



Pulp&Paper • News&Trends • Your January 2021 Newsletter

Happy New Year!

SCA to Increase Pulp Price

SCA will increase the price on bleached softwood kraft pulp, NBSK, to 960 \$/ton from January 1, 2021. "The pulp demand is strong on all markets," says Henning Ellström, VP Sales and Marketing Pulp. "The price development in Europe has been lagging compared to that in North America and Asia. We want to reduce the gap between Europe and other markets."

Södra to Raise Price of NBSK pulp

Södra Cell is increasing the price of its northern bleached softwood kraft (NBSK) pulp in Europe to 960 \$/ton, effective 1 January 2021. "Despite challenges in 2020 the demand for our NBSK stayed healthy throughout the year. Now we distinguish clear signs of the global NBSK market recovering, and in addition we also sense the impact of multiple maintenance stops reducing supply, further improving the market balance.

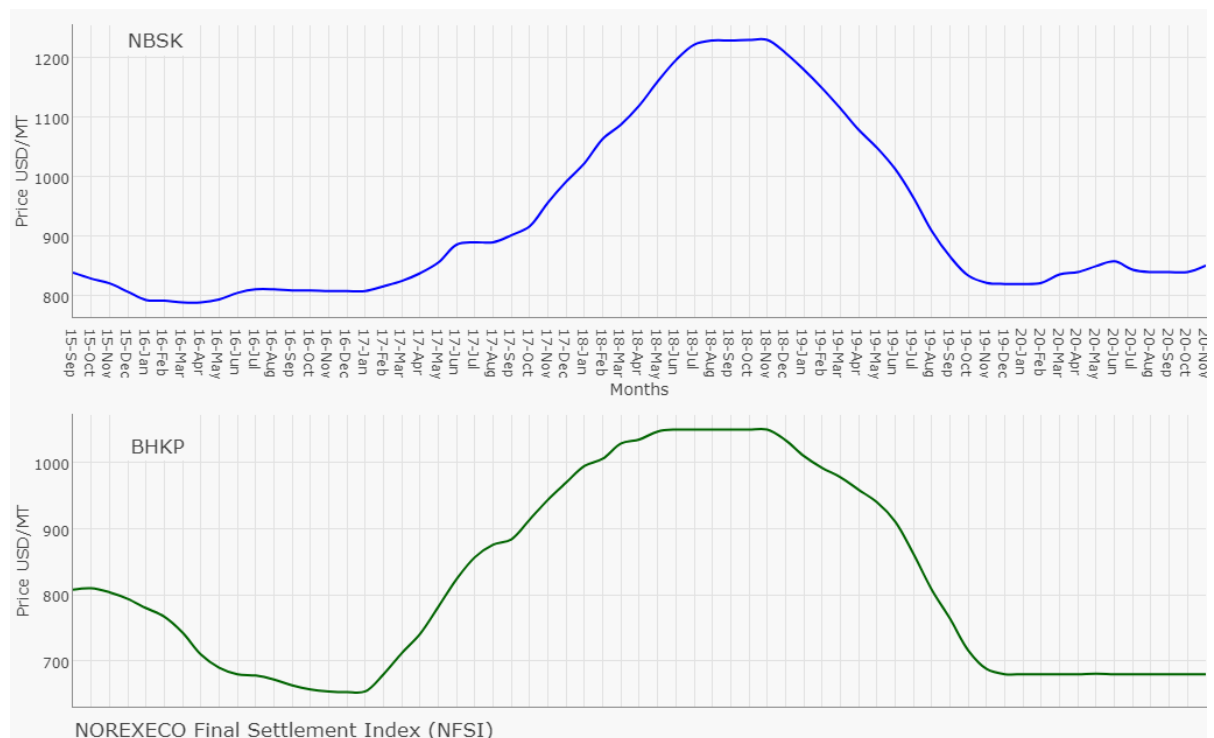
The European pulp market has been running somewhat behind but now there is momentum and the time has come to narrow the gap with other markets," commented Henrik Wettergren, VP Marketing and Sales, Södra Cell.

The Navigator Announces Higher Prices

After prices for woodfree paper experienced a long and steep decline in 2020, paper producers are trying to turn the tide, announcing higher prices for their products. The Navigator company is one of the first paper producers seeking higher prices for the European market. The company announced a 4-6% price increase for deliveries from 1 February 2021, setting a minimum of 30€/t, saying it would soon provide details of the new prices to be applied by grade.

The Navigator Company says the decision was taken due to "unsustainable low levels of profitability across the industry in Europe and following the recent

announcements of worldwide increases in pulp and logistics costs". Back in November Sappi was the first company to announce higher prices for woodfree coated paper on overseas markets from 1 January 2021.



Publication Paper Prices in The UK Could Reach Historic Low

Shrinking markets are putting pressure on newsprint and magazine paper prices in the UK. The weakness of the pound sterling is additionally burdening suppliers. Demand for newsprint in the UK has fallen by around 25% in 2020 compared to last year. The market for magazine paper will also close out 2020 with a significant decline. The sharpest drops were seen in the LWC segment.



2021: a Year of Recovery, Catch-up and Accommodation

The experts expect 2021 to be a better year for the global economy than most envisage.

GDP growth in many major economies will surprise on the upside, with those that suffered the sharpest downturns this year generally rebounding fastest. Nonetheless, policy tightening seems very unlikely outside China. In that environment, bond yields will stay low and the rally in risky assets looks set to continue.

Go Green

Ikea to Stop Printing Its Catalogue

The current Ikea catalogue will be the last. The Swedish furniture giant decided to stop producing the catalogue after 70 years. In the past year Ikea's online trade grew by 45% worldwide, and the company's website recorded more than four billion visitors. Worldwide Ikea franchiser Inter Ikea Systems B.V. decided to stop producing the traditional Ikea catalogue.

Customer behaviour and media consumption have changed and the Ikea catalogue has been used less and less, the company explains. Ikea will

be therefore focusing on strengthening digital channels and on new ways of communicating with customers.

In the highest-circulation year 2016, 200M copies of the catalogue in 69 different versions and 32 languages were distributed in over 50 countries.

Restructuring

International Paper Plans Spin-off of Printing Papers Business

Printing papers are one of International Paper's three main divisions. Now the group wants to spin off the segment and focus on its pulp and industrial packaging businesses. Thus, the printing papers segment would become a standalone, publicly traded company.

The proposed spin-off is still subject to closing conditions such as the final approval by the Board of Directors and is expected to be completed late in the third quarter of 2021. The new company will be referred to as SpinCo until it establishes its own corporate identity.

In fact, International cites its intention to reduce costs as one of the reasons for this move. The company expects to reduce its cost structure by \$300M by 2023 thanks to the spin-off. Overall, it hopes to generate an additional \$350-400M of annual earnings by then.

Once the spin-off is concluded, International Paper will operate 20 containerboard mills with 14.5M tpy of capacity, 8 pulp mills with a capacity of 3.2 M tpy as well as 220 converting facilities. The operations are expected to generate annual sales of \$17B, of which 85% will account for Industrial Packaging and 15% for Cellulose Fibres.



M&A Activity / (Dis) Investments

- Brazil's Suzano plans \$2.7B pulp plant

- Stora Enso to build granulation and packing plant for lignin in Finland - €14M
- Stora Enso invests €80M in wood handling at Imatra mills
- EBB acquires UK's largest board merchant Warren Board
- Andritz acquires French fibre processing specialist, Laroche
- Kimberly-Clark to complete \$19M steam production facility by Spring
- Kimberly-Clark investing \$140M, hiring 33 workers in Corinth
- Kimberly-Clark building steam production facility in Owensboro
- Svetlogorsk Pulp and Board Mill starts making viscose cellulose
- Borregaard receives NOK 15.7M (\$1.8M) funding for biochemicals development project
- Metsä Spring and Valmet begin construction of 3D fibre product pilot plant in Finland
- The Navigator Company invests €55M in new biomass boiler at Figueira da Foz
- Kimberly-Clark sells its Swiss Niederbipp Plant and the "Tela" brand to the Queck family, a German family firm

New Developments

- Valmet to supply new flash drying and baling line and CTMP rebuild to SCA Ortviken mill in Sweden
- Andritz and Infinited Fiber Company sign equipment development deal
- Andritz to supply fibre line to Turkey's Starwood Orman Urunleri
- Sun Paper started up PM 39 successfully ahead of schedule
- De Iuliis C&A to supply four couch roll projects
- Pro-Gest Group started production at the Mantua Paper Mill in Italy
- Paper Excellence Canada to restart PM3 in January 2021

Cheers to health, happiness, and prosperity in 2021!

"For last year's words belong to last year's language. And next year's words await another voice." —T.S. Eliot

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