UTIPULP GENERAL MEETING
Leuven – April 12th, 2019

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:

KEY FIGURES

In 1000 tonnes	2017	2018	Δ%
Pulp production	2056	2083	1,3%
Paper and board production	4861	5055	4,0
- Graphic papers	2522	2398	-6,0
- Packaging grades	2000	2341	17,1
- Specialties	309	316	2,4

KEY POINTS OF THE PULP AND PAPER INDUSTRY

Comment

- The paper situation in Austria is good, prices and turnover were up.
- Graphic volumes went down due to shutdown of PM3 at Steyrermühl and because of grade switch on PM10 at Laakirchen. On the other hand, packaging grades do particularly well, plus extra container board from Heinzel's PM10.
- The switch also influenced the national fibre furnish, bringing TMP down and changing to more PfR
- Large investment in Austria currently:
  New PM3 in Pöls (additional 100.000 tonnes of kraft paper)
  Rebuild of PM9 in Gratkorn
  Pulp extension in Lenzing
  Rebuild of hydro power station on river Traun for Laakirchen
- Announcements for 2020 and beyond are:
  dissolving pulp extension in Hallein
  general overhaul of energy generation, Nettingsdorf
- The competition for wood continues, with pulp mills (cascade) on the one side, and energy (direct combustion) on the other.
  Even after a winter with heavy snow load the beetle is expected to thrive this summer, delivering extra volumes of wood from calamities.
  In the political field these topics are important and in preparation: Renewable Energy Act, Energy Efficiency act, National Strategies for Hydrogen and for a Bio-economy. The European Circular Economy Package will tackle recycling and dumping

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:

Key figures

	2017 *(in KT)*	2018 *(in KT)*	Δ%
Pulp production	1 713	1 613	-5.8
Paper and board production	8 021	7 864	-2.0
- Graphic papers	2 223	2 110	-5.1
- Packaging grades	4 514	4 461	-1.2
- Hygiene	841	846	0.6

General Comments:

- Production of paper and board were down of -2.0 % during 2018:
  - Production of paper for packaging was down of -1.2 % but the demand was pretty good during 2018 thanks to several drivers: e-commerce development, organic food trend, good private consumption, etc.
  - Production of graphic papers was still down in 2018 (-5.1 %), in line with the demand decrease.
  - Tissue production was up by 0.6 % in 2018 driven by a growing demand from the private and the business sector.

- Pulp production was down of -5.8 % during the year due to some technical upgrades stops and several other technical stoppages.

Regarding Companies:

- Finnish specialty paper producer Ahlstrom-Munksjö will close beginning of 2019 its specialty paper PM 1 at its Stenay mill in France.

- The Arjowiggins Security mill in Crèvecœr has closed for good beginning of 2019. Arjowiggins Security mainly produces banknote paper at the Crèvecœr mill.

- Arjowiggins Bessé-sur-Braye mill, french producer of uncoated and coated woodfree paper as well as some specialty packaging paper, is about to be closed.

- Arjowiggins Le Bourray mill, has been partially taken over by CGMP, a French producer of paper napkins and tablecloths and a customer of the mill.

- Arjowiggins Greenfield deinked pulp mill in Château-Thierry, in the north of the country, has been acquired by the German tissue specialist WEPA.

- The Cartonneries de Gondardennes Group, (CGW), will acquire Groupe Lacaux in April 2019. The LACAUX Group is a specialist producer of premium grade corrugated sheet board and packaging.

- Wizpaper should start its newly converted recycled containerboard paper machine during the third quarter 2019. As a reminder, the PM will have a production capacity of 180,000 t/y and was bought last year from Sequana (ex-coated woodfree producer Arjowiggins Wizernes).

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

	2017 *(in KT)*	2018 *(in KT)*	Δ%
Pulp production	1637	1585	-3,2
Paper and board production	22959	22664	-1,1
- Graphic papers	8166	7743	-5,2
- Packaging grades	11828	12022	1,6
- Hygiene	1513	1506	-0,5

The Paper Market in Germany

April 12th 2019

The German pulp and paper industry had a lower production in 2018 as in 2017. The volume of production declined by 261.000 tons (-1.1 %) to a total production of 22.664 Mio. tons from January to December 2018. The total volume of sales raised up at 5.4 %.

The development in the different category groups goes on. There is a positive development in the packaging sector (12 million tons, +1.6 %). The technical paper and specialties declined to a total production of 1.4 million tons (-1.8 %) and the hygiene paper declined to a total production of 1.5 million tons (-0.5 %). The graphic sector declined by -5.2 % to a total production of 7.7 million tons.

The turnover of the German pulp and paper industry raised up at 5.4 % to an overall turnover of 15.507 billion Euro.

List of capacity 2018-2021

2018					**overall result: 454.000**
2 Rebuilds					**554.000**
Graphic paper					**-150.000**
September	UPM	Dörpen	Germany	CWF	-150.000
Packaging					**694.000**
Januar	Mayr-Melnhof	Gernsbach	Germany	Carton Board	100.000
April	Leipa	Schwedt Nord	Germany	Testliner, White	450.000
Juli	Scheufelen	Lenningen	Germany	Folding Boxboard	34.000
Dezember	UPM	Dörpen	Germany	Flexible packaging	110.000
Other Paper					**10.000**
Dezember	Metsä Tissue	Düren	Germany	Baking and cooking	10.000
4 Shut					**-100.000**
Graphic paper					**-100.000**
April	Scheufelen	Lenningen	Germany	CWF	-100.000
2019					**overall result: 120.000**
1 Startup					**120.000**
Packaging					**120.000**
Juni	August Koehler	Kehl	Germany	Flexible packaging	120.000
2 Rebuilds					
Graphic paper					
Dezember	UPM	Dörpen	Germany	UWF	
2020					**overall result: 1.350.000**
1 Startup					**1.250.000**
Packaging					**1.250.000**
Juni	Hamburger	Spremberg	Germany	Testliner, White	500.000
Dezember	ProGroup	Bitterfeld	Germany	Recycled	750.000
2 Rebuilds					**100.000**
Pulp					**100.000**
Januar	Kabel Premium Pulp & Paper	Hagen	Germany	Holzstoff (CMP,	100.000
2021					**overall result: 60.000**
2 Rebuilds					**60.000**
Pulp					**60.000**
Dezember	Zellstoff Stendal	Stendal	Germany	BHKP Bleached	60.000

Landgroup ***Europe*** enthält folgende Länder:
Albanien, Andorra, Belgien, Bosnien - Herzegowina, Bulgarien, Ceuta, Ceuta und Melilla, Dänemark, Deutschland, Estland, Färöer, Finnland, Frankreich, Gibraltar, Griechenland, Großbritannien, Insel Man, Irland, Island, Italien, Kanarische Inseln, Kosovo, Kroatien, Lettland, Lichtenstein, Litauen, Luxemburg, Malta, Mazedonien, Melilla, Moldau, Monaco, Montenegro, Niederlande, Norwegen, Österreich, Polen, Portugal, Rumänien, Rußland, San Marino, Schweden, Schweiz, Serbien, Slowakei, Slowenien, Spanien, Svalbard, Tschechische Republik, Türkei, Ukraine, Ungarn, Vatikanstadt, Weißrußland, Zypern

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 and main issues that the Industry is dealing with in Italy:

Key figures

	2017 *(in KT)*	2018 *(in KT)*	D%
Pulp production	**388**	**369**	**-4.9**
Paper and board production	**9,071**	**9,081**	**+0.1**
- Graphic papers	2,587	2,457	-5.0
- Packaging grades	4,496	4,614	+2.6
- Hygiene	1,549	1,555	+0.4
- Others	440	455	+3.4

	Jan 2018 *(in KT)*	Jan 2019 *(in KT)*	D%
Pulp production	**33**	**27**	**-18.8**
Paper and board production	**771**	**737**	**-4.4**
- Graphic papers	222	188	-15.5
- Packaging grades	379	382	+0.9
- Hygiene	133	128	-3.3
- Others	37	38	+2.3

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 the Netherlands:

Key figures

	2017 *(in KT)*	2018 *(in KT)*	Δ%
Pulp production			
Paper and board production	2983	2980	0%
- Graphic papers	701	661	-6%
- Packaging grades	2170	2209	2%
- Hygiene	112	110	-2%

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

	2018 *(in KT)*	**2017** *(in KT)*	**Δ%**
Pulp production	1713.1	1699.5	0.8
Paper and board production	6156.6	6217.8	-1.0
- Graphic papers	1030.1	1229.5	-16.2
- Packaging grades	3873.1	3759.5	3.0
- Hygiene	718.5	704.1	2.0

Economic situation and outlook

- Spain GDP variation in 2018: 2,3% (Instituto Nacional de Estadística)
- Spain Unemployment Rate 2018: 14,45% of active population (Instituto Nacional de Estadística)

Industry Developments (capacities and closures)

- Paper and board capacity grew 2% in 2018.
- Pulp Capacity remained stable.
- 2 machines but no mill were closed.
- Investment in 2018 estimated in 500 Mill euros
- IP conversion to CCB of former Holmen newsprint mill completed

Regulatory affairs

- General elections with uncertain result on 28 april
- A new statute for electrointensive industries under discussion
- Industrial policy higher than usual on the government agenda

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

	2017 *(in KT)*	2018 *(in KT)*	Δ%
Pulp production	n/a	n/a	
Paper and board production	3,857.6	3,894.2	+0.9
- Graphic papers	918.4	961.8	+4.7
- Packaging grades	1,935.4	1904.1	-1.6
- Hygiene	734.2	737.7	+0.5

Key points:

The UK remains politically focused on the process to leave the EU, making business planning very difficult. The main approach seems to be wait and see until things become clearer. So, no major new investments or plant closures.

At the time of writing the key Brexit options are:

- A no-deal Brexit on 12 April when the UK simply leaves the EU. Trade reverts to WTO rules with potentially huge delays at borders and massive disruption to trade.
- The UK Government and Parliament agree and propose a reasonable exit deal before an emergency EU Head of State meeting on 10 April. If rejected, the UK leaves with no deal 12 April. If accepted, the exit is delayed to 22 May, at which point the UK leaves, but with a transition period while the long-term relationship is agreed. Current rules would be unchanged during any transition period.
- The UK requests a longer delay to Brexit, underpinned by a clear purpose. The request would be considered by the EU meeting 10 April. If accepted (not automatic), the UK would be required to take part in the forthcoming EU Parliamentary elections. The underpinning clear purpose could be a general election and/or a second referendum. If rejected the UK leaves with no-deal 10 April.
- The UK withdraws the leave request and remains a full EU Member.

The general reaction for UK papermakers has been to continue with business as usual, though contingency planning has continued to seek to avoid potential supply problems caused by border delays. Some companies have moved to stockpile raw material (such as pulp) in the UK and exports (of finished paper) in the EU.

On company specific news, the two UK paper mills operated by Arjo (Stoneywood and Chartham) have continued to produce paper during the current period in administration triggered by problems at the parent company (Sequana). A potential new owner has been identified and the process to transfer ownership is underway.