



News- print

The vision is to be the customer-preferred supplier. This vision will be realised by developing both product quality and customer service. From the point of view of future competitiveness, the long-term restructuring of assets and productivity improvement are important strategic issues.

Focus on customer satisfaction

Customer satisfaction will be further increased by enhancing services and operations. An internal project has been initiated which will place increased emphasis on all aspects of customer relationships. Stora Enso's wide palette of printing papers offers unique possibilities for taking care of customer's overall paper requirements. Productivity is constantly improving, thanks to global benchmarking and mill focusing. Special attention will be paid to optimising supply chain management in close collaboration with customers.

Endorsing recovered paper

Another important issue is a sound fibre strategy. The intention is to increase the share of recovered paper in standard newsprint. Virgin fibre is used mainly in improved newsprint and other specialities where it gives added value. The target is to create the optimal raw material and product mix as well as environmentally sustainable solutions. Already today, Stora Enso is one of the biggest users of de-inking grades in Europe.

The newsprint machine to be built in Langerbrugge, Belgium will further increase the use of recovered paper within the Group. Competitiveness will be improved by the use of 100% recovered paper as well as of advanced machinery utilising the latest technology. The machine will come on stream in June 2003 and will improve the Group's total asset quality as two older machines will be permanently closed down.



Outlook

Due to the weakening economy in 2001, both demand and prices went down in North America but were firmer in Europe. Only minor changes in capacity are expected in Europe during 2002. In North America capacity may even decrease slightly. The demand for newsprint is heavily dependent on the general economic environment as advertising is the key consumption driver. Global newsprint demand is expected to remain fairly weak in the beginning of the year. The situation could improve later in 2002 provided there is no further weakening in the world economy. Over the past five years the global average market growth in newsprint has been about 2% and clearly higher in improved newsprint.

Sachsen Mill – a benchmark

In 1994 the Sachsen Mill was built in Eilenburg, near Leipzig in the heart of Europe. What started out as a new green-field project, today constitutes an important enhancer of the infrastructure and wealth of the area. The Sachsen Mill's strength lies in its 100% use of recovered paper as raw material. Its location at the centre of the market has enabled excellent customer relations as well as sound logistics to both Eastern and Central Europe. A high operational performance together with well motivated personnel have made the mill an important industry benchmark. The aim is to repeat the success of the Sachsen Mill in the new Langerbrugge project.

Key figures*	1999	2000	2001	% of the Group
Sales, EUR million	1 641.8	1 766.7	1 933.9	13.5
Operating profit, EUR million	306.4	268.3	508.8	30.9
% of sales	18.7	15.2	26.3	
Operating capital, EUR million	1 347.6	1 256.7	1 198.4	8.7
Return on operating capital, %	21.7	19.9	41.4	
Capital expenditure, EUR million	72.3	74.8	91.2	10.6
Average number of employees	5 564	5 437	5 530	12.5
Production curtailments, tonnes	N/A	N/A	130 000	

*excluding goodwill

1 000 tonnes	Deliveries 1999	Deliveries 2000	Deliveries 2001	Capacity 2002
Newsprint	3 122	3 134	3 031	3 285

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