

# MM's Q2 deliveries up, H1 results still lower than in 2023

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Austrian cartonboard and folding carton producer Mayr-Melnhof (MM) reports some market improvements in the first half of 2024, but still saw sales (€2,044m), operating profit (€91m) and net profit (€37m) decline compared to the first half of 2023. The decrease in sales is mainly due to lower selling prices in the cartonboard and paper division.

As the destocking process along the supply chain came to an end in the reporting period, the MM Board & Paper division recorded a significant increase in market demand. As a result, deliveries in the first half rose by 18 per cent to 1,1 million t and production also increased significantly by 21 per cent to 1,2 million t.

Despite selective price increases implemented in the first half of 2024, average sales prices for board and paper were still significantly lower than in the previous year. This impacted the division's sales (€986m), which were slightly lower than in the first half of 2023. At the same time, input costs – such as for recovered and personnel – rose again, in particular in the second quarter of 2024.

After four quarters of operative losses, the MM Board & Paper division returned to operative profitability thanks to improvements in prices and deliveries. The operating result stood at €2m in the second quarter of 2024, but was still in the red for the January-June 2024 period at €-11m.

## Packaging division divided

MM has split its folding cartons manufacturing activities into two divisions according to end markets: MM Food & Premium Packaging and MM Pharma & Healthcare Packaging.

The MM Food & Premium Packaging division recorded a solid performance despite the ongoing challenges posed by the weak economic situation and the associated changes in consumer behaviour. Deliveries and prices were below the previous year's level in several market segments.

The division's sales for the half year declined by 9 per cent and totalled €836m. Output went up by 3 per cent to reach 1,528 million m<sup>2</sup> by the end of June 2024.

Momentum at MM Pharma & Healthcare weakened during the reporting period. The division recorded a slight decline in sales of 6 per cent to €322m. This was due to destocking along the supply chain and the focus on products with higher added value, said MM. At 478 million m<sup>2</sup>, production was also below the previous year's level. In contrast, the adjusted operating result went

up significantly from €9m in the first half of 2023 to €19m, which was primarily due to the implementation of cost-cutting programmes.

### **Consumer restraint dampens outlook**

Given the persistently overall weak economy and continuing slow consumer spending, MM expects that the current low market activity to persist in the coming months. The company says it will continue to pursue selective price increases.

MM stays focused on enhancing earnings and cash generation by continuing its profit and cash protection programme. The majority of savings are expected to materialise in 2025. Capital expenditures will remain significantly lower than in previous years, as the major projects have already been successfully completed.

| Mayr-Melnhof results                      |              |       |                |       |
|-------------------------------------------|--------------|-------|----------------|-------|
| million €                                 | April - June |       | January - June |       |
|                                           | 2024         | 2023  | 2024           | 2023  |
| <b>Key figures</b>                        |              |       |                |       |
| Sales                                     | 1,019        | 1,059 | 2,044          | 2,181 |
| EBITDA                                    | 107          | 98    | 202            | 214   |
| Operating result                          | 51           | 42    | 91             | 104   |
| Net result                                | 27           | 28    | 37             | 63    |
| <b>Business area review</b>               |              |       |                |       |
| <b>MM Board &amp; Paper</b>               |              |       |                |       |
| Sales*                                    | 503          | 498   | 986            | 1,019 |
| Adjusted EBITDA                           | 29           | 18    | 43             | 72    |
| Operating result                          | 2            | -10   | -11            | 18    |
| Deliveries 1,000 t                        | 570          | 486   | 1,134          | 959   |
| Cartonboard                               | 447          | 365   | 886            | 740   |
| Paper                                     | 123          | 121   | 248            | 219   |
| Production, 1,000 t                       | 584          | 469   | 1,160          | 957   |
| <b>MM Food and Premium Packaging</b>      |              |       |                |       |
| Sales*                                    | 407          | 438   | 836            | 921   |
| Adjusted EBITDA                           | 61           | 68    | 121            | 130   |
| Operating result                          | 42           | 49    | 82             | 77    |
| Production, in million m <sup>2</sup>     | 741          | 734   | 1,528          | 1,579 |
| <b>MM Pharma and Healthcare Packaging</b> |              |       |                |       |
| Sales*                                    | 157          | 169   | 322            | 343   |
| Adjusted EBITDA                           | 17           | 18    | 38             | 35    |
| Operating result                          | 7            | 3     | 19             | 9     |
| Production, in million m <sup>2</sup>     | 233          | 245   | 478            | 494   |
| *including internal sales                 |              |       |                |       |
| Source: Mayr-Melnhof                      |              |       |                |       |

# James Cropper reports lower sales in FY 2023/2024 amid challenging market conditions

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British paper, packaging and technical products supplier James Cropper looks back on a challenging financial year ended on 30 March 2024. Sales revenues decreased by 21 per cent to £103m. The company reported negative operating and net results.

Commenting on the performance, James Cropper CEO Steve Adams said: "After a strong first half that showed continued momentum on the previous year, difficult market conditions during late 2023 and early 2024 across both businesses required a concerted effort to protect prices and margins and to focus on productivity and cost savings."

In January 2024 James Cropper reported that the company's most promising growth opportunities, in particular those in the hydrogen and fuel cells end markets, were taking longer to materialise than previously expected due to delayed market growth. At the same time, challenging market conditions were expected to persist throughout the Paper & Packaging business in the second half of the year.

Price protection, operational improvements and reduced input costs resulted in a full-year performance ahead of the revised expectations published in January 2024.

During the reporting period, the company combined the Paper and Colourform divisions into a single Paper and Packaging division. Restructuring costs were reported at £2.3m. In addition, a restructuring programme was initiated, which resulted in a 15 per cent reduction in the workforce.

The division experienced a significant decline in deliveries during the second half of the financial year due to supply chain destocking and the impact of low consumer confidence. Lower input costs, product mix improvements and productivity initiatives helped to protect margins to a certain degree.

Nonetheless, the newly formed Paper and Packaging division reported a 25 per cent drop in sales to £69m, due in part to the unwinding of energy surcharges and weak end-market demand. The adjusted operating loss of £5m was higher than in the previous year.

The Advanced Materials business performed well in the first half of the financial year. Sales (£35m) and adjusted Ebitda (£9m) were slightly below last year's figures. The year also saw the start of the first phase of construction of the new decarbonisation energy centre.

The outlook is cautiously positive: James Cropper sees some market recovery with volumes from key customers returning to previous levels. Order intake levels in the Paper & Packaging business point to signs of recovery in FY2025 and the new operating model is already delivering improved margins. The mid-term outlook for the Advanced Materials division remains strong. Group trading in the first quarter of the current year is in line with the company's expectations.

| James Cropper results           |                            |                            |
|---------------------------------|----------------------------|----------------------------|
| million £                       | April 2023 -<br>March 2024 | April 2022 -<br>March 2023 |
| <b>Key figures</b>              |                            |                            |
| Sales                           | 103.0                      | 129.7                      |
| Adjusted EBITDA                 | 6.6                        | 9.0                        |
| Operating result                | -3.0                       | 3.3                        |
| Net result                      | -4.0                       | 0.5                        |
| <b>Business area review</b>     |                            |                            |
| <b>Paper</b>                    |                            |                            |
| Sales                           | 68.5                       | 92.5                       |
| Adj. operating result           | -5.1                       | -3.9                       |
| <b>Technical Fibre Products</b> |                            |                            |
| Sales                           | 34.5                       | 37.2                       |
| Adj. operating result           | 7.7                        | 9.2                        |
| Source: James Cropper           |                            |                            |

# Spot markets for sawmill residues in Germany barely moving

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| EUWID Price Watch Sawmill Residues Germany                              |               |               |               |               |                    |
|-------------------------------------------------------------------------|---------------|---------------|---------------|---------------|--------------------|
| August 2024                                                             |               |               |               |               |                    |
| €/loose m <sup>3</sup>                                                  | 22 Aug 2024   | 11 July 2024  | 31 May 2024   | 24 Aug 2023   | % Change 2024/2023 |
| <b>Southern Germany</b>                                                 |               |               |               |               |                    |
| Woodchips*                                                              | 14.00 - 16.50 | 13.50 - 16.50 | 13.50 - 16.50 | 15.50 - 19.00 | - 11.6             |
| Sawdust*                                                                | 10.50 - 12.00 | 9.50 - 11.50  | 8.00 - 11.00  | 19.50 - 22.50 | - 46.4             |
| <b>Northern/Western Germany</b>                                         |               |               |               |               |                    |
| Woodchips*                                                              | 14.50 - 18.50 | 14.50 - 18.50 | 14.50 - 17.50 | 16.00 - 18.50 | - 4.3              |
| Sawdust*                                                                | 13.00 - 15.00 | 13.00 - 15.00 | 12.50 - 15.00 | 19.50 - 22.50 | - 33.3             |
| <b>Eastern Germany</b>                                                  |               |               |               |               |                    |
| Woodchips*                                                              | 14.50 - 15.50 | 14.00 - 15.00 | 14.00 - 15.00 | 16.00 - 18.50 | - 13.0             |
| Sawdust*                                                                | 11.00 - 12.50 | 10.50 - 12.50 | 10.00 - 12.50 | 19.00 - 22.00 | - 42.7             |
| * without bark                                                          |               |               |               |               |                    |
| Average prices for sawmill residues sold to industrial clients, ex mill |               |               |               |               |                    |
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By the middle of the third quarter, no significant change against the previous months had occurred on the German sawmill residues markets. Market players believe supply and demand are largely in equilibrium.

In the last few weeks, both suppliers and customers have shut down for the holidays or have taken downtime for inspection work. Neither side is expecting usual season production activity to be resumed until late August or early

September. A number of pellet works are still undergoing maintenance downtime and an eastern German pulp mill commences two weeks of downtime for inspection very soon. There has been no news of more extensive production cuts.

The outflow of contractually agreed volumes is on schedule. No significant build-up of stocks of residual wood took place in the sawmilling industry in August either. Despite what is still an unsatisfactory situation as regards earnings on the commercial markets for A1 pellets, sales of sawdust to the pellet industry have recently been progressing as planned. Correspondingly, only low volumes of sawmill residues, if at all, are being offered on the spot markets at present. In the case of MDF/pulp woodchips, scattered instances of surplus volumes have been incorporated into current contracts.

As more contracts with a term of three months and longer have arisen again for the current quarter, only few negotiations on follow-on deliveries were due for August deliveries. According to similar statements from suppliers and buyers, in these cases, the majority of prices for MDF/pulp woodchips have been rolled over. Minor increases of around €3-5/t were evidently possible in scattered instances for sawdust alone. In Germany, the west and the north remain the regions with the highest prices for sawmill residues. Suppliers are profiting from consistently heavy demand and, compared to the domestic market, above-average prices from buyers in the Benelux region and Scandinavia. Quotas of residual wood delivered to buyers in Germany to date have been cut back and redirected to export.

A high supply of sawmill residues in Austria recently made itself felt in parts of southern Germany. Scheduled stoppages in pulp mills are also due in September and October. Owing to an above average supply within Austria, imports from Germany are being restricted to the volumes agreed under preliminary contracts. Buyers are currently showing no interest in additional volumes. This largely rules out Austria as a relief market at the moment.

Over the past few weeks, the sawmilling industry has increasingly reported an inadequate supply of roundwood. Some mills say they have been unable to utilise their production capacity according to plan. A currently below-average supply of beetle-damaged wood is being given as the cause. Many sawmills had been counting on being able to fall back on substantial volumes of roundwood from bark-beetle damage clearance operations from July/August. This year's heavy rainfall, however, has evidently contributed to better vitality and resilience of spruce trees this year. Forest-protection experts also are working from the assumption, however, that searching for bore dust has been hampered by the rainfall and that considerable damage has not been found yet.

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# Andritz to supply mechanical pulping line to Guangdong Guanhao mill in China

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Austria-based technology group **Andritz** will supply a high-capacity chemi-mechanical pulp (CMP) production line to Chinese **Zhanjiang China Paper Co.**, a subsidiary of Guangdong Guanhao High-Tech Co. The new line will fill the gap in the company's CMP fibre supply and end Guangdong Guanhao High-Tech's dependence on market pulp. The new production line will have an annual capacity of 400,000 tonnes and will use premium white cardboard as raw material, according to Andritz.

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# Valmet to deliver technology to Klabin's Monte Alegre pulp mill

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**Valmet** will deliver a new recovery boiler, an ash crystallisation plant, and an odorous gas handling system to **Klabin's** Monte Alegre pulp and paper mill. The delivery includes automation and flow control solutions consisting of extensive optimisation systems and control valves. The new equipment is estimated to be taken into operation by the end of 2026, Valmet says.

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# Valmet and Spinnova sign up for exclusive strategic partnership

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**Valmet** and **Spinnova** have signed a strategic partnership agreement for the supply of process equipment for textile fibre production to Spinnova's technology customers. The exclusivity agreement is valid for four years. Valmet has previously supplied drying technology to Woodspin, a joint venture between Spinnova and Suzano, for the Jyväskylä facility in Finland which produces wood-based Spinnova fibre.

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# Toscotec to upgrade PM 6 at Renova's Torres Novas facility

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**Toscotec** will supply a Yankee Hoods upgrade to tissue producer **Renova's** Torres Novas facility in Portugal. The Italian engineering company has developed a customised solution designed to deliver gas consumption reductions of more than 25 per cent, which will significantly bring down carbon emissions and increase machine runability at the site.

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# PulPac appoints Marcus Palm as Vice President

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Swedish start-up **Pulpac** has appointed **Marcus Palm** as Vice President with immediate effect, the company announced on 22 August. Mr Palm has been an active member of Pulpac's Board of Directors since 2019 and will now take on a strategic leadership role. He was previously chief legal officer at Swedish flooring manufacturer Vålinge Innovation.

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# Changes at the helm of GAW technologies

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After 21 years in the company, **Wolfgang Senner** left Austrian machinery supplier **GAW technologies** in July 2024. His successor is **Alexander Rinderhofer**, who has been part of GAW's management since 2017. In his role has was in charge of the innovation, technology and marketing activities of GAW technologies.

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## Fripa starts up online shopping site

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German tissue manufacturer **Fripa Papierfabrik** has started up an online shop for tissue and hygiene products via its subsidiary Fripa Markenvertriebs GmbH. The site is currently offering products of the oecolife and Glücksblatt brands, but further brands and products are to be added.

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# A deep summer lull reigns supreme on Germany's packaging paper markets

Price trend for white CCM and cartonboard not clear-cut

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**Germany's paper markets are experiencing a deep summer slump amidst languishing demand. Recycled corrugated case material manufacturers are finding it hard to raise prices for white liner grades. As the month draws to a close, it is apparent that agreements featuring higher prices have still not been inked. Dwindling recovered paper prices are reportedly the primary obstacle. Brown containerboard prices went nowhere in August after climbing by €40 in July. The market continues to lack momentum. Market players are holding back on making forecasts about what might happen to the economy in the traditionally strong autumn months.**

Raising prices is almost impossible in the German cartonboard business, as well. With recovered paper prices soaring so far this year, recycled cartonboard manufacturers feel that they urgently need to charge more despite recent fibre cost reductions. Sources mentioned the first mark-ups for folding boxboard (GC), although it is unclear how sustainable they might be.

## **Trend in white recycled corrugated case material prices mired in uncertainty**

The German recycled corrugated case material business is quiet in the holiday month of August. Manufacturers described order backlogs as okay for the time of year. Demand within Germany was stagnant, and it was clear that more and more corrugated board mills had gone on holiday throughout Europe. That being said, overseas exports were keeping markets more or less in balance and helping to keep machines busy.

With consumer sentiment remaining lacklustre, insiders have major question marks about what the autumn has in store for demand. Observers find it hard to make forecasts. Back at the end of 2022, many insiders had firmly expected that the economy would pick up in 2023. This recovery had failed to materialise. And 2024 has also fallen short of expectations to date, with most experts saying that the year was seemingly over. Deliveries were better than last year, but the market simply lacked momentum. Consumers were extremely unsettled, given price inflation, global crises, the impacts of the energy transition and high interest rates in some places. Even a significant rise in wages has apparently not improved consumption.

Generally speaking, brown paper prices stayed the same in August. July's €40/t hike did not appear to have taken hold until the start of August for a few latecomers. Producers have found that their cost burden has eased now that recovered paper prices

have subsided. Nobody was making a fortune at the moment, though, sources pointed out. They added that the most recent price increase was not even enough to achieve decent margins.

Nonetheless, experts could not rule out the possibility of buyers demanding price cuts this autumn, depending on what happens to recovered paper costs and how demand pans out. After all, a number of converters are unable to pass July's mark-up on to their customers promptly.

Compounding matters, manufacturers are adding more capacity, which will further increase the supply of corrugated case material. Firstly, Model is planning to commission a 9.40m-wide machine in Eilenburg, Germany, with an estimated capacity of 600,000 tpy. This rebuilt paper machine will produce recycled fluting and testliner in grammages between 70-120 g/m<sup>2</sup>. Secondly, Turkish company Kipaş Kağıt intends to start up a second PM at its Söke mill in September. The new PM 3 has a capacity of 650,000 tpy and will produce recycled fluting, testliner and kraft top testliner in grammages of 60-110 g/m<sup>2</sup>. Thirdly, Norske Skog is set to add a PM that can make 550,000 tpy at its Golbey mill in France in the second half of this year.

Falling recovered paper prices are already thwarting producers' plans to raise their prices for white testliner. No deals containing higher prices were reported in the second half of August, either. Negotiations are ongoing. Contacts told EUWID that it was hard to assess how their competitors were acting; they did not want to forecast the outcome of these conversations.

### **Recycled cartonboard producers in nervous mood**

"Recycled cartonboard prices should actually be €100/t higher," one cartonboard company source said, describing a situation that has prevailed for months now. Recovered paper prices had climbed dramatically since the first quarter, but cartonboard prices had only risen by €25-30/t in April and unlined chipboard prices by the same sum in June.

Instead of instituting the mark-ups that were and still are needed despite the slight reduction in recovered paper costs, a few cartonboard manufacturers are reportedly acting unsettled. Rather than talking about increasing prices, producers are apparently granting discounts to keep their machines busy. Contacts said that concessions in line with the spring price increases were under discussion, sometimes as a "summer discount" and sometimes as a genuine price cut. A few company sources described this step as "unfortunate" at the current market environment.

Market players were experiencing a normal and typical summer slump. As previously reported, GD (WLC) mills have not been busy since July; the downturn had been sudden and dramatic in some cases, sources said. It now remains to be seen how the market will get going again after the summer holidays.

August has not brought any real clarity in terms of GC (FBB) prices. Any producers wanting to go it alone and increase prices were penalised by customers since GC manufacturers' capacity utilisation allowed them to switch to another supplier. Nonetheless, a few businesses seem to have followed this path and claim to have boosted prices with effect from 1 or 15

August. Insiders noted that customers were already paying these higher prices, but there was uncertainty about whether these customers would jump ship. Other primary fibre cartonboard suppliers have announced to keep their selling prices stable since not all GC producers were singing from the same hymn sheet.

It is not yet clear which impact new lists of prices to apply from 19 August onwards are having on the GC market, especially since not all converters have apparently received them. All in all, producers are seeking to tack on increases somewhere in the region of €50-60/t.

It is also unclear how sustainable the August mark-ups will turn out to be because one player has still not made an announcement on its pricing plans, and others have set prices in stone until the end of September. Sources are also speculating that new price plans will be unveiled for the fourth quarter since the last ones mostly went nowhere. If this is the case, insiders expect that these plans will not be implemented in the fourth quarter but will form the basis for annual talks.

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# Sluggish market clears the way for additional price cuts for recovered paper in France

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| EUWID Price Watch Recovered Paper France                                                           |             |                                                                     |           |             |
|----------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------|-----------|-------------|
| August 2024                                                                                        |             |                                                                     |           |             |
| Prices in € per tonne                                                                              | August 2024 | July 2024                                                           | June 2024 | August 2023 |
| Mixed paper and board (1.02)                                                                       | 65 - 75     | 75 - 85                                                             | 85 - 95   | 20 - 30     |
| Supermarket corrugated paper and board (1.04)                                                      | 95 - 105    | 100 - 115                                                           | 110 - 120 | 40 - 50     |
| Old corrugated containers (1.05)                                                                   | 115 - 125   | 120 - 135                                                           | 130 - 140 | 60 - 70     |
| Sorted graphic paper for deinking (1.11)                                                           | 120 - 130   | 120 - 130                                                           | 120 - 130 | 85 - 95     |
| Intra-Europe exports from France (1.11)                                                            | 135 - 150   | 135 - 150                                                           | 135 - 150 | 75 - 85     |
| Coloured letters (2.06)                                                                            | 170 - 190   | 170 - 190                                                           | 160 - 180 | 145 - 160   |
| Multi printing (3.10)                                                                              | 215 - 225   | 215 - 225                                                           | 215 - 225 | 205 - 230   |
| White woodfree uncoated shavings (3.18.01)                                                         | 420 - 435   | 420 - 435                                                           | 420 - 435 | 425 - 440   |
| Prices in € per tonne ex works, material sorted and in bales.                                      |             |                                                                     |           |             |
| Reporting for intra-Europe exports of 1.11 from France was added to the Price Watch in March 2023. |             |                                                                     |           |             |
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The summer holidays are shaping France’s recovered paper market. All in all, the market was quiet in August, although that was nothing out of the ordinary for this time of year. Demand from within and outside France was not especially brisk, either. The result: another round of price cuts for ordinary recovered paper grades. By contrast, prices for deinking and high grades trod water at July’s level.

Mixed paper (1.02), supermarket paper and board (1.04) and old corrugated containers (OCC; 1.05) became up to another €10/t cheaper on the French market in August. Sources said that demand was not exceptionally weak but had still subsided compared with July.

Paper mills in France and the all-important German market needed slightly less material and purchased less recovered paper on the whole. As was customarily the case in August, a couple of stoppages took place in France, although their number was not especially large. Several companies will perform maintenance work in one of the upcoming months. All things considered, though, the market was a little slower in August due in part to the lack of momentum from Asia and limited exports, which meant that prices for ordinary grades continued to trend lower.

Quite a few EUWID respondents had the impression that here and there, suppliers’ inventories of ordinary recovered paper were a bit higher. Not all sources confirmed this, though.

Market participants agree that collection volumes essentially remain low. As a rule, merchants and recyclers did not have a hard time selling their recovered paper. On the other hand, paper producers reported being very well stocked with this raw material. A few said that they had high stocks of recovered paper, while others reported normal and comfortable inventory levels.

## Insiders not ruling out a September price cut

Several market players from the ranks of suppliers and buyers alike are not ruling out the possibility of another slight reduction in prices for ordinary recovered paper grades in September if this state of affairs continues. All things considered, demand was subdued in France and on the various export markets, they said.

However, one EUWID contact pointed out that another decrease in prices ran the risk of possibly making Asian buyers more active in Europe again. This respondent expects that prices will tend to remain stable for this reason. Nobody considered it likely that prices might increase in September, though.

As previously mentioned, exporting to Asia was not a worthwhile alternative for merchants in August. Demand was subdued or linked with prices that were not especially attractive to merchants. With prices similar to those charged in Europe, suppliers are shying away from the additional effort involved with exporting. Several companies were still exporting recovered paper, though, not least to maintain contacts. That being said, merchants were not shipping very large amounts from France to Asia.

Prices for exports to the Far East headed lower, as well. Market players reported mark-downs of up to €10/t. OCC exports to Asia typically fetched €120-130/t in August.

The market for sorted graphic paper for deinking (1.11) was stable in August. Insiders observed no major changes in demand in France or abroad. A few market players said that several paper mills had warehouses well-stocked with recovered paper, but this was not enough to exert downward pressure on prices. Others witnessed hardly any movement in demand, which is generally described as normal but not very strong.

This effect is coinciding with generally low collection volumes, though, keeping supply and demand balanced. Prices for sorted graphic paper for deinking stayed stable as a result in France and for exports to neighbouring countries.

Prices for coloured letters (2.06) stabilised in August after bucking the trend and climbing in recent months. Market players stated that demand was now stable. The tissue industry was placing normal orders, insiders added.

Multi printing (3.10) and white woodfree uncoated shavings (3.18.01) cost the same in August as they did in July. Market players are finding that less and less material is being generated for structural reasons. However, arisings were enough to meet demand, which was creating a balanced market.

# France: Prices for brown corrugated case material edging higher in August

Slow demand and steady prices prevail in many paper and board markets

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| EUWID Price Watch France                                                                                                                  |               |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| August 2024                                                                                                                               |               |               |               |
| Prices in € per tonne free delivered unless otherwise stated                                                                              | August 2024   | July 2024     | August 2023   |
| <b>Fine paper</b>                                                                                                                         |               |               |               |
| <b>Woodfree uncoated</b>                                                                                                                  |               |               |               |
| Copy paper 80 g A4 B grade                                                                                                                | 1,030 - 1,170 | 1,030 - 1,170 | 1,030 - 1,200 |
| Copy paper 80 g A4 C grade                                                                                                                | 980 - 1,120   | 980 - 1,120   | 980 - 1,150   |
| Offset sheets 80 g                                                                                                                        | 1,040 - 1,140 | 1,040 - 1,140 | 1,050 - 1,200 |
| Offset reels 80 g                                                                                                                         | 980 - 1,100   | 980 - 1,100   | 980 - 1,150   |
| <b>Woodfree coated</b>                                                                                                                    |               |               |               |
| Sheets, double coated, 100 g                                                                                                              | 1,030 - 1,150 | 1,030 - 1,150 | 1,050 - 1,170 |
| Reels, double coated, 100 g                                                                                                               | 990 - 1,100   | 990 - 1,100   | 980 - 1,120   |
| <b>Publication paper</b>                                                                                                                  |               |               |               |
| Standard newsprint 45 g                                                                                                                   | 600 - 630     | 600 - 630     | 620 - 690     |
| Standard newsprint 42 g                                                                                                                   | 610 - 640     | 610 - 640     | 630 - 700     |
| Improved newsprint ISO 68, 52 g                                                                                                           | 650 - 680     | 650 - 680     | 660 - 730     |
| LWC offset 60 g                                                                                                                           | 770 - 830     | 770 - 830     | 830 - 890     |
| LWC rotogravure 60 g                                                                                                                      | 780 - 840     | 780 - 840     | 860 - 930     |
| SC offset 56 g (A)                                                                                                                        | 670 - 720     | 670 - 720     | 700 - 790     |
| SC rotogravure 56 g (A)                                                                                                                   | 680 - 730     | 680 - 730     | 700 - 790     |
| <b>Corrugated case material</b>                                                                                                           |               |               |               |
| <b>Primary fibre corrugated case material</b>                                                                                             |               |               |               |
| Unbleached kraftliner 175 g+                                                                                                              | 780 - 870     | 740 - 830     | 670 - 760     |
| Semi-chemical fluting                                                                                                                     | 650 - 710     | 650 - 710     | 590 - 630     |
| White-top kraftliner 140 g                                                                                                                | 850 - 950     | 850 - 950     | 790 - 900     |
| <b>Recycled corrugated case material</b>                                                                                                  |               |               |               |
| Recycled fluting 100 g                                                                                                                    | 660 - 685     | 620 - 645     | 550 - 575     |
| Recycled fluting 90 g                                                                                                                     | 670 - 700     | 630 - 660     | 560 - 590     |
| Testliner II                                                                                                                              | 680 - 710     | 640 - 670     | 570 - 600     |
| Testliner III                                                                                                                             | 670 - 695     | 630 - 655     | 560 - 585     |
| White-top testliner, grade B, 140 g                                                                                                       | 720 - 770     | 720 - 770     | 660 - 740     |
| <b>Cartonboard</b>                                                                                                                        |               |               |               |
| GD II                                                                                                                                     | 810 - 940     | 810 - 940     | 840 - 970     |
| GC II                                                                                                                                     | 1,100 - 1,330 | 1,100 - 1,330 | 1,200 - 1,380 |
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August has been a month of price increases for brown recycled corrugated case material and brown kraftliner in France, after many prices in Germany had already risen in July. Prices for white-top testliner and white-top kraftliner stayed the same as in July, although producers aim to follow in the footsteps of the brown grades in September.

Otherwise, as is customarily the case, market players described business as quiet in most segments of the French market in the holiday month of August, with most prices left untouched. Publication paper falls into this category, with the next round of price talks expected to

occur during September. The same is true for fine paper, with insiders pinning their hopes on a good fourth quarter. A summer lull was playing out in the cartonboard business, too, with GC prices hardly altering in August after isolated mark-ups in July.

## Slack demand and stable prices on France's fine paper market in August

The insolvency proceedings of Inapa's German subsidiary and its holding firm is making waves in France, too. Inapa France has not filed for insolvency, but the French subsidiary is still being affected by the move. Insiders told EUWID that the situation had certainly not become any easier for Inapa France, even though the insolvent parts of the company continued to operate in full. Obtaining credit insurance, for instance, was very challenging in this kind of case, market insiders report. All market players were looking for potential solutions. Sources are not ruling out the possibility of other merchants acquiring Inapa's market share. Market observers also consider it possible that other entities within the Inapa Group might become embroiled in the insolvency process.

Several contacts noted that they were not surprised by Inapa's insolvency. The European fine paper market had been undergoing consolidation for many years, so it was no wonder that this would have ramifications for the paper trade, too, one insider said.

As is so often the case, business in the coated and uncoated woodfree paper market was quiet in France during the holiday month of August. Merchants and printers are not very busy. In the penultimate week of August there was still little sign of a recovery in September. Paper manufacturers are hoping for brisker demand in the fourth quarter, which, together with the first quarter of the year, is traditionally the strongest period in terms of demand.

The coated and uncoated woodfree paper markets continue to be in a state of structural decline and will remain on this path in 2024, according to EUWID contacts. The market continues to have surplus capacity, meaning that average capacity utilisation across the industry is well below reasonable levels for paper producers. Capacity utilisation rates of just 75 per cent were nothing out of the ordinary at present, insiders pointed out.

Woodfree paper prices remain unchanged compared with July. Paper manufacturers' latest attempts to raise prices in June or July more or less went nowhere. That being said, significant price cuts have reportedly not surfaced in recent weeks, either. The spectrum of prices for one and the same type of paper remains vast, with current prices certainly adequate for several paper producers, especially the integrated ones. As EUWID was researching this report, there were no signs of any substantial movement in prices in September. Demand in September would prove all-decisive, sources remarked to EUWID.

### **Summertime lull on publication paper market, with prices left unchanged for now**

Market players painted a picture of a typical seasonal slump in France's publication paper business in August. Contacts told EUWID that demand for all grades was in line with expectations. This meant that newsprint was being called off in the agreed amounts. Demand for newsprint had gained some minor positive momentum from the Olympic Games in Paris and from various elections. In the long term, though, the market is continuing to contract. 2024 is expected to be another year ending with the six to eight per cent decline that has been normal in the past.

In principle, the same is true of the magazine paper business, too. The LWC market is considered to have the largest overcapacity in Europe, something that has ramifications for manufacturers' machine utilisation. Capacity outpaces consumption for SC paper and newsprint, too, albeit to a lesser extent. Experts in France said that the market is feeling the effects of UPM closing its mill in Hürth before the end of August and Heinzl stopping SC paper production in the fourth quarter and switching to manufacturing corrugated case material on PM 11 at its Laakirchen mill.

Insiders reported a small seasonal improvement in demand for magazine paper for catalogue printing. Market insiders say that France's LWC market was encountering slightly more dynamic demand than several other major markets in Europe. Otherwise, current business was reportedly in line with contractual agreements.

Prices did not alter significantly between July and August after talks to thrash out third-quarter prices culminated in mark-ups for newsprint and often unchanged prices for magazine paper. Most market players have yet to adopt positions in preparation for talks about fourth-quarter prices. However, it is thought to be more likely that paper producers will seek additional price hikes than that buyers will push for price cuts. At least one magazine paper manufacturer has decided to demand a price increase of €40-60/t in the fourth quarter. The first deals featuring mark-ups have reportedly already been put to bed. High fibre costs were cited as their main rationale.

Other manufacturers have barely commented on possible price plans for the fourth quarter. Of course, though, they feel that price cuts are out of the question. The mark-up for newsprint instituted in the third quarter appears to be holding. Future decisions will certainly also hinge on what happens to fibre prices in September. In the recovered paper market, prices for deinking grades have yet to follow the downward trend recently seen for packaging grades. As a result, paper manufacturers do not yet see an all-clear signal when it comes to their costs.

### **French brown corrugated case material prices still on an upward path in August**

After brown recycled corrugated case material became more expensive in Germany in July, similar price hikes were instituted in France in August. In most instances, this grade has cost €40/t more since 1 August, with a mark-up of just €30 negotiated in a handful of cases.

Talks about this increase were more heated than in the recent past, not least because of the change in market conditions. The upward spiral in recovered paper prices, which has been a key factor in paper manufacturers' rising production costs since the start of the year, has recently ground to a halt. French recovered paper prices receded by up to €20 in July and August. This development prompted buyers to put up more opposition to paying higher prices yet again. At the end of the day, though, most of the mark-up that producers sought did take effect.

This assessment is true of brown recycled corrugated case material alone, though. White-top testliner prices went nowhere in August. Manufacturers had attempted to raise their prices in August, but this hike ultimately failed to materialise and has reportedly been pushed back to 1 September. Several sources remarked that higher prices were expected in September. A few contacts pointed out, however, that there were no signs of prices climbing in September yet, either.

Developments on France's kraftliner market followed a similar pattern, with brown grades becoming €40/t more expensive in August and white-top kraftliner prices staying the same. Price increases for white-top kraftliner are set to follow in September, with talks in progress. Manufacturers are confident of succeeding.

Discussions about producers charging more for kraftliner had been less controversial than those for recycled grades, market players told EUWID. Experts added that the kraftliner market appeared to be more balanced, with less supply pressure evident because of a few technical shutdowns in recent months.

Generally speaking, France's corrugated case material market was experiencing the usual seasonal tranquillity in August. Not much business was being done, especially towards the middle of the month. Market players said that they would not be able to make reliable statements about where the market was headed until September, once the holidays were over. In general, though, the growth in Europe's corrugated board market seen so far this year is not yet enough for paper producers to use all of their capacity in full. France's corrugated board market had grown by around two to three per cent by the middle of the year, insiders report. Growth reportedly reached five per cent in Spain but was lower in Germany than in France. Insiders estimate that the entire European corrugated board market booked growth of around four per cent in the first half of 2024, with clear regional variations. Insiders said that corrugated case material manufacturers were currently operating at just below 90 per cent of their capacity.

### **Summer slump and stable prices dominate the cartonboard market**

It comes as no surprise that August is a very quiet month for France's cartonboard market. Many market players are on holiday. There was not much action on the market, with the industry taking downtime here and there, especially cartonboard converters. Little, if anything, has happened on the price front, either.

Market players confirmed that demand softened for GC (FBB) and GD (WLC) board alike, as is normal in August. Several sources even described the holiday month as a little weaker than in years past. "The summer slump started earlier this year," one GD producer remarked. Order books had already been thinner in July, he added. Other insiders active on the GD and GC markets shared this view.

All things considered, though, business was in line with expectations. It should also be noted that the first two weeks in August were always the weakest, one source stated in the third week of August. It remained to be seen how the situation would unfold towards the month's end, although insiders do not have great expectations for September. Market players report still no signs of a significant improvement in demand for cartonboard and folding cartons.

Lead times are relatively short, at least in mainland Europe. Sources quoted two to three or sometimes up to four weeks for GD. GC can sometimes be sourced at similarly short notice, but lead times are longer for cartonboard made in Nordic countries. Sources quoted lead times ranging from five to eight weeks for these deliveries.

Prices for both grades did not alter in August. GC prices largely stayed the same in August after initial mark-ups in July. High pulp prices are causing headaches, especially for non-integrated manufacturers. Pressure on their margins had prompted a few of them to raise some GC prices, mostly in July. In these instances, prices generally rose by €50-60/t instead of the €80-100/t that producers sought, sometimes a little more. This hike was not always instituted in one fell swoop, with a second instalment sometimes following in August. Apart from these latecomers, though, GC 2 prices were the same as in July.

The question remains whether and when additional integrated cartonboard manufacturers will follow suit and raise GC prices, too. One major producer has yet to make a move to unveil plans for higher prices. Others are reportedly planning to charge more but have postponed the increases for the time being. It is unlikely that anything will change before the end of the third quarter. September is, therefore, expected to be a month of stable GC prices, especially as many contracts will last until the end of that month.

Several GC manufacturers that have already adjusted prices said that one or two customers had backed away after higher prices were announced. They did not regret their actions, though, and stressed how urgently this step was needed to improve their balance sheets.

GD prices were also stable between July and August. In the past couple of months, the question here, too, has been how successful potential price talks would prove. Their likelihood of success was apparently viewed as limited, and so, with one exception, price increases had not been unveiled for GD. Manufacturers know that it would be hard to raise their prices because demand is lacklustre. "It's not the right time to implement higher prices," one buyer added. Margins are feeling the pinch, but this pressure has recently subsided because of falling recovered paper prices in Europe.

One manufacturer felt that an increase in third-quarter prices for GD would be on the table in September. Others want to wait and see what happens on the market and how demand will pan out after the summer break. At any rate, sources agree that the third quarter will not bring any changes in GD prices.

# Metsä Kaskinen resumes pulp production after fire

26 August 2024 [Frauke Schmidt](#) | 🕒 ~ 1 min [Published in issue 35/2024](#)



*Production at Metsä Board's Kaskinen pulp mill has been resumed.*

deliveries to external customer, the spokesperson added.

The Kaskinen mill has a capacity to produce up to 390,000 tpy of BCTMP, which is mainly used as the middle layer in FBB production. Part of the pulp produced is used for internal conversion, e.g. at Metsä Board's Husum mill.

**Metsä Board's Kaskinen pulp mill in Finland has restarted production following downtime due to a fire.**

On 19 August a cable fire broke out on the pipe bridge between the power plant and the water utility, which was quickly extinguished. However, the fire caused a power failure in several departments of the mill. As a result, pulp production had to be temporarily stopped, a Metsä spokesperson told EUWID.

No one was injured in the fire, and production was resumed on 23 August. The production stop did not lead to bottlenecks in the supply to Metsä's own FBB mills or in

# UPM Fibres restructures pulp production in Finland

26 August 2024 [Frauke Schmidt](#) | 🕒 ~ 1 min [Published in issue 35/2024](#)



*Petri Hakanen will be SVP, Fibres Finland Operations at UPM*

**UPM Fibres is centralising its production operations in Finland under one top level organisation, forming the new Fibres Finland Operations.**

As of 1 October 2024, UPM Fibres will consist of two production organisations: the existing Fibres Uruguay Operations and a new Fibres Finland Operations.

UPM has three pulp mills producing bleached hardwood and softwood kraft pulp in Finland: Kaukas (700,000 tpy), Kymi (870,000 tpy) and Pietarsaari (800,000 tpy). The Fibres Finland Operations will include the UPM Pulp operations in Finland as well as UPM Forest and UPM Timber.

UPM's Fibres Uruguay Operations operates the [Fray Bentos](#) mill (1.3 million t of eucalyptus pulp) and the [Paso de los Toros](#) mill (2.1 million t of eucalyptus pulp).

As part of this organisational change, Petri Hakanen has been appointed Senior Vice President, Fibres Finland Operations, UPM Fibres as of 1 October 2024. Mr Hakanen will be a member of the UPM Fibres Management team.

He led the Uruguay Development Project from 2018 to 2023 and currently holds the role of Senior Vice President, Technology (CTO), for UPM. He will continue in this role until the end of 2024, in addition to his new role in UPM Fibres.

# UPM to curtail pulp production at Kaukas and Kymi mills

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*UPM's Kaukas mill is one of the company's two pulp mills that will see production curtailments from September*

pulp mills in Pietarsaari and in Uruguay will continue to run at full capacity and deliveries to customers will continue normally during the shutdowns, the company emphasises. UPM says that maintenance work will be carried out during part of the period, but temporary layoffs are possible.

The Kaukas mill produces softwood pulp with an annual capacity of 700,000 tpy and employs 260 employees. The site also houses a magazine paper mill, a sawmill, a biorefinery and a research centre. The Kymi mill can make 870,000 tpy of softwood and birch pulp and has 230 employees. At the site, UPM also produces fine and specialty papers. At both mills, only pulp production is affected by the measures.

UPM had already announced that it might curtail production at different sites in Finland. In March, the company reported it was preparing for possible temporary adjustments in production at its Finnish sites, should the uncertainty in the operating environment continue. UPM Pulp, UPM Timber and UPM Communication Papers then started change negotiations on possible temporary layoffs.

More changes are to come in the graphic paper segment. Yesterday, [UPM announced](#) that negotiations with employee representatives on closures in Germany were concluded. The company will close down its Hürth newsprint mill at the end of August and PM 3 at Nordland Papier by the end of this year at the latest. These closures were first announced back in May.

UPM announced that it will curtail production at its Kymi and Kaukas pulp mills in Finland. Production will be temporarily adjusted to meet market conditions, the company explains. This was a "normal measure in line with market and cost developments, focusing on profitability," said Marko Sundqvist, Vice President of Pulp Operations in Finland.

The shutdown of the Kaukas mill will start on 9 September, while the Kymi mill will be halted from 23 September. The shutdowns are estimated to last for three weeks. UPM's

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# UPM to close Hürth newsprint mill at the end of August 2024

21 August 2024 [Konstantin Stoll](#) | 🕒 ~ 1 min [Published in issue 35/2024](#)



*UPM further reduces newsprint production capacity*

**UPM Communication Papers has finalised negotiations with employee representatives on the announced closure of the Hürth paper mill and the capacity reduction at Nordland Papier.**

The company announced that its Hürth newsprint mill will be closed on 31 August 2024. In addition, the PM 3 fine paper machine at Nordland Papier will cease production by the end of this year at the latest.

A total of 338 employees will be affected by the

implementation of the plans.

UPM will thus reduce its production capacity by 330,000 tpy of newsprint and 280,000 tpy of uncoated fine paper.

In May, [UPM announced plans](#) to further cut graphic paper capacity. This measure is in response to the accelerated decline in demand for printing and writing paper, which threatens to exacerbate the existing oversupply in Europe.

The announcement to shut down the Hürth plant came as a surprise as UPM only just started up a [new biomass](#) plant in Hürth in Q1 2024.