

Year 2001 in brief

Creating value in the face of difficult markets

Despite the decline in paper demand and prices the financial results were satisfactory. Production was adjusted to market demand in order to avoid excess inventories. Curtailments resulting from weak markets amounted to 1 540 000 tonnes, some 10% of the Group's total capacity.

Key ratios were in line with targets

Return on capital employed (ROCE) excluding non-recurring items was 10.8%, the target over the cycle being 13%. The debt/equity ratio was 0.53, well below the 0.8 target. Capital expenditure totalled EUR 857.1 million, which was less than depreciation and consistent with the Company's objective.

Synergies from the Consolidated Papers, Inc. acquisition amounted to USD 66 million (EUR 74 million). This was some 25% less than initially calculated since recessionary market conditions severely limited productivity-related synergy gains.

Dividend EUR 0.45

The Board of Directors proposes to the Annual General Meeting a dividend per share of EUR 0.45, giving a payout ratio of 48%.

Integration and productivity improvements

Productivity improvements continued in the form of merger synergies, benchmarking and best practice. The main investment decision was to build a newsprint production line in Langerbrugge, Belgium as part of the programme to restructure the newsprint and magazine paper businesses and carry out strategic rebuilds at the Oulu, Uetersen and Imatra mills in order to improve quality, raise productivity and improve the financial results.

Financial highlights

	2000	2001		2000	2001
Sales, EUR million	13 017.0	13 508.8	Debt/Equity ratio	0.59	0.53
Operating profit, EUR million	2 371.3	1 486.9	Earnings per share, EUR	1.77	1.03
excluding non-recurring items, EUR million	1 925.6	1 495.2	excluding non-recurring items, EUR	1.32	0.94
% of sales	14.8	11.1	Cash earnings per share, EUR	3.16	2.43
Profit before tax and minority interests, EUR million	2 099.0	1 223.0	excluding non-recurring items, EUR	2.61	2.34
excluding non-recurring items, EUR million	1 653.3	1 231.3	Equity per share, EUR	9.41	10.03
Profit for the period, EUR million	1 435.0	926.3	Dividend per share, EUR	0.45	0.45*
Capital expenditure, EUR million	769.3	857.1	Payout ratio, %	34	48
Interest-bearing net liabilities, EUR million	5 182.7	4 819.9	Market capitalisation, EUR million, 31 Dec. 2001	11 733	13 006
Capital employed, EUR million	13 902.9	13 859.1	Deliveries of paper and board, 1 000 tonnes	12 971.0	12 858.0
Return on capital employed (ROCE), %	20.7	10.7	Deliveries of wood products, 1 000 m ³	4 880.0	4 860.0
excluding non-recurring items, %	16.8	10.8	Average number of employees	41 785	44 275
Return on equity (ROE), %	19.5	10.4			

*) proposed dividend