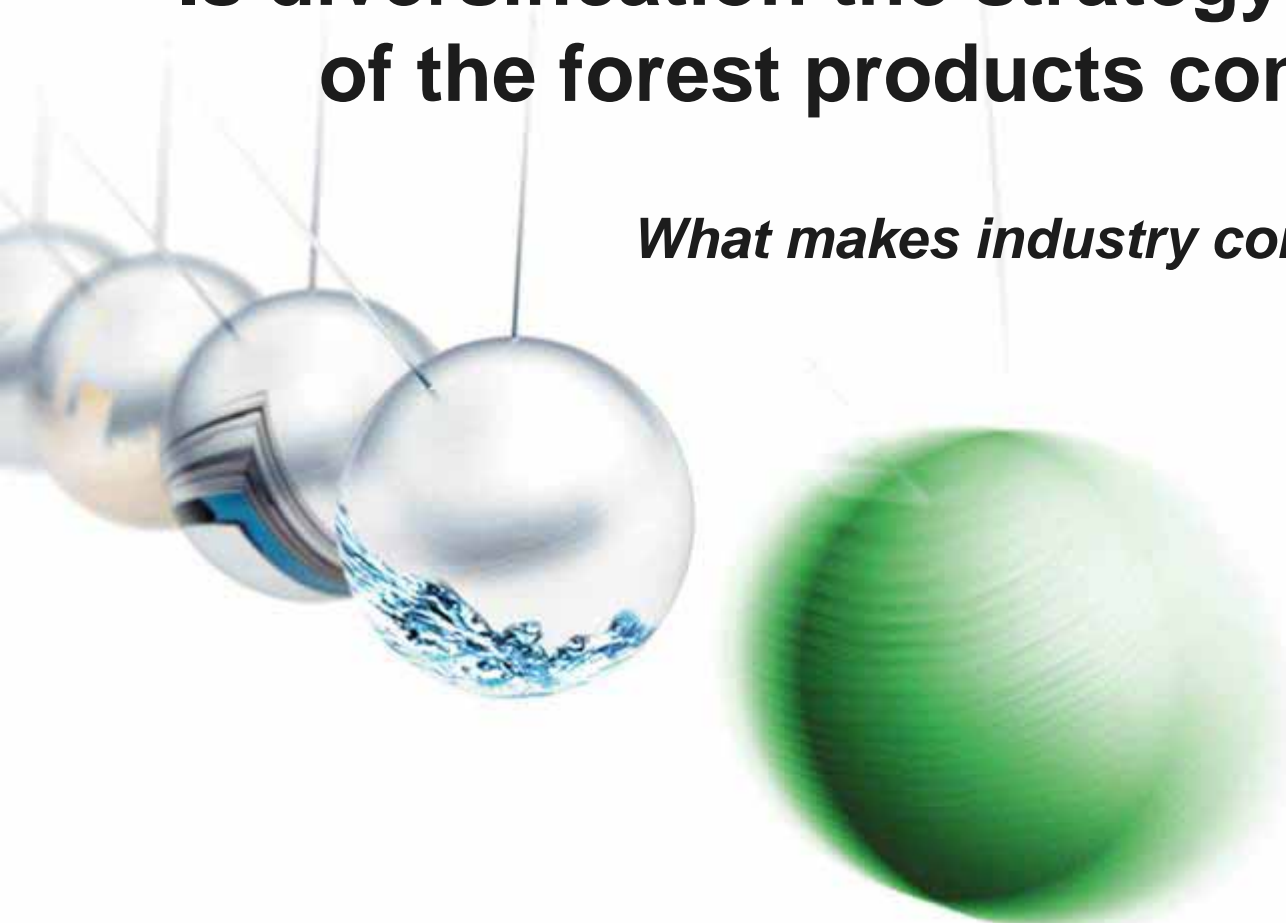


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# Is diversification the strategy for the future of the forest products companies?

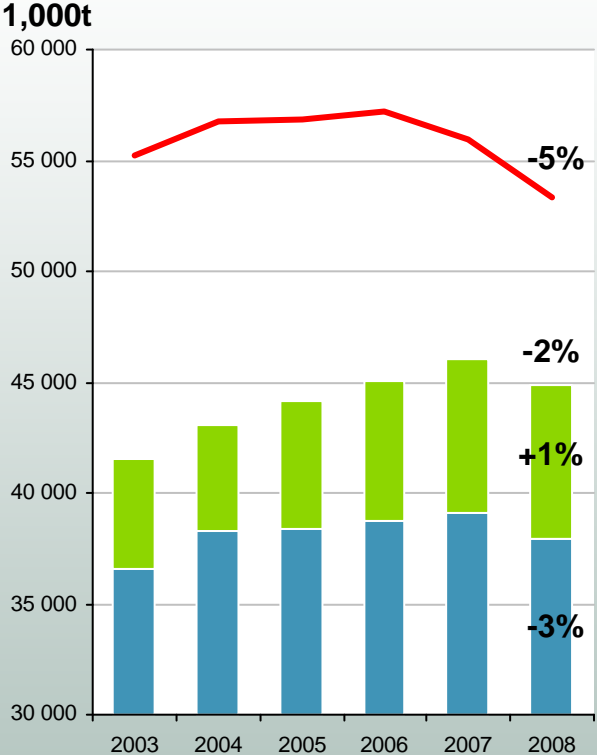
*What makes industry confident to manage?*



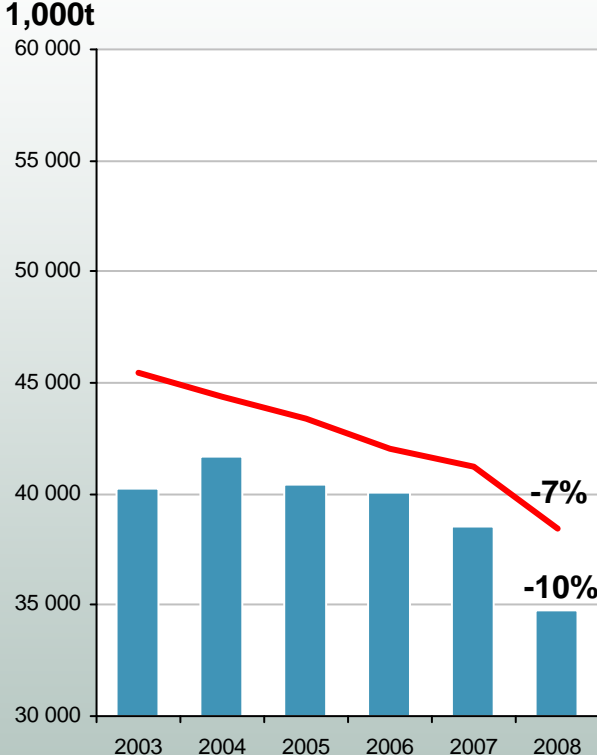
Dr. Hartmut Wurster  
PTS Coating Symposium  
September 22, 2009

# Paper demand is decreasing in Europe and North America while growth in Asia continues

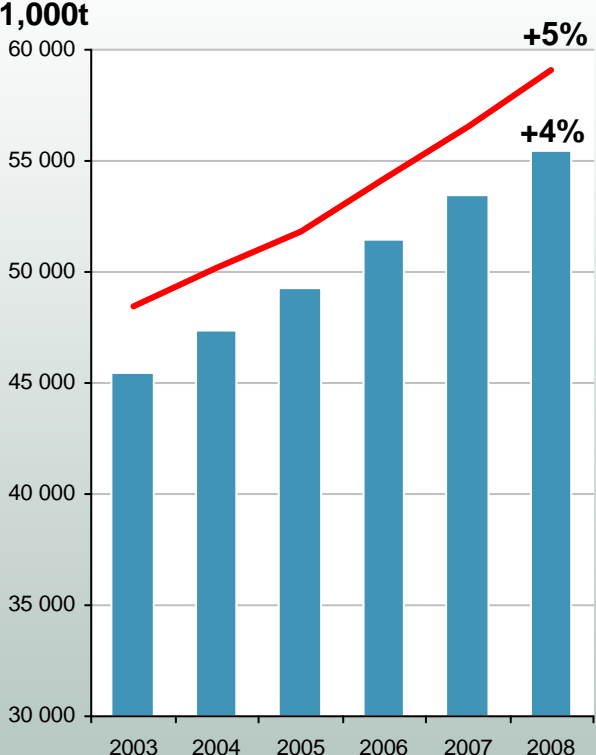
## Europe



## North America



## Asia



W. Eur demand E. Eur demand Capacity

NA demand Capacity

Asia demand Capacity

Source: Cepiprint, Cepifine, PPPC, PPI

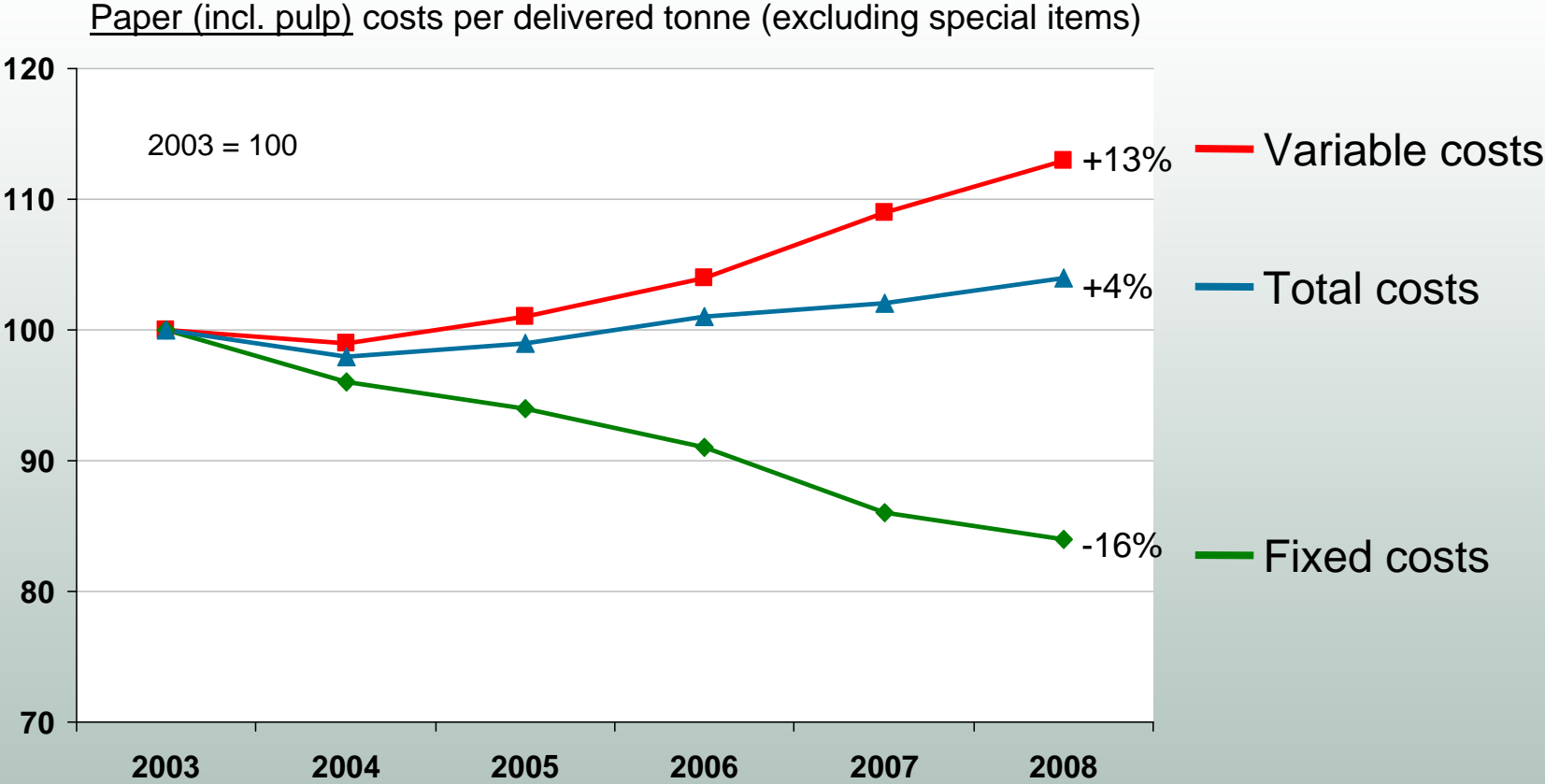
## Key messages

- Structural overcapacity situation in Europe and NA with simultaneous geographical demand shift to Asia creates challenges



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RENEWABLE,  
RECYCABLE,  
INTELLIGENT AND  
LEAN PROCESSES

# Total costs have been increasing despite of significant actions taken by the industry



Source: UPM annual reports

***New solutions are needed!***

## Key messages

- Structural overcapacity situation in Europe and NA with simultaneous geographical demand shift to Asia creates challenges
- Cost competitiveness of print-media: exploration, evaluation and implementation of new technologies are needed → quantum leaps



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LEAN PROCESSES

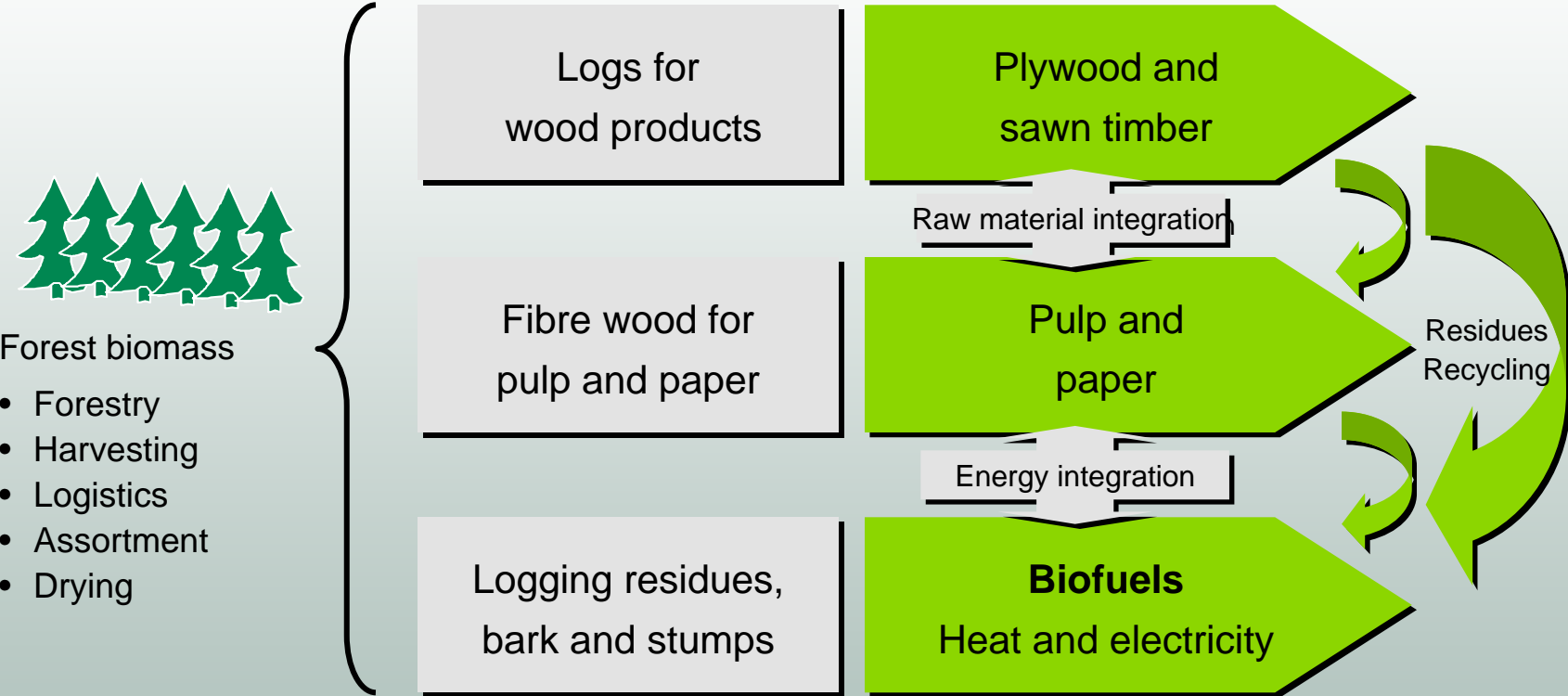
## Key messages

- Structural overcapacity situation in Europe and NA with simultaneous geographical demand shift to Asia creates challenges
- Cost competitiveness of print-media: exploration, evaluation and implementation of new technologies are needed → quantum leaps
- Future success is based on sustainability. Key resources will be energy, water and raw materials with controlled costs



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# Business opportunities and strong synergies with existing forest company's businesses



***Sustainability = significant CO2 reduction + non-food + sustainable total supply chain***

## Key messages

- Structural overcapacity situation in Europe and NA with simultaneous geographical demand shift to Asia creates challenges
- Cost competitiveness of print-media: exploration, evaluation and implementation of new technologies are needed → quantum leaps
- Future success is based on sustainability. Key resources will be energy, water and raw materials with controlled costs
- Diversification can be developed from the value chain. Biofuels will be integral part of forest industry renewal



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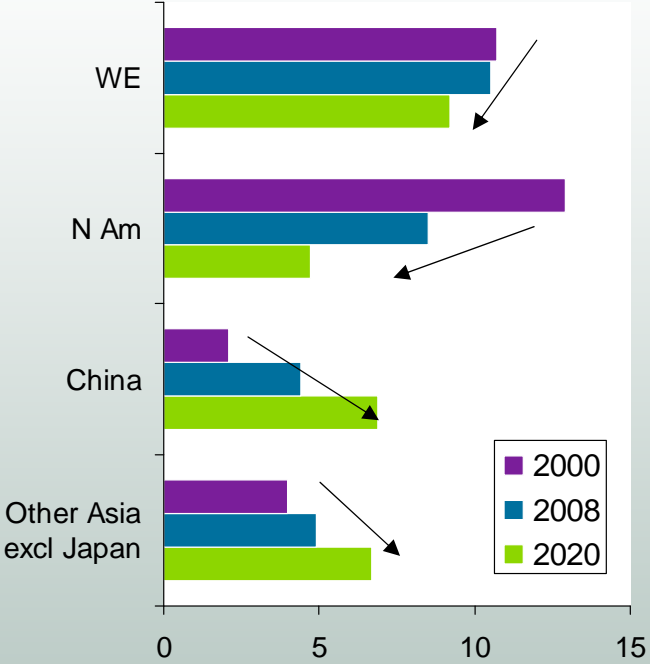
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# Appendices

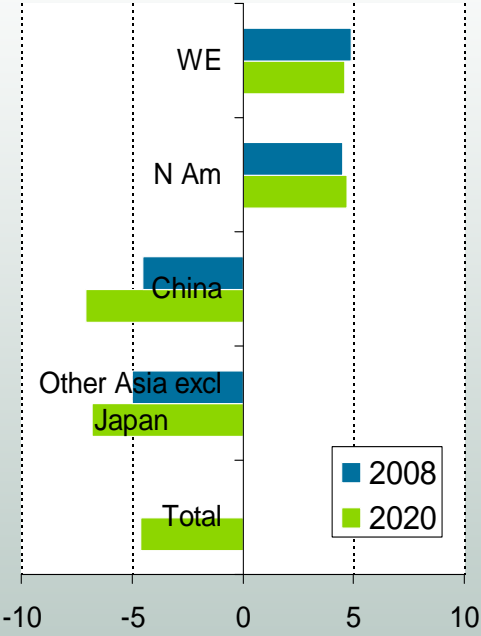
# Demand shift to developing economies requires a solution for fibre availability

Newsprint demand, Mt



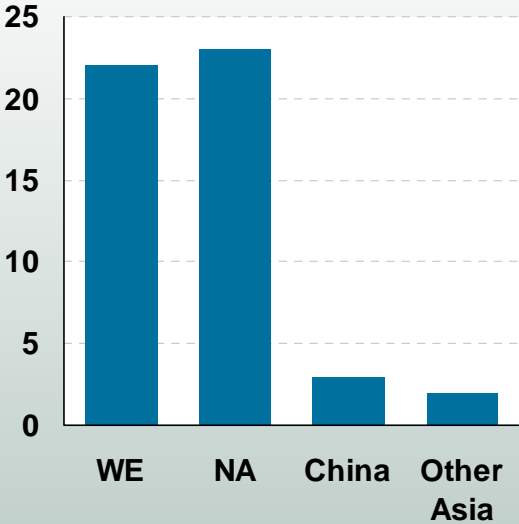
Demand in the mature markets with high collection rates is declining and growth is in emerging markets...

ONP/Mags surplus Mt



... grows recycled fibre deficit globally and especially in Asia...

Newsprint cons kg/capita in 2008



... which requires an increase in collection rates in emerging markets from est. 10% to >30%

# Sustainable development builds on three foundation

*'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs'*  
– Gro Harlem Brundtland, Special Envoy on Climate Change for the UN –



**economic**

profit



**social**

people



**environmental**

planet

# Diversification opportunities exist in various parts of the forest industry value chain

