

UTIPULP GENERAL MEETING

Barcelona – September 19th, 2014

KEYPOINTS OF THE PULP AND PAPER INDUSTRY IN THE MEMBER COUNTRIES

COUNTRY: AUSTRIA

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in Austria:

Austria in first half year 2014

- Packaging growth is weak because of mill closure in Frohnleiten.
- Market development in graphic grades continues to be shrinking.
- Half year turnover falls 0,3% to 1,94 €bn.
- Wood supply is generally short, but was sufficient in spring due to circumstances.
- Austrian companies buy mills in Germany: W.Hamburger (in Recklinghausen, Ruhrgebiet), Brigl&Bergmeister (in Uetersen, Holstein)
- Heinzel is investing to recover pulp capacity in Pöls.
- Sappi Gratkorn is investing to increase quality and efficiency in pulp and paper.

- Parliament resolved Austrian energy efficiency act (EnEffG), which will bring additional cost.
- Austria has new finance minister (HJ.Schelling) - struggle between austerity policy and tax reform

Halbjahres- ergebnis	ÖSTERREICH			EUROPA		
	2013	2014	Ø	2013	2014	Ø
Grafisches Papier	1.336,0	1.379,6	3,3 %	18,9	18,5	-1,9 %
Verpackungspapier	934,1	938,9	0,5 %	19,4	19,8	1,8 %
Spezialpapier	138,0	137,3	-0,5 %	4,9	5,0	1,6 %
Gesamt	2.408,0	2.455,8	2,0 %	43,2	43,2	0,2 %
Zellstoff	801,4	812,6	1,4 %	12,8	12,3	-3,3 %
Holzstoff	177,7	186,6	5,0 %	3,4	3,3	-2,4 %
Gesamt	979,1	999,2	2,1 %	16,1	15,6	-3,1 %
	[in tausend Tonnen]			[in Millionen Tonnen]		

Quelle: Austria Papier, CEPI, Werte sind vorläufig

COUNTRY: BELGIUM

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in your Belgium:

Key figures

	2013 (6 months) (in KT)	2014 (6 months) (in KT)	Δ%
Pulp production	-	-	-
Paper and board production	989	1 011	+2.2
- Graphic papers	707	727	+2.8
- Packaging grades	-	-	-
- Hygiene	-	-	-

Source: CEPI

COUNTRY: FRANCE

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in France :

- Stora Enso Corbehem stopped LWC production at the mill in late January. The sales process is in standby after the ending of negotiations with Valpaco
- Late June, the French government announced the details of the future Heavy Vehicle Transit Tax, a reshaped and scaled-down version of the previously postponed Ecotax. It is supposed to come into force in January, 1st 2015, after a non-billable trial period starting on October, 1st 2014, but several decrees remain to be discussed and decided.

Key figures

	2013 (6 months) <i>(in KT)</i>	2014 (6 months) <i>(in KT)</i>	Δ%
Pulp production	849.1	800.9	-5.7
Paper and board production	4 071.1	4 110.3	+0.9
- Printing & Writing papers	910.8	901.7	-1.0
- Packaging grades	1 966.9	2 121.8	+7.8
- Hygiene	397.0	406.6	+2.4

COUNTRY : GERMANY

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months
and main issues that the Industry is dealing with in Germany :

Key figures

	2013 (6 months) <i>(in KT)</i>	2014 (6 months) <i>(in KT)</i>	Δ%
Pulp production	804	821	2,2
Paper and board production	11172	11330	1,4
- Graphic papers	4322	4361	0,9
- Packaging grades	5429	5523	1,7
- Hygiene	706	718	1,6

COUNTRY : ITALY

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months

- **Costs and paper market** – As for the **P&B market** more recent frame reflect a complex and differentiated situation with a permanent weakness of demand and great difficulties to adequate paper prices to costs. Some better situation for tissue (some tensions on the market of mother reels) and some special products. Outlooks remain very cautious. Not clear the situation on **cellulose market** where announces about rises are absolutely not justified by fundamentals, first of all the exchange rate which is non favorable to European paper mills.

and main issues that the Industry is dealing with

- **Energy – Electricity:** in Italy was introduced with law 116/2014 a new burden on electricity produced and consumed on site, even if this electricity is produced with high efficiency cogeneration. In particular paper mill with chp (cogeneration heat and power) have to pay 5% of the RES fee due on electricity delivered from the grid (3-5 euro/Mwh). The system will start from 1st of January 2015 and the application mechanism is still unknown. The impact on the Italian pulp and paper sector is strictly linked to the application mechanism on which Assocarta is working now. Looking at **gas** many concerns and uncertainties about Ukrainian situation. Energy department is now preparing winter scenarios as requested by Bruxelles. Some supplementary measures could be adopted to secure the system during winter in case of gas shortage. At the moment Italian storage capacity is very high 91% and probably the storage capacity, at the beginning of the winter, will be total available (11 billion CM).
- **Timber Trade Regulation** - The adoption of European regulation by Italian Government is now very near (by the end of this month) and the Italian organism of control (Corpo Forestale dello Stato) will start to work as soon as the legislation will be in place.

Key figures

	2013	2014	2014/2013 %
1.000 Tons			
Pulp Production (woodpulp) - 7 months	229	249	8,6
Paper and Board Production - 7 months	5.149	5.245	1,9
- Usi grafici	1.665	1.680	0,9
- Involgere ed Imballo	2.410	2.475	2,7
- Usi igienico-sanitari	834	830	-0,5
- Altre tipologie	240	260	8,5
Paper and Board Exports - 6 months	1.879	1.935	3,0
Paper and Board Imports - 6 months	2.437	2.517	3,3
Paper and Board Consumption - 6 months	4.934	5.051	2,4

Official figures from ISTAT (Italian Institute of Statistics)

P&B Turnover –7 months 2014/ 2013: +0,9%

COUNTRY : NETHERLANDS

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in Netherlands :

Key figures

	2013 (6 months) (in KT)	2014 (6 months) (in KT)	Δ%
Pulp production	27	39	44%
Paper and board production			
- Graphic papers	447	458	2%
- Packaging grades	871	872	0%
- Hygiene	62	60	-3%

Source: CEPI

General comments:

- last year production increased with 1% compared to 2012
- the increase was mainly achieved by packaging grades,
- production of graphic paper grades and hygiene paper grades stayed at the same level as previous year.
- more than 60% of our production is packaging related
- no closures of papermills; Sappi sold Sappi Nijmegen Mill which now operates under the name InnovioPaper.

COUNTRY : PORTUGAL

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in Portugal :

Key figures

	2013 (6 months) (in KT)	2014 (6 months) (in KT)	Δ%
Pulp production	1.395	1.385	-0,70%
Paper and board production			
- Graphic papers	759,68	765,76	0,80%
- Packaging grades	181,97	181,97	estimated
- Hygiene	33,086	33,286	0,60%

Please note that these figures are only related to the CELPA members productions and do not represent 100% of the Portuguese production (but nearly 90% of the national production)

COUNTRY : SPAIN

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in Spain :

Key figures

The document will be completed as soon as possible

COUNTRY : UNITED KINGDOM

Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures...) over the last months and main issues that the Industry is dealing with in UK :

Key figures

	2013 (6 months) (in KT)	2014 (6 months) (in KT)	Δ%
Pulp production	n/a	n/a	
Paper and board production	2,301.3	2,189.6	-4.9
- Graphic papers	811.7	774.5	-4.6
- Packaging grades	954.6	881.4	-7.7
- Hygiene	396.5	389.2	-1.7

General comments;

Graphics - The graphic figures is partly a response to the continued decline in market demand (especially newsprint), but also reflects the closure of a small graphics mill late in 2013.

Packaging - The closure of the Smurfit Kappa mill for a major upgrade has reduced the production of packaging grades, though this is likely to be a short term impact reversed once the mill re-opens.

Hygiene – Likely the result of some minor restructuring.