

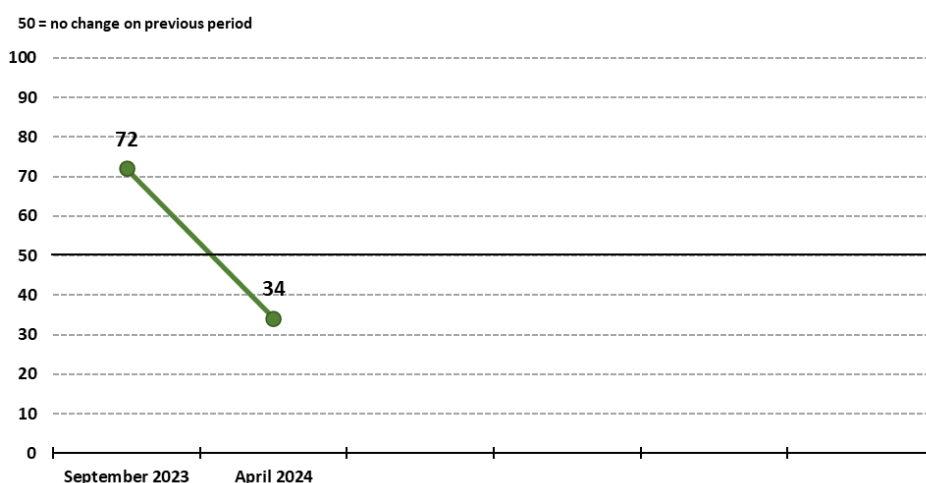
UTIPULP market index

April 2024

20 answers have been received (17 companies, 3 national associations). The quantitative treatment is based on 19 answers (one national association did not provide data on that issue). 17 answers had been received during the survey of September 2023.

1. Regarding your pulp supply, has the situation improved or worsen since the last meeting (September 2023)?

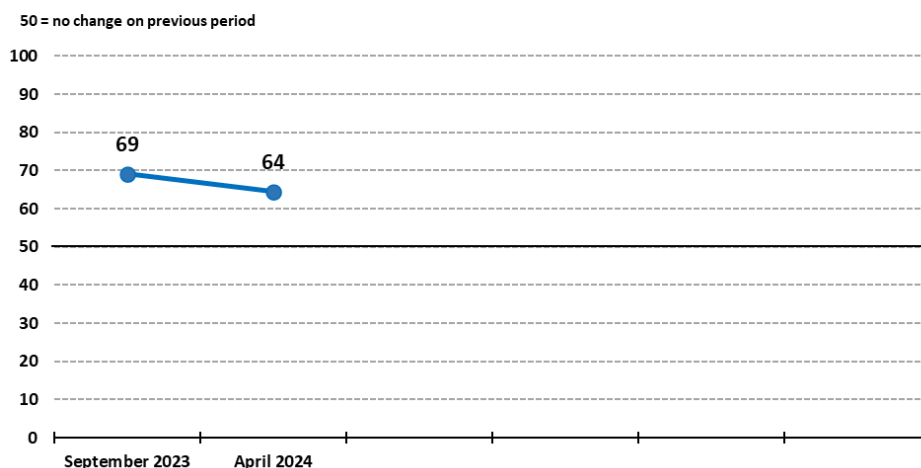
UTIPULP market index (past periode)



Compared to September 2023, respondents have experienced a strong degradation of the pulp supply conditions

2. In H2 2024, according to your forecasts, will the pulp supply improve or worsen?

UTIPULP market index (forecast)



3. Please specify the reasons of your forecast

Respondents anticipate an improvement the pulp supply conditions (the index is above 50). But answers are less optimistic compared to September 2023 (certainly because the “optimistic” forecast of September did not materialize as expected).

It is interesting to note that answers are much more heterogeneous compared to the last survey. This time, answers rank from “strong improvement” (2 times) to “slight deterioration” (4 times). None of the respondents anticipate a “strong deterioration”. The bulk of the answers is around “steady” (with “plus” or “minus”).

Reasons for this heterogeneity lie in the different forecast regarding the balance between supply and demand. Optimistic respondents anticipate that the growing pulp supply will exceed the increase of the demand.

Regarding the pulp supply:

- There is a broad consensus that new capacities in Lat. Am. (and Asia) will ramp up and improve the market conditions (especially for short fibers).
- Nevertheless, some supply chain restrictions are seen as hampering this general trend (at least on the short term). These difficulties are the port strikes in Finland (that have caused some market disruptions for NBSK) and technical difficulties among some suppliers (Metsä Kemi in particular).

Regarding the pulp demand, the forecasts are diverse:

- The general perception is that, during these past months, the pulp demand has been better than expected in the EU (especially in the printing and writing segment), even if the macro-economic situation is still dull.
- This demand might be affected by some specific evolutions. The price increase of market pulp will result in a lower demand for paper (and then for pulp). One question mark is the level of the inventories in China (might be refilled, which means that Chinese buyers will be less active).

4. What key changes will influence pulp consumption in your country during the 12 coming months (new paper mills/capacities, closures...)?

Respondents do not anticipate substantial changes in capacities of paper mills in Europe. The only exception is the situation in the UK where the closure of two Arjowiggins mills will be (at least partly) compensated by upcoming tissue mills.

Long lasting trend are expected to continue in our industry (demand drop in the graphic sector, conversion of paper machines from graphic to packaging ...).

At a global level, the role of China in the coming months is a question mark.

The EUDR is also mentioned by several respondents as a major issue. The point for the European p&p industry is to be able to adapt to this new regulation. One respondent also mentions that imports from North America could be hampered by the EUDR. Such a situation would result in supply difficulties and higher prices.