII)



## DIVERSIFIED FUEL PORTFOLIO

Woody biomass consumers looking to derisk their fuel supply and diversifying into alternative biomass types. New and existing users in Poland, Germany, Sweden and Denmark have a growing appetite for coal / wood pellets substitutions.

## BIOMASS: KEY MARKET DRIVERS

What is the single most important change companies in the pellet value chain should prepare for in sourcing, storage or trade over the next 2–5 years



*Hint: Orange*



## BIOMASS: KEY MARKET DRIVERS



# Questions



CM BIOMASS

**THANK YOU**

