

Developing innovative solutions



Stora Enso Packaging Boards aims to be the customers' most rational choice by offering long-term contracts providing price stability, reliable service and stable product quality. Thanks to targeted investments in recent years, the division has good asset quality.

Retaining a strong market share (over 25%) in selected markets and product segments will ensure production stability. The integrated production chain facilitates price stability for customers over the long term.

Product development plays a key role in many segments. One challenge is to work with customers in developing innovative packaging systems and products based on wood fibre that can successfully compete with alternative packaging materials.

Sustainable fibre sourcing

Production is environmentally and socially sound. A major advantage is that board and paper are made from own pulp. Birch, pine and spruce raw

materials are procured from sustainably managed northern forests. Recovered paper, such as old corrugated containers (OCC), is collected from areas near mills. The division is a leading recycler of composite materials such as liquid cartons and industrial wrappings.

Further expansion in Russia

Corrugated board production will be further increased, especially in Russia. A new corrugated board mill is under construction at Arzamas, 400 km east of Moscow, to provide new capacity to serve the growing market. The successful Balabanovo Mill has provided important experience on best practices for doing business in Russia.

Integration of Speciality Papers

A major short-term strategic initiative is integration of the Speciality Papers Business Group established within Stora Enso Packaging Boards in 2001. The integration process includes the transfer of medium-size printing paper assets to speciality paper production, and the integration of speciality papers with the Group's own pulp production.

Stable near-term market prospects

Demand for consumer packaging boards is driven by demand for non-durable goods such as food and drinks, but general trends in packaging usage and design also have an impact on demand.



Integrated production at Imatra

The Imatra Mill in southeast Finland is a strong and profitable unit producing consumer packaging boards for liquid cartons, paper cups and graphical applications, as well as speciality, laminating and woodfree papers. The mill has a strong cash flow and modern production assets, including the largest kraft pulp mill in Europe. The headquarters of the Consumer Boards Business Group (sales in 2002 EUR 1.9 billion) are in Imatra, as is one of Stora Enso's research centres.

Prices were stable or rising in 2002, and demand is expected to remain stable in the near future. There is no major overcapacity in the division's business segments. However there may be some market-related downtime during 2003. Growth is expected to continue in Russia and the Baltic States. ■

Key figures*	2000**	2001***	2002	% of the Group
Sales, EUR million	2 975.0	2 724.0	3 043.4	22.3
Operating profit, EUR million	441.3	346.2	365.8	39.5
% of sales	14.8	12.7	12.0	
Operating capital, EUR million	2 732.3	2 670.9	3 048.3	23.0
Return on operating capital, %	15.4	12.8	12.0	
Capital expenditure, EUR million	342.3	294.4	143.5	16.4
Average number of employees	10 635	9 888	10 533	24.0
Production curtailments, tonnes	N/A	180 000	133 000	

*excluding goodwill **including Gruvön mill ***excluding Speciality Papers

1 000 tonnes	Deliveries 2000	Deliveries 2001	Deliveries 2002	Capacity 2003
Packaging boards and papers	3 417	2 765	3 186	3 660

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