



Magazine paper

The vision is to be the preferred supplier of magazine papers. The strategy is to grow through the optimisation of existing assets and through acquisitions. Continuous efforts will be made to further improve efficiency and competitiveness through asset restructuring. The target areas for growth are Europe and North America.

Continuous improvement

The primary objective is continuous improvement in efficiency and profits. In line with best practice targets, portfolio and quality optimisation have taken place. The production of fewer grades leads to greater efficiency and cost savings. Local production reduces logistic costs.

In Europe, Stora Enso holds a leading position as the second largest supplier of magazine papers. The rebuild of paper machine no. 3 in Langerbrugge, Belgium to produce SC papers will increase production capacity by 50.000 tonnes and improve competitiveness.

In North America Stora Enso enjoys a good reputation as reflected in the 5% growth in demand for Port Hawkesbury's offset paper.

Stora Enso is the North American market leader for SC papers and holds third place in coated magazine papers. The Company aims to consolidate its market position in North America still further.

Differentiation through branding

Branding as a means of differentiation is gaining importance. By developing relationships with customers and assisting them to find the right product for their individual end use, added value can be achieved. Electronic networks are being set up in order to secure a high level of customer service. Printing processes are being supported by collaboration between customers and Stora Enso experts.

Gradual pick-up in demand

In 2001 the demand for magazine paper declined due to the weak economy and reduced print advertising. Over-capacity, mainly in coated papers, is posing a threat to the market balance. Demand is expected to remain unchanged and the upturn will be slow. Demand could pick up during the second half of 2002 and is conditional on the overall development of the economy. In the longer term demand for magazine paper will increase and new markets will emerge. Over the past five years the global average market growth in coated magazine papers has been 5.5% and in SC papers 6.7%.

The flying machine of Nova Scotia

The SC production line, which started up in 1998 in Port Hawkesbury in Nova Scotia, Canada, is an example of how, after years of hard work, co-operation and employee efforts are finally bearing fruit. Today this production line is a world-class asset, producing top quality SC papers for North American customers.

Key figures*	1999	2000	2001	% of the Group
Sales, EUR million	2 156.5	2 818.8	3 449.0	24.0
Operating profit, EUR million	328.4	399.4	346.9	21.1
% of sales	15.2	14.2	10.1	
Operating capital, EUR million	1 958.8	3 529.9	3 314.0	24.0
Return on operating capital, %	15.8	15.5	10.1	
Capital expenditure, EUR million	119.0	115.1	148.5	17.3
Average number of employees	5 291	6 205	7 854	17.7
Production curtailments, tonnes	N/A	N/A	560 000	

*excluding goodwill

1 000 tonnes	Deliveries 1999	Deliveries 2000	Deliveries 2001	Capacity 2002
SC	1 115	864	1 377	1 625
LWC, MWC, HWC, MFC	1 593	2 357	2 452	2 890
Wallpaper base	48	48	42	65
Total	2 756	3 269	3 871	4 580

 www.storaenso.com/2001