

# Packaging boards



Strategy is based on high market shares in targeted business areas. By creating superior value for the customer in an environmentally sound and socially responsible way profitable growth can be guaranteed. Skill and motivation are the key qualities required in running successful, modern production units.

## **Productivity through streamlined production**

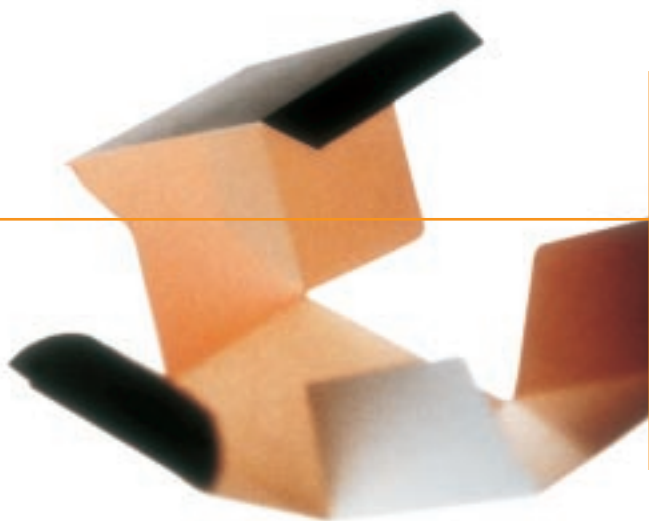
The restructuring of fibre production and the modernisation of the liquid packaging board machines at the Imatra Mills in Finland, have been completed, creating a new foundation for efficient production. Product streamlining between the Imatra Mills and the Skoghall Mill in Sweden has likewise been completed. Partly as a result of this, the Skoghall board machine no. 8 today exceeds the original quality and production targets. The acquisition of Tetra Pak's Forshaga plastic coating plant in Sweden will play a major role in the development of Skoghall's product palette.

Modernisation of the saturated base craft production line at the Kotka Mill in Finland facilitates participation in the steady growth of this business area. The growth in converting operations is based on acquisitions in Western Europe and on new green-field operations in Eastern Europe. The purchase of tube plants in the UK and Sweden, as well as the start-up of new packaging factories in Hungary and the Baltic countries, are examples of this strategy. At the same time the organisation itself has been restructured; the packaging board core is now formed by five business groups, including the new Specialty Papers Business Group.

### Continued growth

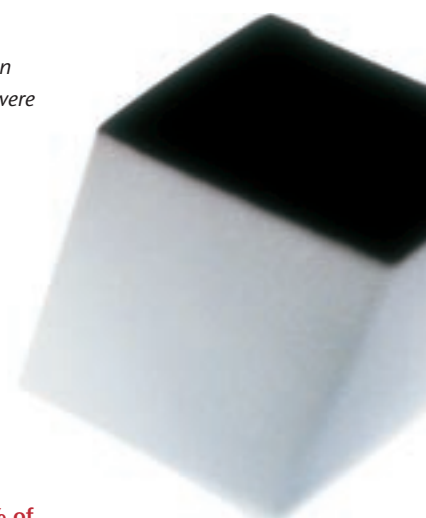
The relative position of Packaging Boards has been strengthened through investments and returns will begin to improve as the economy picks up. Packaging boards benefit from a fairly stable non-durable goods market. The value of the US dollar and the involvement of the Enocell Pulp Mill in Finland will be vital for future profitability.

Overall demand in most of the business areas has not grown since summer 2000 but the markets are expected to improve during the year 2002.



### Eastbound success

The investment decision taken in 1997 to build a corrugated packaging mill in Balabanovo, 100 km south-west of Moscow, is one example of strategy coming true. The green-field project has developed into a prosperous, well-functioning business with an expansion project under way. The keys to success were the right business concept, a good customer base, modern technology and ambitious recruiting and training programmes.



Key figures*	1999	2000	2001	% of the Group
Sales, EUR million	2 541.5	2 975.0	2 724.0	18.9
Operating profit, EUR million	237.9	441.3	346.2	21.0
% of sales	9.4	14.8	12.7	
Operating capital, EUR million	2 718.9	2 732.3	2 670.9	19.3
Return on operating capital, %	8.8	15.4	12.8	
Capital expenditure, EUR million	242.1	342.3	294.4	34.3
Average number of employees	10 608	10 635	9 888	22.3
Production curtailments, tonnes	N/A	N/A	180 000	

\*excluding goodwill

1 000 tonnes	Deliveries 1999	Deliveries 2000	Deliveries 2001	Capacity 2002
Packaging boards and papers	3 196	3 417	2 765	3 505

 [www.storaenso.com/2001](http://www.storaenso.com/2001)