

# HOLMEN

## PRESS RELEASE

26 September 2002

### New paper machine inaugurated

## Holmen strengthens position as leading supplier of high bright paper products

Holmen's new machine for the production of paper for specialist magazines, supplements and advertising print was inaugurated by H.M. King Carl XVI Gustaf in Hallstavik on Thursday. The investment cost of the new paper machine and developments to the pulp handling and bleaching plant totalled MSEK 1,850.

The new machine is the largest in Western Europe for the production of high bright MF Magazine paper. It has been installed at the Hallsta Paper Mill in Hallstavik, 100 kilometres north of Stockholm, where it replaces a 35-year-old machine. After being brought into production at the beginning of April this year the machine was trimmed during the spring and summer to satisfy the high quality demands made on the paper and to reach its rated capacity of 330,000 tonnes per year.

"The new machine is the world's most modern and cost effective within this product area," says Göran Lundin, Holmen's President and CEO. The investment is well in line with Holmen's strategy as it generates organic growth in an area where we already have a strong market position and very close customer relations. The quality improvements to Hallsta's products will strengthen Holmen as a supplier of high bright paper products. This will benefit not only the customers, but, in combination with the increase in capacity, it will increase Holmen's turnover and profit, which creates value for our shareholders."

The Hallsta Paper Mill is Holmen's largest unit for the production of newsprint and magazine paper and is part of the Holmen Paper business area. Magnus Hall, President of Holmen Paper, comments on the new machine's products:

"For our customers the new MF Magazine paper will bring marked improvements in print quality. Together with key customers we plan to develop new, attractive products for all methods of printing. The products from this new machine are in some respects intended for new customers and new areas of application, where this uncoated grade of paper has not normally been the natural choice."

Over the past ten years the market for MF Magazine has expanded at an annual rate of more than 5 per cent, with growing demand for supplements, magazines and advertising print among the main contributory factors. "We believe that the European market within this product area will continue to show a healthy rate of growth," says Magnus Hall.

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## **PRESS RELEASE**

### **Facts about the new paper machine, PM 11**

**Length:** 146 metres, including reeling machine

**Width:** 8.5 metres

**Weight:** 4,000 tonnes

**Max speed:** 1,850 metres per minute

**Capacity:** 330,000 tonnes per year

**Grammage of paper produced:** 42-55 grams per m<sup>2</sup>

The floor area of the machine hall is 6,900 m<sup>2</sup> and 4,000 cubic metres of concrete, 25 km of pipeline and 500,000 man-hours were required for the construction work

### **Facts about the Hallsta Paper Mill**

**Production in addition to MF Magazine:** Standard newsprint, SC paper for weekly magazines and book paper

**No. of employees:** Around 1,000

**No. of paper machines:** Four with an aggregate capacity of 800,000 tonnes per year

### **Facts about Holmen Paper**

**Net turnover 2001:** MSEK 8,757

**Average no. of employees 2001:** 2,494

**Production units in addition to Hallsta Paper Mill:** Braviken Paper Mill (Norrköping), Wargön Mill (Vargön) and Papelera Peninsular (outside Madrid in Spain)

**Total production capacity, newsprint and magazine paper:** 1,800,000 tonnes per year

### **Facts about Holmen**

**Net turnover 2001:** MSEK 16,655

**Average no. of employees 2001:** 5,238

**Business areas in addition to Holmen Paper:** Iggesund Paperboard (paperboard), Iggesund Timber (sawn timber), Holmen Skog (responsible for wood procurement and forest management) and Holmen Kraft (electricity provision and hydroelectric power stations)

**Total annual production capacity, in addition to newsprint and magazine paper:** Paperboard 505,000 tonnes; sawn timber 220,000 m<sup>3</sup>.