

Focus on recovered fibre



The vision of Stora Enso Newsprint is to be the customers' preferred choice. The aim is to increase market share in the 40 million tonnes per year global newsprint market through acquisitions, investment and asset enhancement. Cost competitiveness and balanced usage of virgin and recycled fibre will be crucial competitive strengths.

Key customer demands are high paper quality providing excellent printability and runnability, and efficient logistics to ensure reliable and timely supply. Stora Enso's global sales network means that every customer benefits from local service.

Optimal location for different fibre sources

The newsprint mills are favourably located, close to customers and fibre sources. Central Europe is a major source of recovered paper and an important market, whereas the Nordic mills are close to sources of virgin fibre and so concentrate on

value-added grades that benefit from the properties of this.

Improving competitiveness and productivity

In the competitive newsprint business, only the most efficient suppliers will thrive. Stora Enso Newsprint constantly focuses on improving competitiveness and productivity to retain its strong market position as a leading newsprint supplier. Good asset quality and size are important factors enabling the Group to offer a comprehensive competitive product range serving the customer's needs.

Asset replacement and upgrading

Current challenges include ensuring competitive production through replacement and upgrading of uncompetitive capacity. The ongoing Asset Restructuring Programme is expected to enhance asset quality and cost competitiveness without significantly increasing capacity.

Increasing recovered fibre usage

A major project is the newsprint machine using 100% recovered paper as raw material being built at Langerbrugge. Most of the recovered paper will be collected within 300 kilometres of the mill. The machine will start



World-class performance at the Hylte Mill

The Hylte Mill in southern Sweden is the largest newsprint mill in the western world. Its raw material is 50% recovered fibre. The mill is a stable, long-term profit earner and the largest private employer in the locality. Its four cost-competitive, streamlined paper machines are ideally located close to customers and sources of virgin and recycled raw materials.



up on schedule in June 2003. Its markets will be mainly in Western Europe, but Langerbrugge is also favourably located for serving overseas customers.

Markets improving slowly

The key determinant of newsprint consumption is print media advertising. Other important drivers are newspaper circulation and number of new titles. Following a very weak 2002, advertising is expected to pick up slowly in Europe and North America in 2003. However, newsprint markets are expected to remain difficult in Western Europe. European prices will decrease and market-related curtailments will continue.

In North America the prolonged downturn in prices has come to an end. The markets are improving slowly but still remain weak and further curtailments will be needed. ■

| Key figures* | 2000 | 2001 | 2002 | % of the Group |
|----------------------------------|---------|---------|---------|----------------|
| Sales, EUR million | 1 766.7 | 1 933.9 | 1 641.5 | 12.0 |
| Operating profit, EUR million | 268.3 | 508.8 | 240.8 | 26.0 |
| % of sales | 15.2 | 26.3 | 14.7 | |
| Operating capital, EUR million | 1 256.7 | 1 198.4 | 1 260.7 | 9.5 |
| Return on operating capital, % | 19.9 | 41.4 | 19.1 | |
| Capital expenditure, EUR million | 74.8 | 91.2 | 331.2 | 37.7 |
| Average number of employees | 5 437 | 5 530 | 5 542 | 12.6 |
| Production curtailments, tonnes | N/A | 130 000 | 305 000 | |

*excluding goodwill

| 1 000 tonnes | Deliveries 2000 | Deliveries 2001 | Deliveries 2002 | Capacity 2003 |
|--------------|-----------------|-----------------|-----------------|---------------|
| Newsprint | 3 134 | 3 031 | 2 899 | 3 350 |

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