



Fine paper

The product area's long-term strategic goal is to achieve the lead position among fine paper suppliers. This vision will be achieved by profitable growth through acquisitions and asset restructuring. The target growth areas are Europe, North America and Asia.

Towards the target

Improved efficiency in the value chain will be an important strategic issue for the future, hence the aim to further fine-tune the product range. Through improved links between merchants and suppliers and the efficient management of information exchange, cost efficiency will be enhanced. A sound and sustainable global fibre strategy, where pulp flows are optimised either by internal use or by purchase, is important. In North America, Stora Enso Fine Paper has already established its position as the third-largest producer of coated paper with complimentary imports.

Improved capital turnover, cost efficiency with fixed cost reductions and healthy operating rates are also important targets which will be reached through streamlined production that makes use of synergies in global fine paper operations and best practice. Strong focus on inventory management will continue.

Aiming for customer satisfaction

High quality, a global presence and serving the customer locally are important tools in ensuring customer satisfaction. In order to become the customer's first choice, key customer partnering will be introduced and cross-divisional marketing teams established.

Demand for digital printing papers for colour printing as well as for use in digital printing machines is growing rapidly. R&D is of key importance when developing coating know-how for paper qualities to be used in digital printing.

Improving outlook

In 2001 global fine paper demand was weak due to lower economic growth and de-stocking in Europe and North America. Sales volumes declined, especially in coated fine papers, but overall price levels remained fairly stable. Provided no negative surprises occur in the world economy, fine paper demand could pick up during the second half of 2002 as balance is restored after de-stocking, Average market growth globally over the past five years has been 7.1% in coated and 2.6% in uncoated fine papers.

Success in optimising production

The ongoing mill specialisation programme is one example of how Stora Enso optimises production. The programme is in its second phase with rebuilds of the Oulu paper machine no. 6 and the Uetersen paper machine no. 2. The objective is to harmonise production at different mills, thus gaining consistent product quality and cost efficiency. Through collective efforts in product development, capacity allocation, sheeting co-operation and marketing support, the supply concept will be developed to provide well-functioning solutions for each market area, independent of mills. This will enhance the strong and high-quality product portfolio of coated fine papers, such as the Lumi and Multi brands.

Key figures*	1999	2000	2001	% of the Group
Sales, EUR million	2 493.8	3 473.2	3 617.5	25.2
Operating profit, EUR million	238.7	688.8	394.5	24.0
% of sales	9.6	19.8	10.9	
Operating capital, EUR million	2 740.0	4 507.1	4 161.1	30.1
Return on operating capital, %	8.8	20.3	9.1	
Capital expenditure, EUR million	189.7	116.6	193.7	22.6
Average number of employees	8 842	9 562	10 607	24.0
Production curtailments, tonnes	N/A	N/A	670 000	

*excluding goodwill

1 000 tonnes	Deliveries 1999	Deliveries 2000	Deliveries 2001	Capacity 2002
Graphic (coated) paper	1 560	1 917	1 918	2 305
Office (uncoated) paper	1 352	1 234	1 273	1 520
Total	2 912	3 151	3 191	3 825

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