



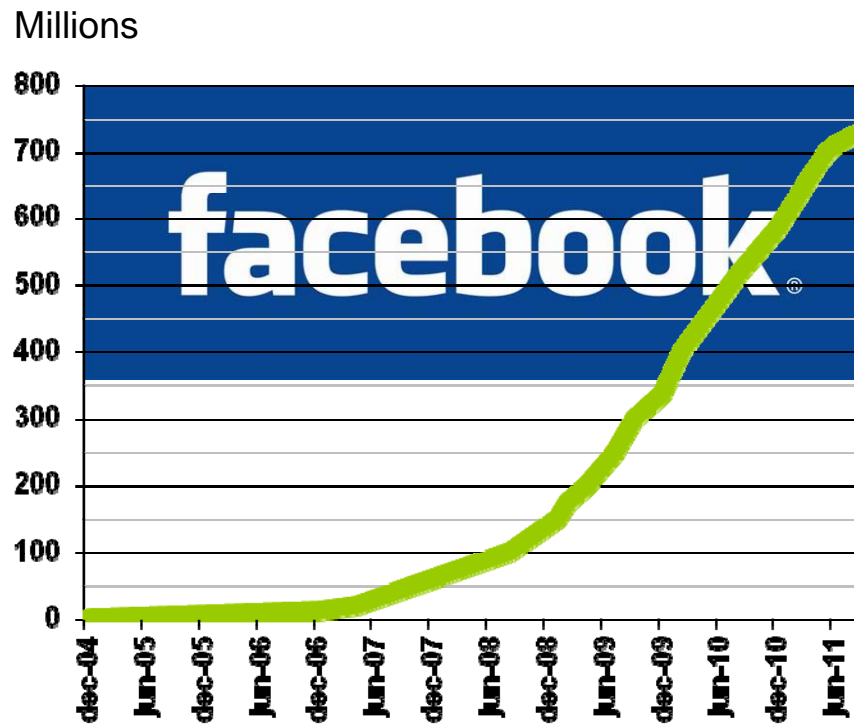
The Market development for Newsprint

Rolf Johannesson
SVP Sales and Marketing
2011-09-14

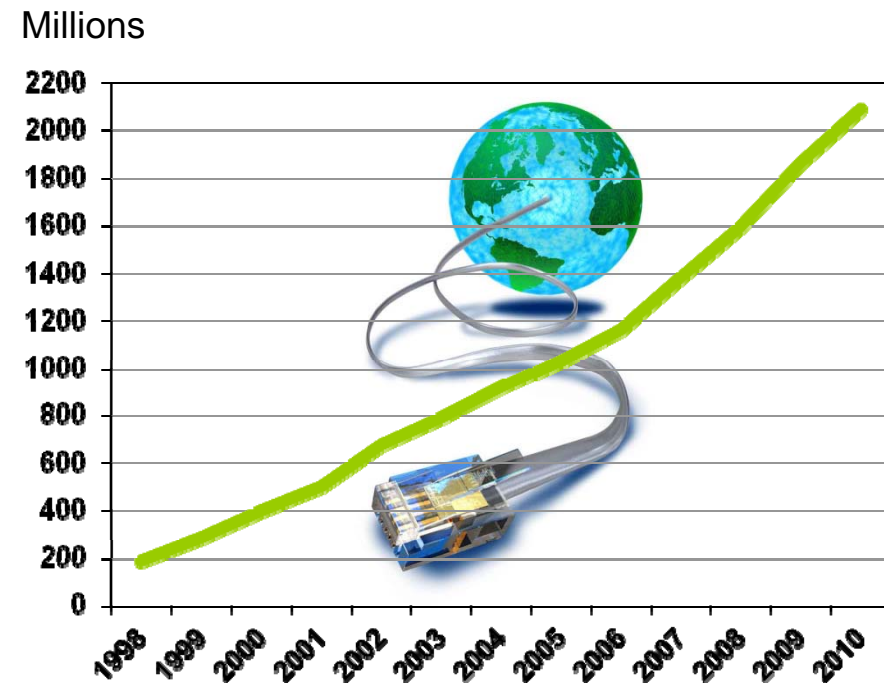
”The times they are a-changing”



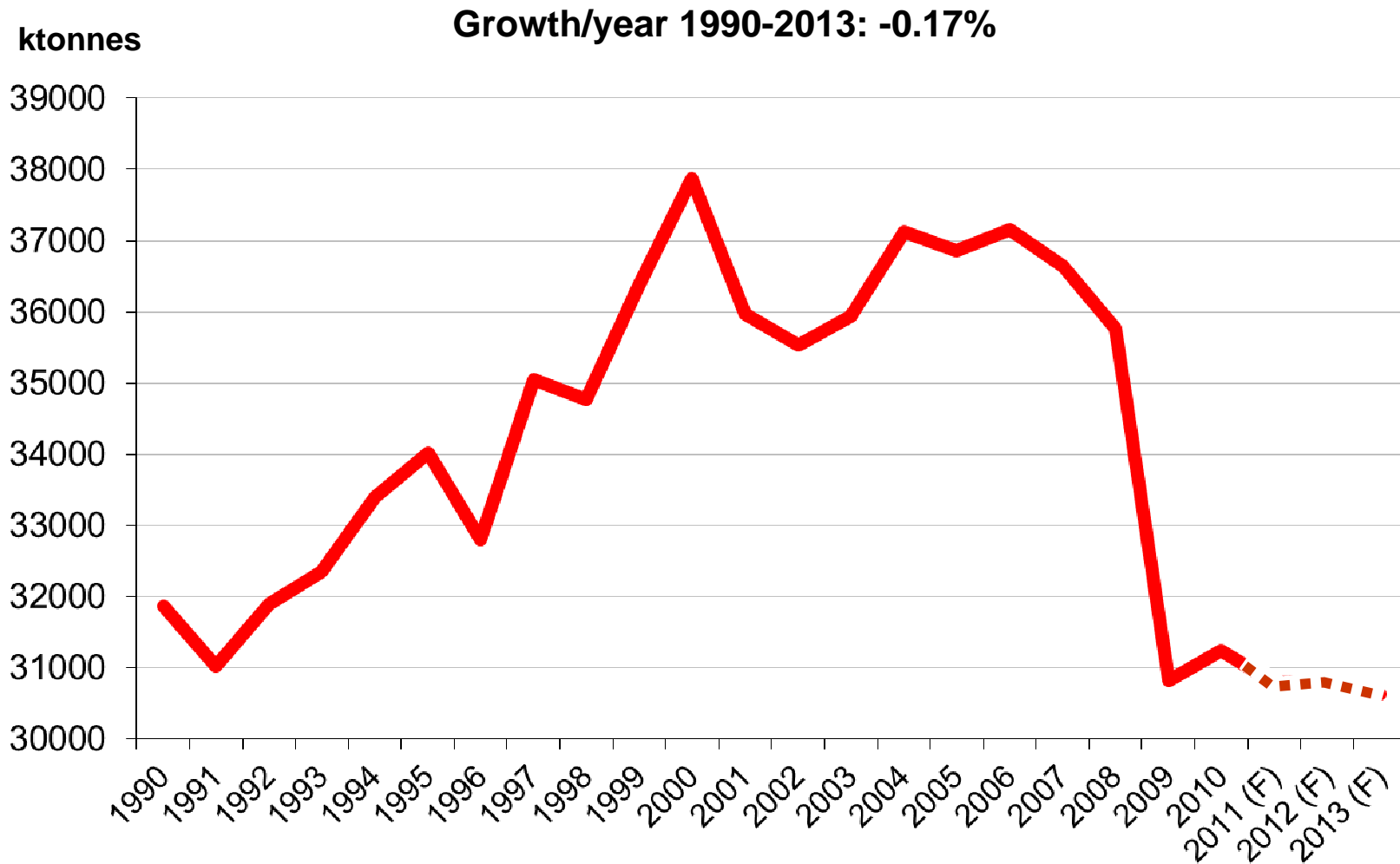
Facebook users



Internet users

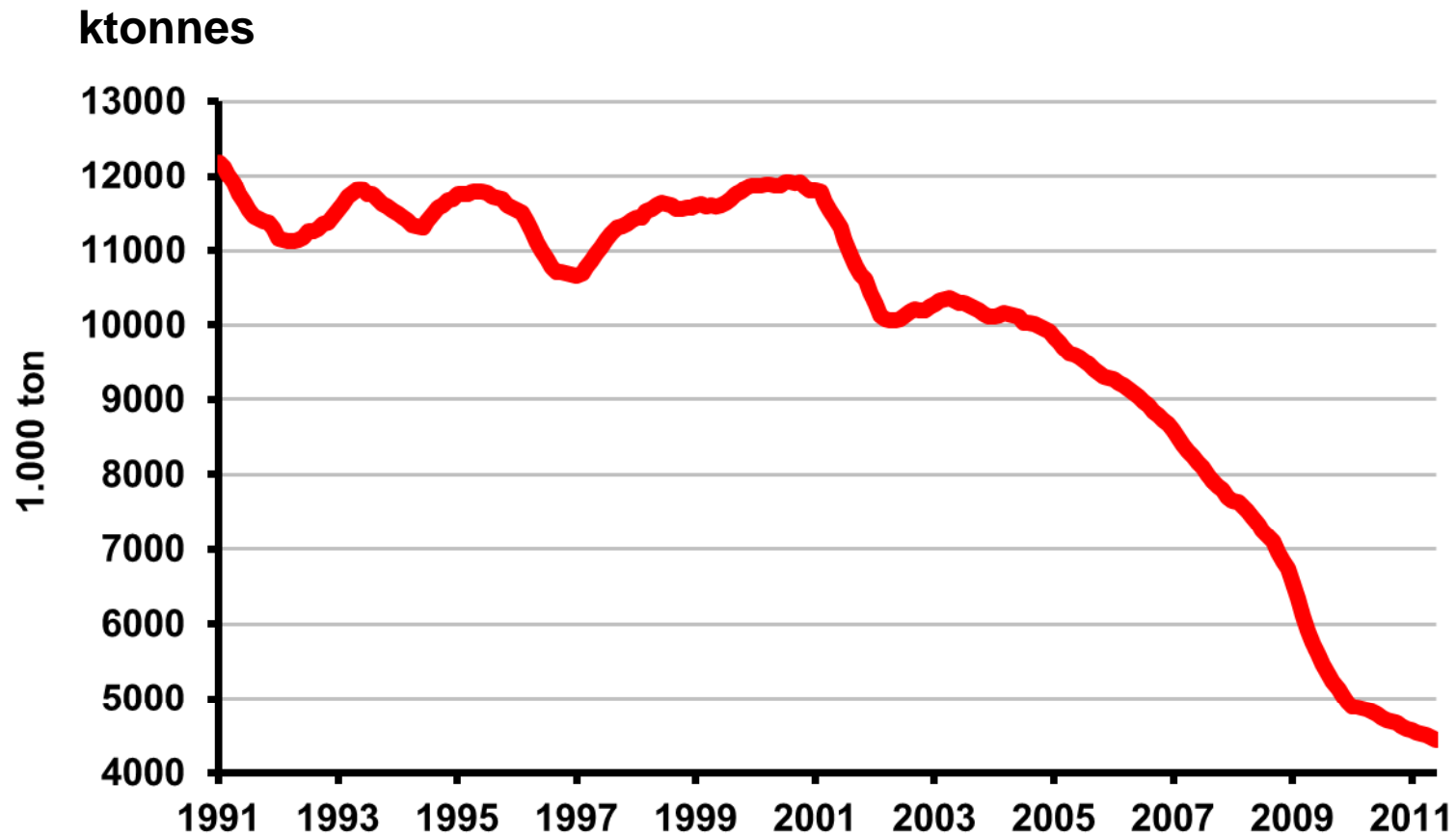


World Newsprint demand 1990-2013 (F)



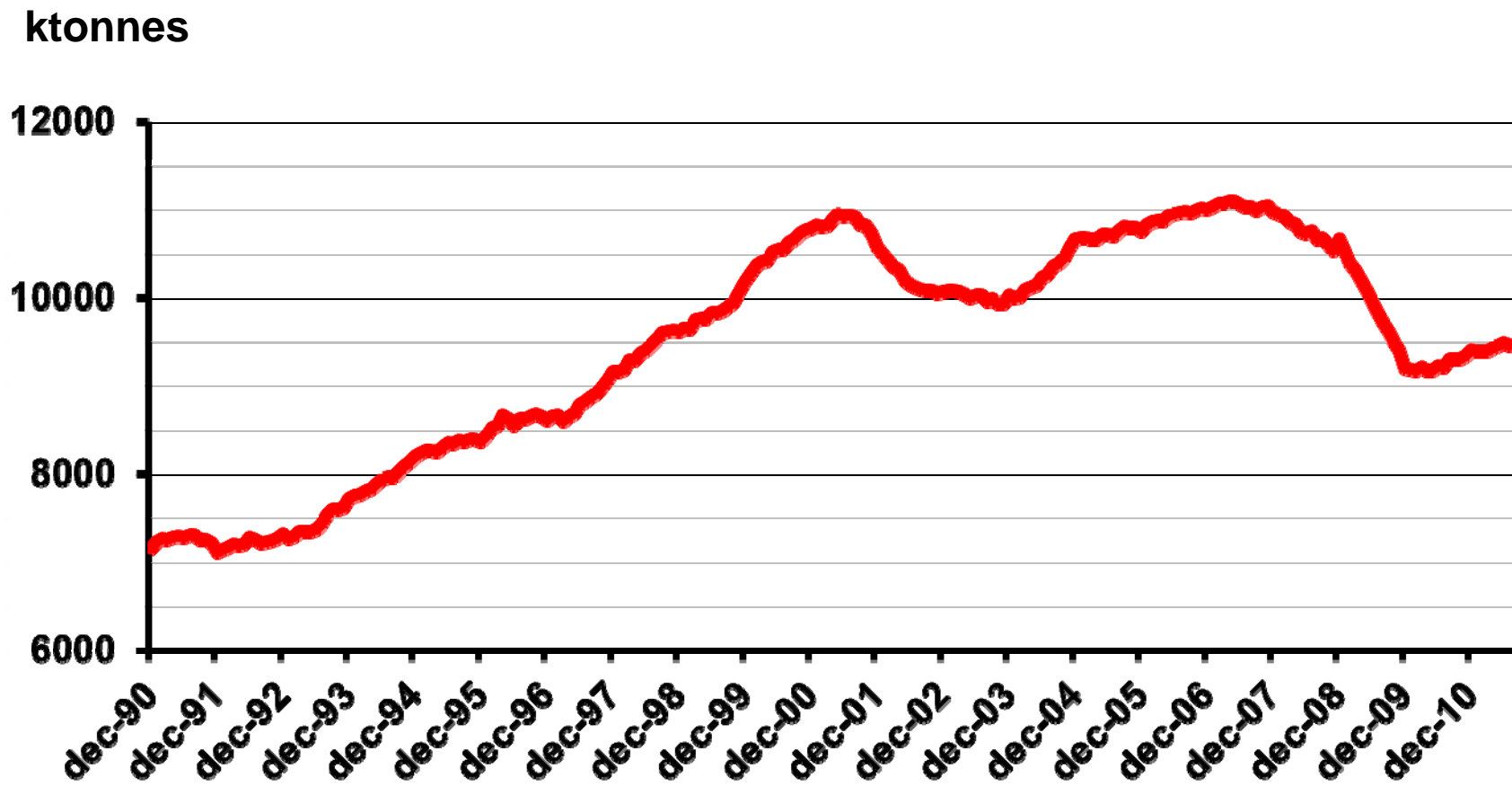
Source: PPPC March 2011

US Demand of Newsprint, 1991-2011 (1-6)



Source: PPPC

Western European deliveries of Newsprint to Europe, 1990-2011(1-7)



Source: CEPI

Future European demand of Standard Newsprint 2010 = 100

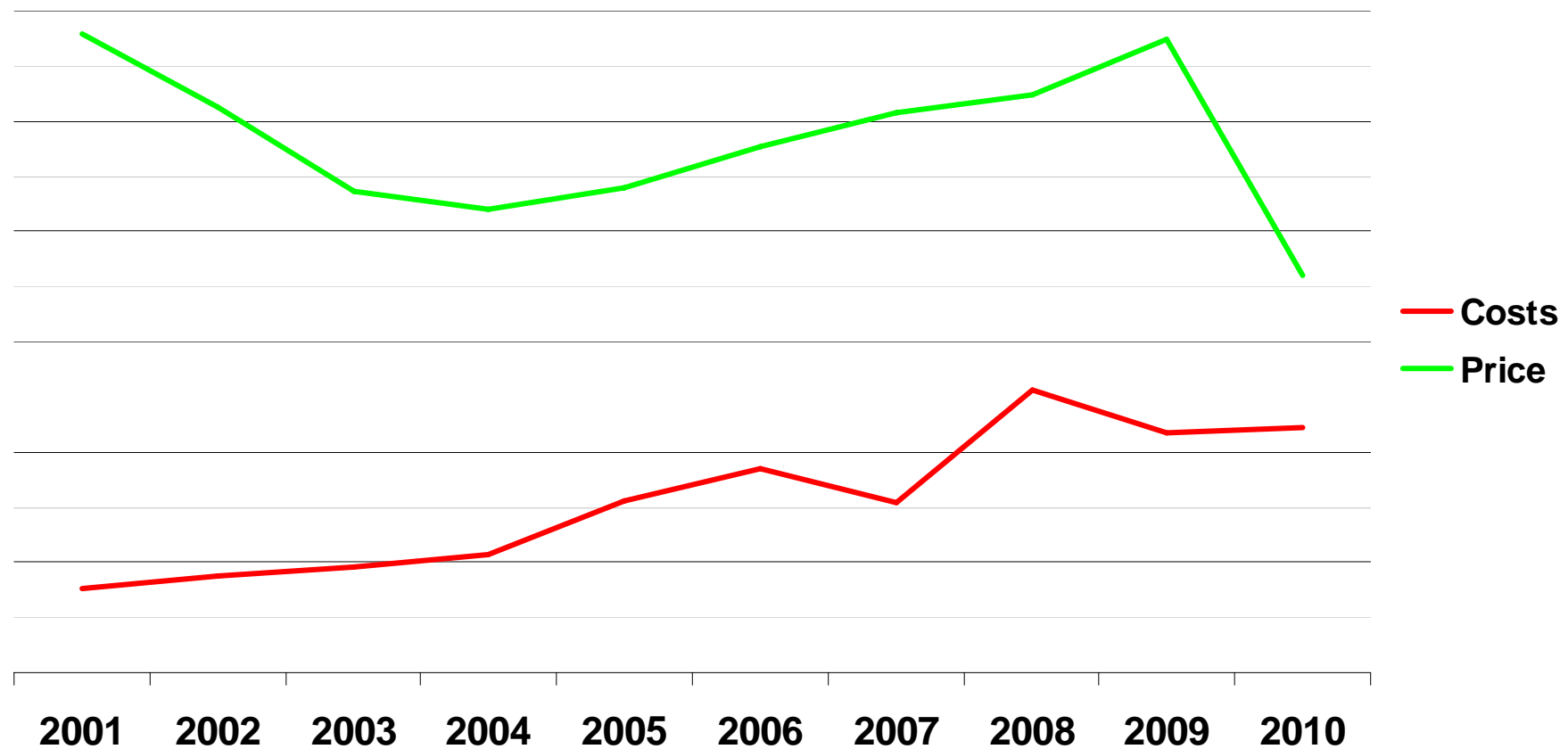


Forecast by:	Published	Area	2010	2011	2012	2013	2014	2015	2020
PPPC	June 2011	W.Europe	100	95.3	92.3	88.8			
AMEC	April 2011	Europe	100					84.6	56.8
RISI	Nov 2010	Europe	100	97.7	96.6	95.4	94.5	92.7	
NLK	June 2009	W.Europe	100					76.9	46.8

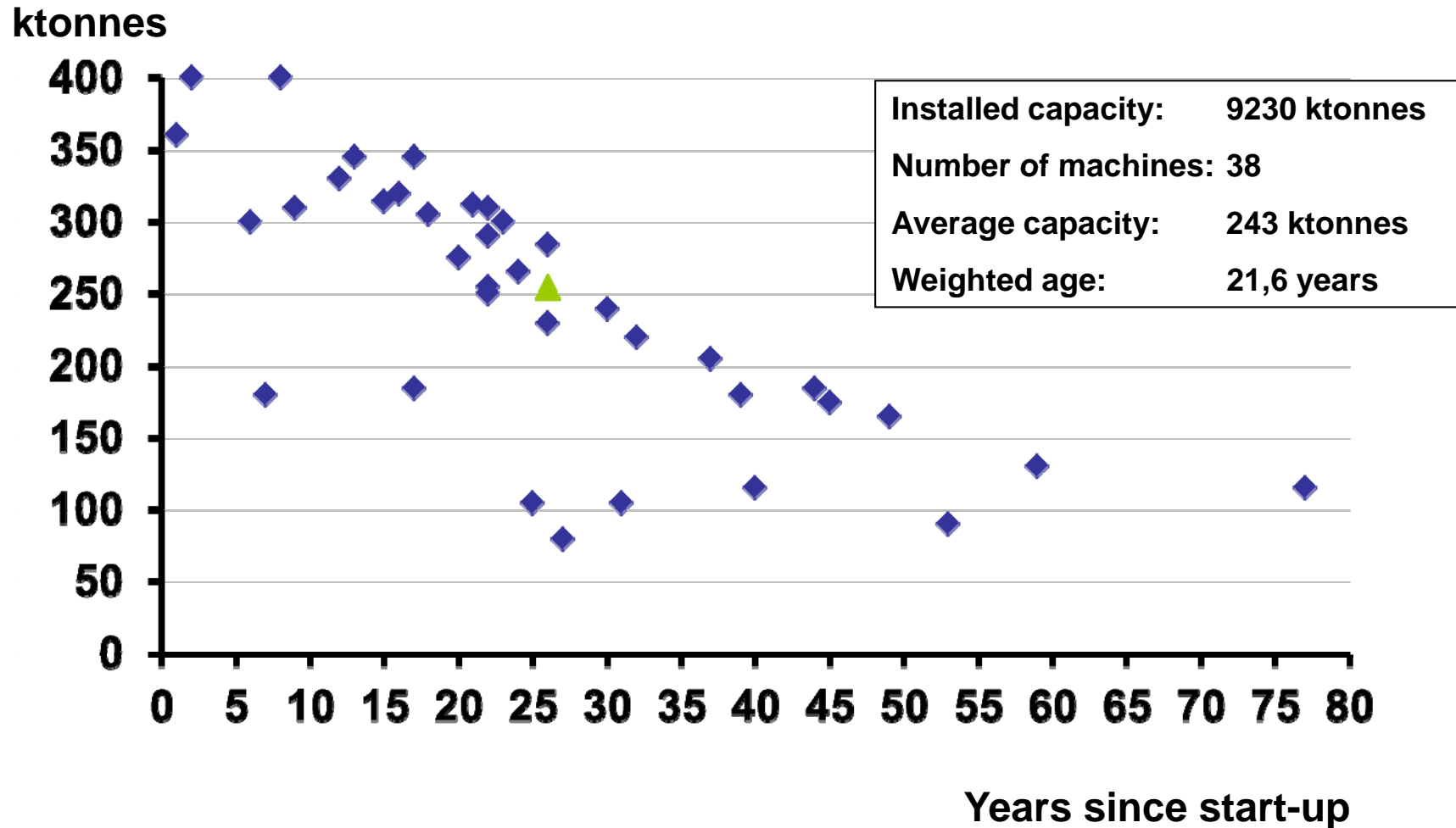
Variable cost and price development – Newsprint, 2001-2010



SEK/tonnes paper



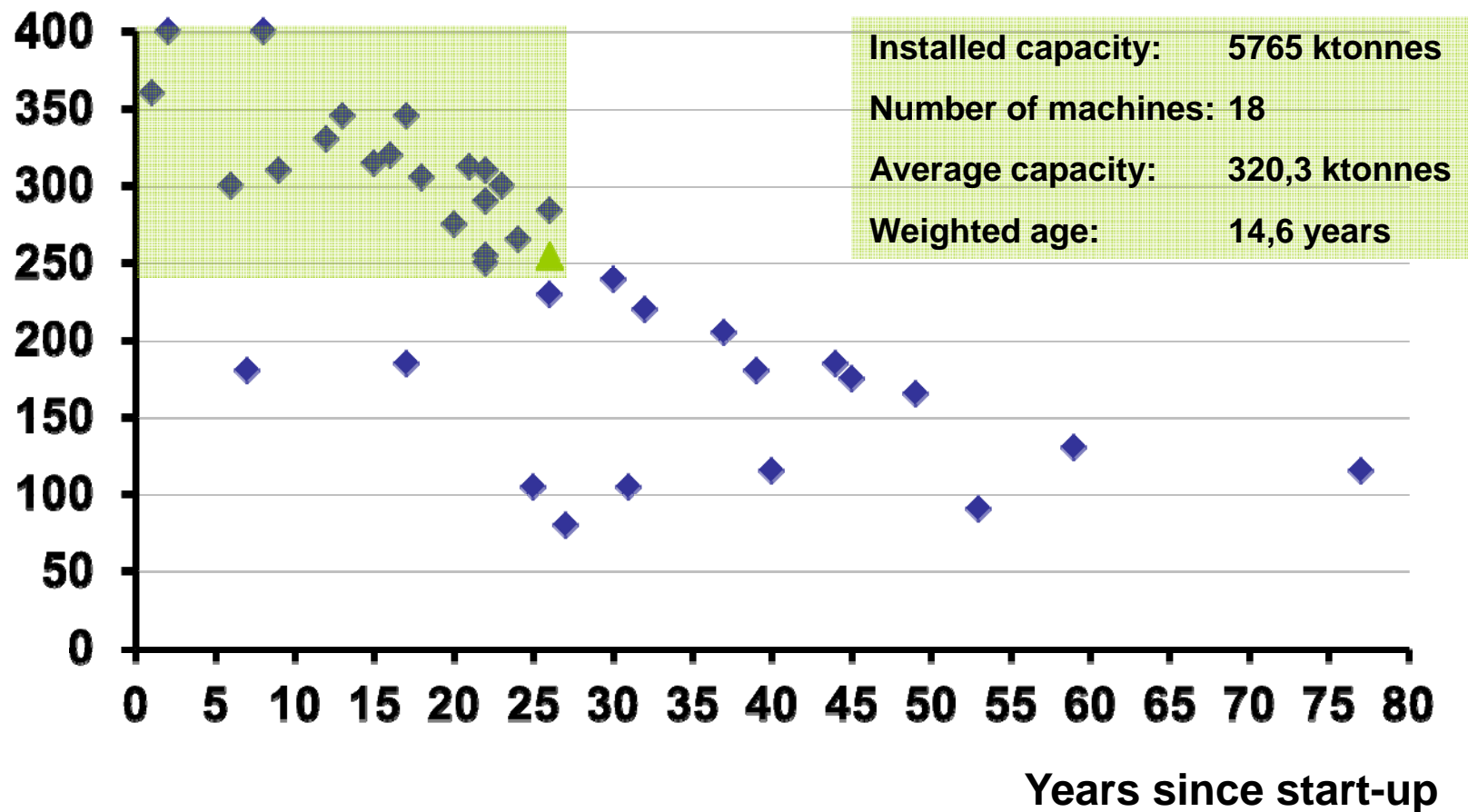
Western European standard Newsprint machines 2011



Western European standard Newsprint machines 2011



ktonnes



Summary – Market Development NP



- The consumption of standard newsprint has peaked
 - ◆ World
 - ◆ Europe
 - ◆ North America
 - ◆ Japan
- Digital media will probably take over a large part of the role of traditional newspapers in the coming 10-years period
- All forecasts indicates falling demand for standard newsprint
 - ◆ Standard newsprint has by far the most negative outlook of all paper grades
 - ◆ After 2015 demand will collapse??



UPM acquires Myllykoski

Market consequences



Capacity details – affected mills

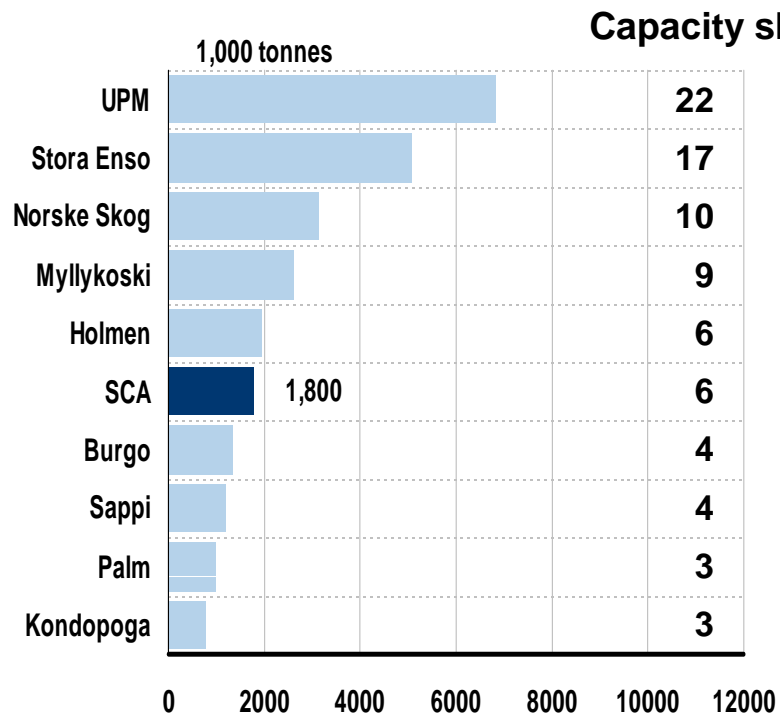
Publication Papers



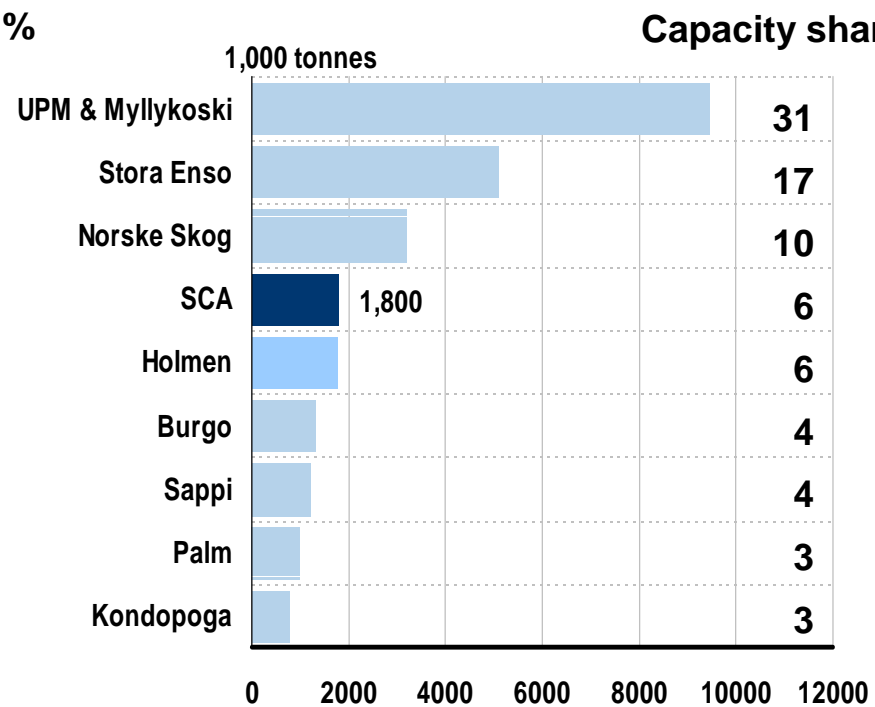
		Newsprint	UMI	UMO	SC Paper	LWC	Total
"Old"							
Myllykoski, FI	PM4			MYLLYKOSKI		230	
	PM6				145		
	PM7				220		
Ettringen, DE	PM3	85	30				
Albbruck, DE	PM5					88	
	PM6					129	
	PM7					103	
"Old"							
Stracel, FR	PM 1			UPM		290	
Closures		85	30		365	550	
Sales or other exit						290	
Total UPM & Myllykoski before		2287	235	330	3234	3936	10022
Total UPM & Myllykoski after		2202	205	330	2869	3096	8702
Change in European Capacity, %		-0.7%	-2%	-	-6%	-8%	-4%
						-5%*	

*If Stracel will be divested and restarts production in Europe

Top Producers of publication Papers in Europe



Before acquisition



After acquisition

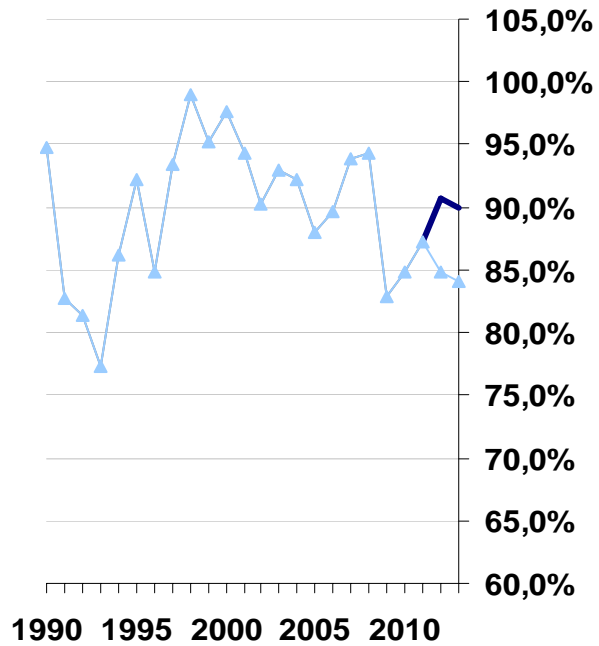
Total capacity: 30.5 million tonnes incl. newsprint, SC paper, LWC, MWC and other uncoated mechanical paper.

Source: Pöyry

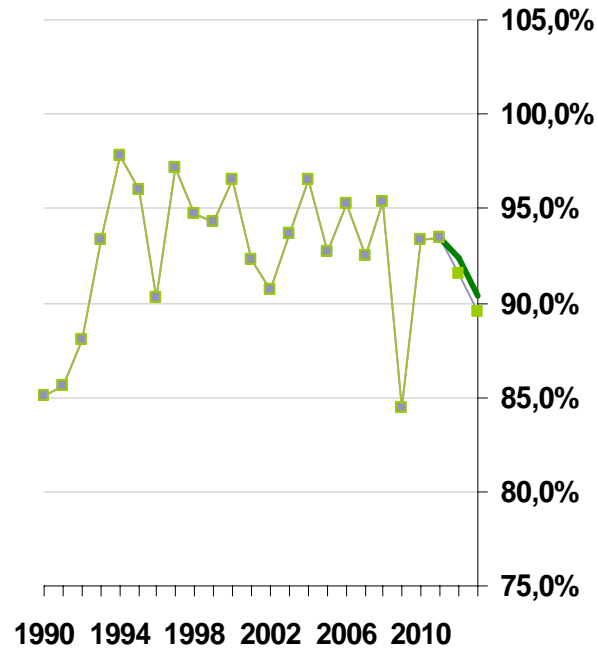
Capacity ratio development in Europe



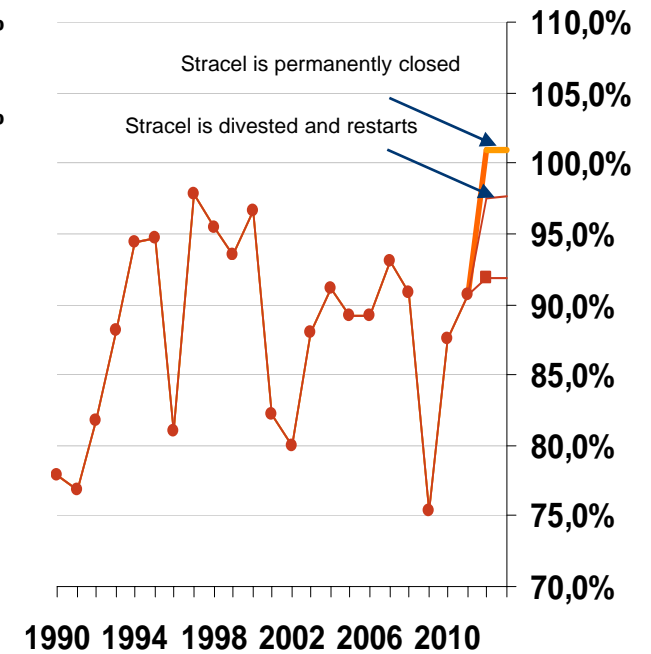
SC Paper



Newsprint



LWC





c/o Life Because our products make life easier for you and for millions of people around the world. Because our resources and the way we work are natural parts of the global lifecycle. And because we care.

