

StepChange Consulting

Selected Financial Benchmarking



October 2016

Graphic Paper peer group

Packaging peer group

Tissue peer group

Pulp peer group

Flexible Packaging peer group

2016 - Financial benchmarking of graphic paper peer group. Companies exposed to publication papers remain challenged.

Graphic paper peer group financial performance comparison 2016¹⁾

Graphic Paper

	Holmen	Lecta ³⁾	Mondi Group ²⁾	Norske Skog ⁴⁾	Sappi	Stora Enso	The Navigator Company	UPM ⁴⁾	Domtar	International Paper ²⁾	Resolute Forest Products	Verso Paper	Lee & Man ³⁾	Mitsubishi Paper ³⁾⁴⁾	Nippon Paper ³⁾	Oji Paper ³⁾⁴⁾
Turnover, m €	1,671	1,491	6,624	1,247	4,691	9,942	1,557	9,782	4,576	18,691	3,168	2,365	2,047	1,631	7,594	10,810
EBIT %	11%	3%	16%	-19%	11%	9%	14%	11%	2%	7%	0%	-9%	8%	2%	1%	3%
EBIT % (segment only) ⁵⁾	11%	3%	18%	-18%	11%	6%	14%	3%	3%	7%	0%	-9%	8%	2%	1%	3%
EBITDA%	19%	7%	22%	9%	15%	13%	25%	16%	10%	13%	6%	-2%	13%	7%	7%	13%
ROCE %	6%	6%	21%	-28%	14%	10%	10%	9%	2%	5%	0%	-13%	5%	4%	1%	3%
ROA %	5%	4%	15%	-21%	11%	7%	9%	8%	2%	5%	0%	-10%	4%	2%	1%	2%
ROE %	8%	38%	31%	N/A	49%	16%	19%	14%	4%	36%	-1%	18%	9%	10%	4%	5%
WC %	14%	22%	15%	15%	16%	14%	15%	16%	14%	10%	16%	18%	28%	28%	20%	15%
Debt %	14%	22%	15%	15%	16%	14%	15%	16%	14%	87%	55%	152%	52%	79%	69%	62%
OCF %	14%	22%	15%	15%	16%	14%	15%	16%	14%	10%	16%	3%	20%	6%	5%	9%
FCF %	14%	22%	15%	15%	16%	14%	15%	16%	14%	10%	16%	3%	20%	6%	5%	9%

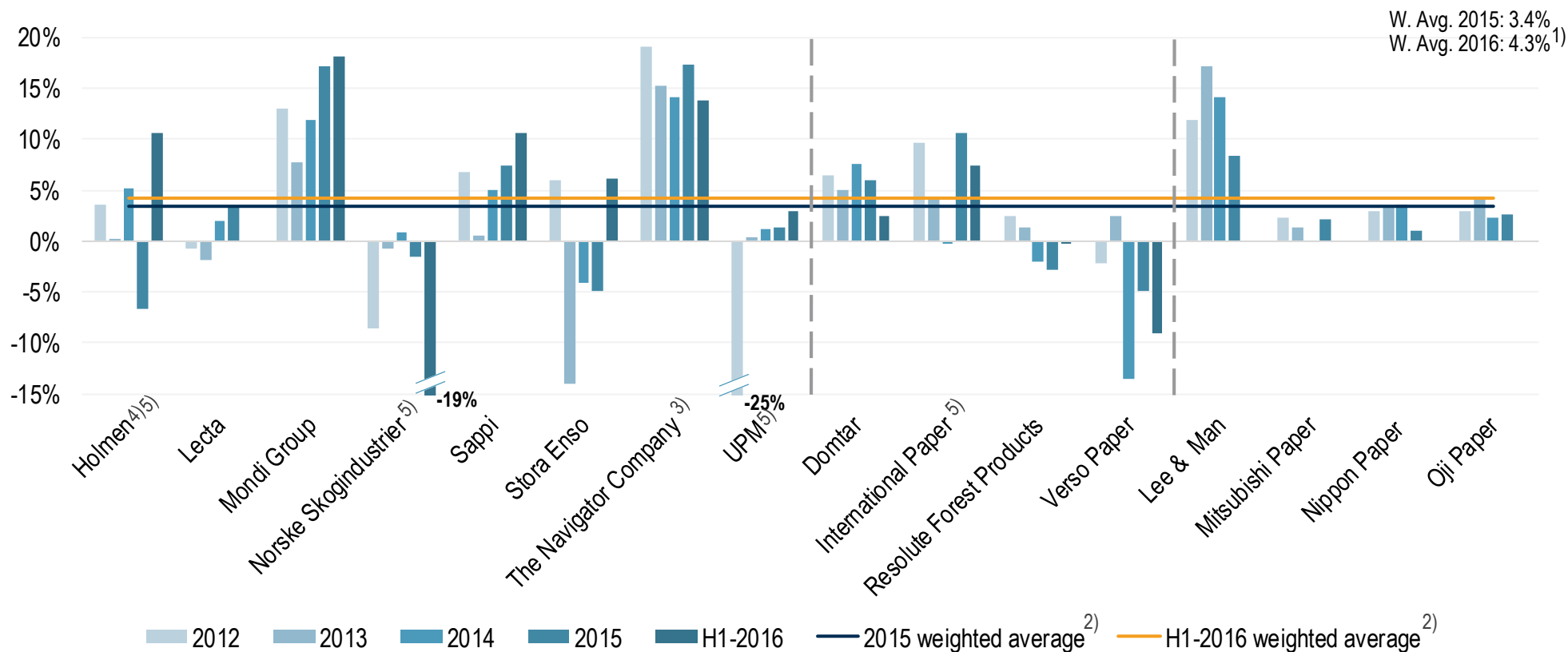
- 1) All figures are based on extrapolations of H1-2016 results unless otherwise stated
 2) Results of International Paper and Mondi Group highly influenced by segments other than graphics
 3) Data presented is 2015 annual results because H1-2016 results are not published yet
 4) Profit results (EBIT and EBITDA) impacted by non-recurring items
 5) Segment data are available for Domtar, International Paper, Holmen, Mondi, Norske, UPM, Stora Enso, Resolute Forest Products

- ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)
 ROA % = EBIT including non-recurring items / Total Assets
 ROE % = EBIT including non-recurring items / Total Equity
 WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover
 Debt % = Total Liabilities / Total Assets
 OCF / TO% = Operating Cash Flow / Turnover
 FCF / TO% = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

The graphic paper segment data shows a slight increase compared to 2015. UWF producers with good results.

Segment-only EBIT % of graphic paper segments (incl. special items)¹⁾

Segment only



Graphics segment: International Paper: Printing paper; Domtar: Pulp & Paper; Holmen: Holmen Paper; Mondi: Uncoated Fine Paper; Norske: Newsprint & Magazine Paper – since 2014: Publication paper Europe & publication paper Australasia; RFP: Newsprint & Specialty Paper; UPM: UPM Paper (2010-2012) & UPM Paper Asia & UPM Paper ENA (2013-2014); Stora: Newsprint and book paper, magazine paper, fine paper (2010-11) & Printing & reading (2012-2014), Resolute Forest products: Newsprint and Specialty paper



Trends vary significantly across companies. Majority of graphic segments - Holmen, Mondi, Stora Enso, Resolute Forest Products and UPM - improved EBIT.

1) 2016 results are based on H1-2016 extrapolations unless otherwise stated
2) Excl. Lecta and all Asian companies
3) 2015 results influenced by higher sales price in Russia & lower costs of wood, chemical & energy

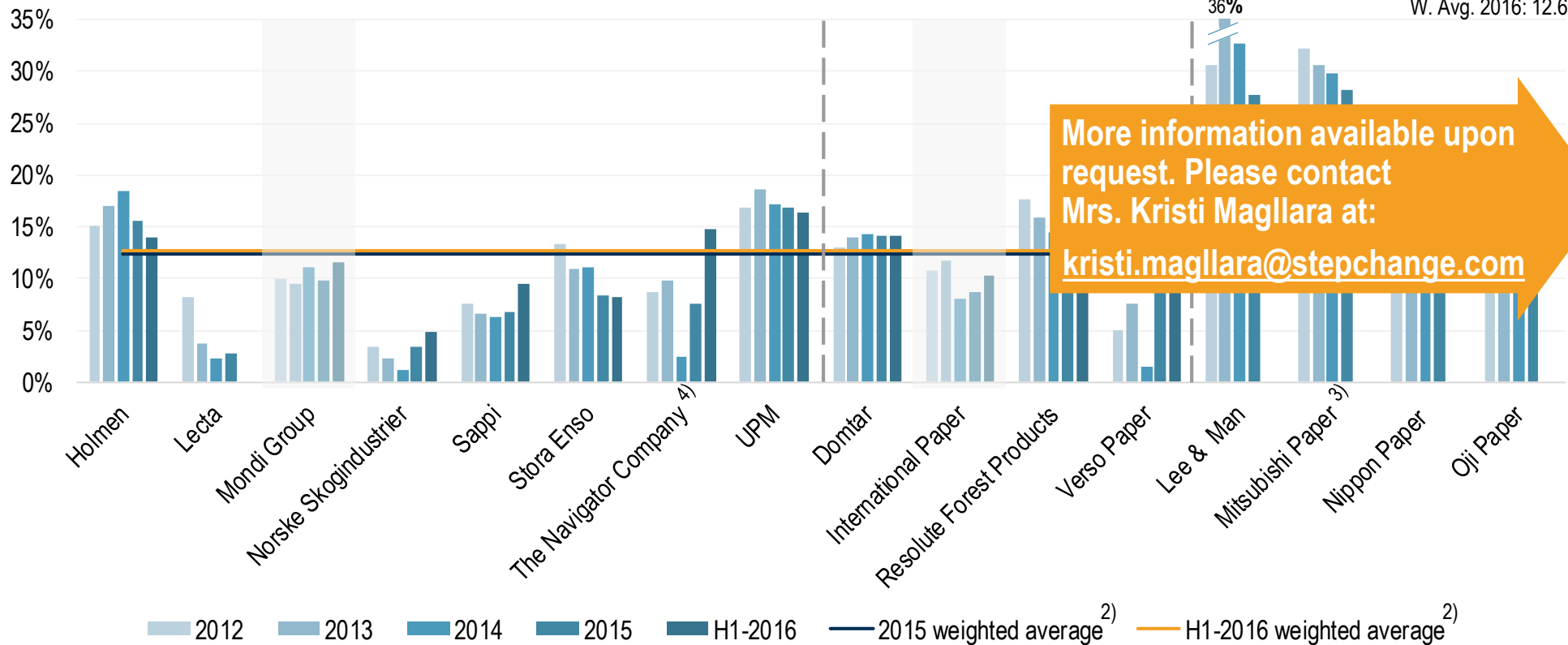
4) Increased EBIT due to good production, better product mix following the launch of the new Holmen UNIQ product and lower depreciation
5) Significantly influenced by non-recurring items; Norske Skog significantly influenced by restructuring expenses

Working capital levels differ across companies and regions. Average increased by 0.2pp vs. 2015

Working capital as % of turnover¹⁾

Graphic Paper

W. Avg. 2015: 12.4%
W. Avg. 2016: 12.6%¹⁾



More information available upon request. Please contact Mrs. Kristi Magllara at: kristi.magllara@stepchange.com



Lecta and Norske with lowest levels. Lee & Man and Mitsubishi Paper still with the highest working capital despite continuous improvement.

¹⁾ 2016 results are based on H1-2016 extrapolations unless otherwise stated

²⁾ Excl. Mondi and International paper since they are highly active in other segments as well. Excl. all Asian companies and Lecta due to no available data for 2016

³⁾ 2012-2013 including some non-operational items due to reporting structure

⁴⁾ Payables including high amount of non-operational items

Agenda



Graphic Paper peer group

Packaging peer group

Tissue peer group

Pulp peer group

Flexible Packaging peer group

2016 - Financial benchmarking of packaging peer group. H1-2016 results reveal deteriorated positive performance.

Comparison of financial performance for packaging peers 2016¹⁾

Packaging

	Billerud-Korsnäs	DS Smith ¹⁾	Mayr-Melnhof	Metsä Board	Mondi Group	Smurfit Kappa	Stora Enso	Cascades	Graphic Packaging	International Paper	KapStone	Pack. Corp. of America ¹⁾	West-Rock	Nine Dragons Paper	Rengo ¹⁾	Klabin
Turnover, m €	2,339	5,506	2,284	1,717	6,624	8,098	9,942	2,696	3,829	18,691	2,729	5,050	13,425	4,668	4,016	1,531
EBIT %	11%	6%	10%	8%	16%	10%	9%	7%	10%	7%	5%	14%	-3%	13%	3%	25%
EBIT % (segment only) ²⁾	11%	6%	10%	10%	12%	10%	10%	7%	10%	12%	5%	14%	-3%	13%	3%	25%
EBITDA%	17%	10%	14%	13%	22%	15%	13%	12%	17%	13%	11%	20%	16%	19%	8%	33%
ROCE %	12%	10%	14%	8%	21%	12%	10%	9%	11%	5%	5%	16%	-2%	9%	4%	6%
ROA %	9%	6%	11%	6%	15%	9%	7%	7%	9%	5%	5%	14%	-2%	6%	2%	6%
ROE %	19%	22%	19%	13%	31%	35%	16%	27%	39%	36%	18%	N/A	-4%	16%	7%	21%
WC %	11%	-5%	19%	19%	12%	7%	8%	12%	11%	10%	15%	11%	11%	11%	N/A	42%
Debt %	52%	72%	39%	53%	51%	74%	54%	73%	52%	52%	52%	52%	52%	52%	52%	52%
OCF %	13%	9%	9%	-5%	16%	6%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
FCF %	13%	9%	9%	-5%	16%	6%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%

1) Data presented is 2015 annual results because H1-2016 results are not published yet
2) Segment data are available for International Paper, Metsä Group, Mondi, Stora Enso

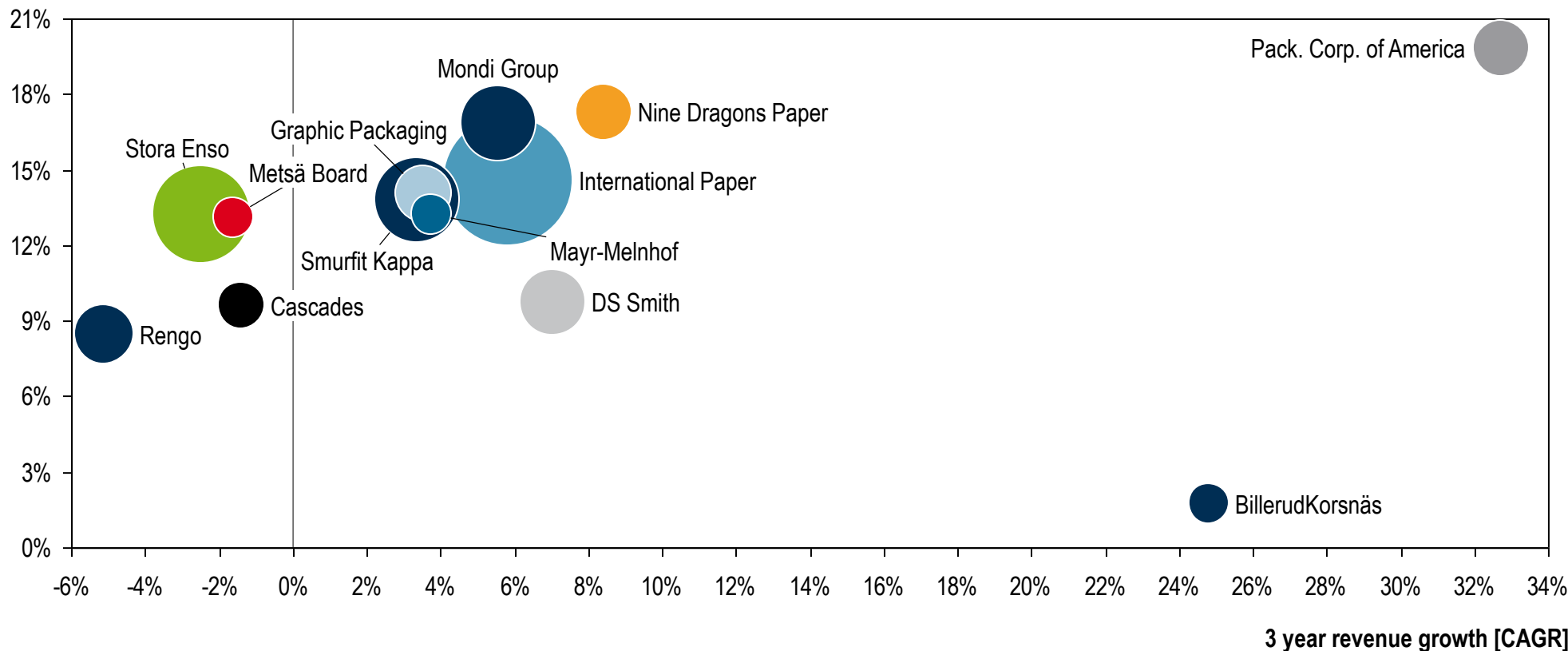
ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)
ROA % = EBIT including non-recurring items / Total Assets
ROE % = EBIT including non-recurring items / Total Equity
WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover
Debt % = Total Liabilities / Total Assets
OCF / TO % = Operating Cash Flow / Turnover
FCF / TO % = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

PCA outperforms both in terms of EBITDA and revenue development. Mondi and Nine Dragons with high EBITDA but moderate growth.

EBITDA average as % vs. Revenue growth as % CAGR 2012-2015

Packaging

4 year EBITDA average [%]



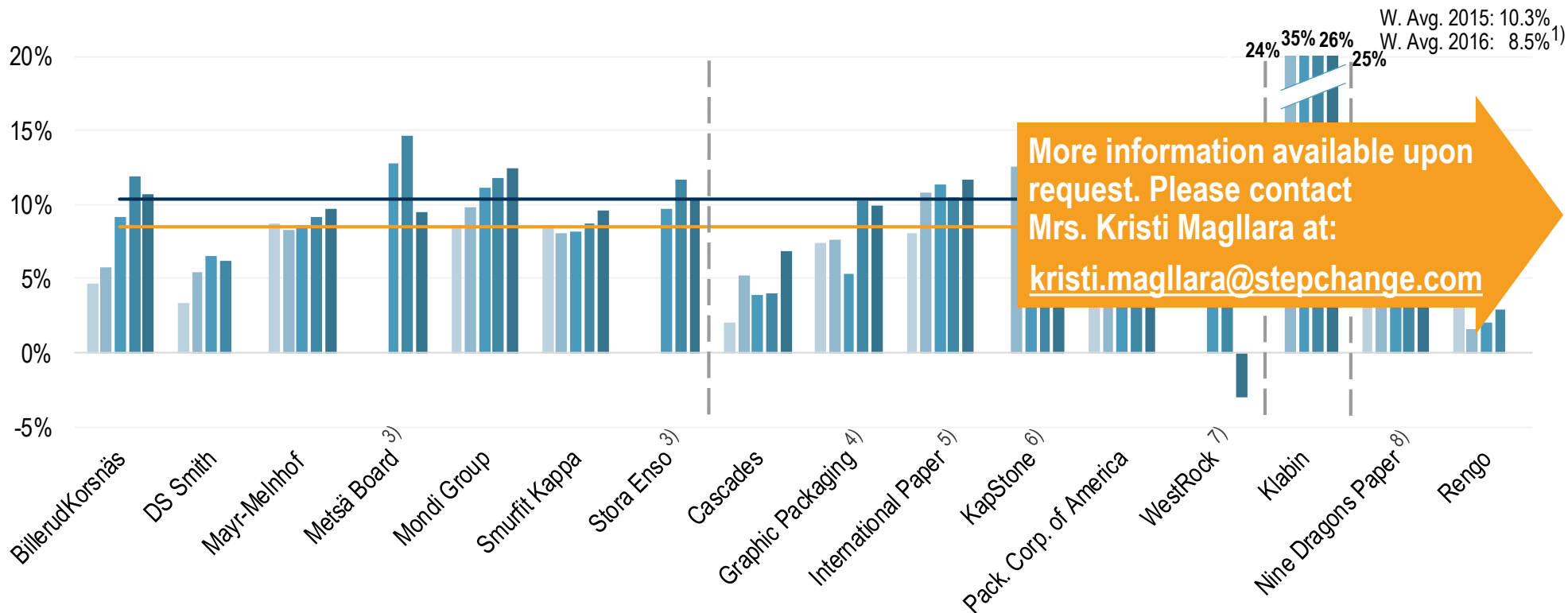
Unlike the graphic paper peer group, only 4 companies with a negative revenue growth in the packaging peer group

*Klabin excluded due to significantly higher EBITDA level outside of graphic scope

H1-2016 packaging segment EBIT decreased by 1.8pp compared to 2015

Segment-only EBIT % of packaging segments (incl. special items)¹⁾

Segment only



More information available upon request. Please contact Mrs. Kristi Magllara at: kristi.magllara@stepchange.com

W. Avg. 2015: 10.3%
W. Avg. 2016: 8.5%¹⁾

■ 2012
 ■ 2013
 ■ 2014
 ■ 2015
 ■ H1-2016
 — 2015 weighted average²⁾
 — H1-2016 weighted average²⁾
 Packaging segment: International Paper: Industrial & Consumer Packaging; Metsä Board: Paperboard; Mondi: All except Uncoated Fine, South Africa and formerly Newsprint; Stora Enso: Packaging Solutions division and Consumer Board division (former Renewable Packaging)

Mondi Group improving since 2012. Klabin outperforming the peer group. WestRock the only company with negative EBIT.

1) 2016 results based on H1-2016 extrapolations unless otherwise stated
 2) Excl. DS Smith and Rengo
 3) Segment definition changed since 2014
 4) 2014 result highly influenced by non-recurring items like restructuring, goodwill impairment and other special charges. 2015 result affected by acquisitions
 5) Results 2012 - 2014 restated
 6) 2015 results impacted by maintenance outage. 2016 results impacted by maintenance outage and lower prices of containerboard & export kraft paper.
 7) 2016 result highly influenced by restructuring costs
 8) 2015 results significantly affected by loss on disposal of property

Agenda



Graphic Paper peer group

Packaging peer group

Tissue peer group

Pulp peer group

Flexible Packaging peer group

2016 - Financial benchmarking of tissue peer peer group. Hengan outperforms, Cascades improves compared to 2015.

Tissue peer group financial performance comparison 2016¹⁾

	SCA	Cascades	Clearwater Paper	Kimberly-Clark	Kruger Products	Orchids Paper ⁵⁾	Hengan International ⁵⁾
Turnover, m €	12,321	2,696	1,566	16,240	775	152	2,841
EBIT %	9%	7%	9%	18%	7%	12%	25%
EBIT % (segment only) ⁶⁾	10% ³⁾⁵⁾	10% ³⁾	7% ⁴⁾	18% ²⁾	7% ²⁾	12% ²⁾	25% ²⁾
EBITDA %	15%	12%	14%	22%	11%	18%	29%
ROCE %	9%	9%	12%	34%	8%	8%	34%
ROA %	7%	7%	10%	22%	6%	8%	16%
ROE %	15%	27%	32%	N/A	25%	15%	34%
WC %	6%	10%	11%	9%	9%	11%	15%
Debt %					74%	47%	54%
OCF %						11%	18%
FCF %							

1) All figures are based on extrapolations of H1-2016 results unless otherwise stated

2) EBIT of the full company, not of a specific segment

3) SCA and Cascades tissue segment: Tissue segment as in the financial reports

4) Clearwater paper tissue segment: Consumer products segment as in the financial report

5) Data presented is 2015 annual results because H1-2016 results are not published yet

6) Segment data are available for SCA, Cascades and Clearwater Paper

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)

ROA % = EBIT including non-recurring items / Total Assets

ROE % = EBIT including non-recurring items / Total Equity

WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover

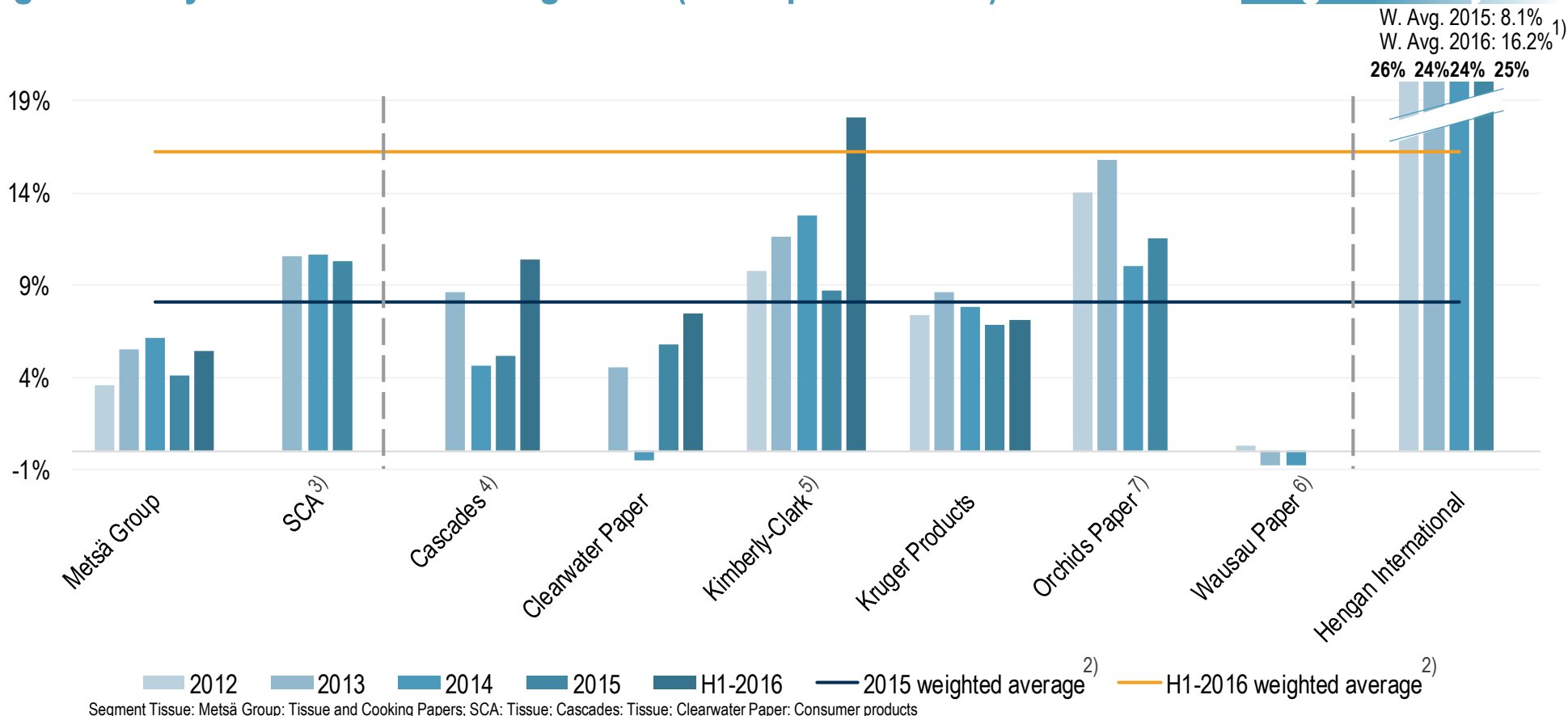
Debt % = Total Liabilities / Total Assets

OCF / TO% = Operating Cash Flow / Turnover

FCF / TO% = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

Average EBIT up by 8.1pp. Hengan and Kimberly-Clark are leading the peer group.

Segment-only EBIT % of tissue segments (incl. special items)¹⁾



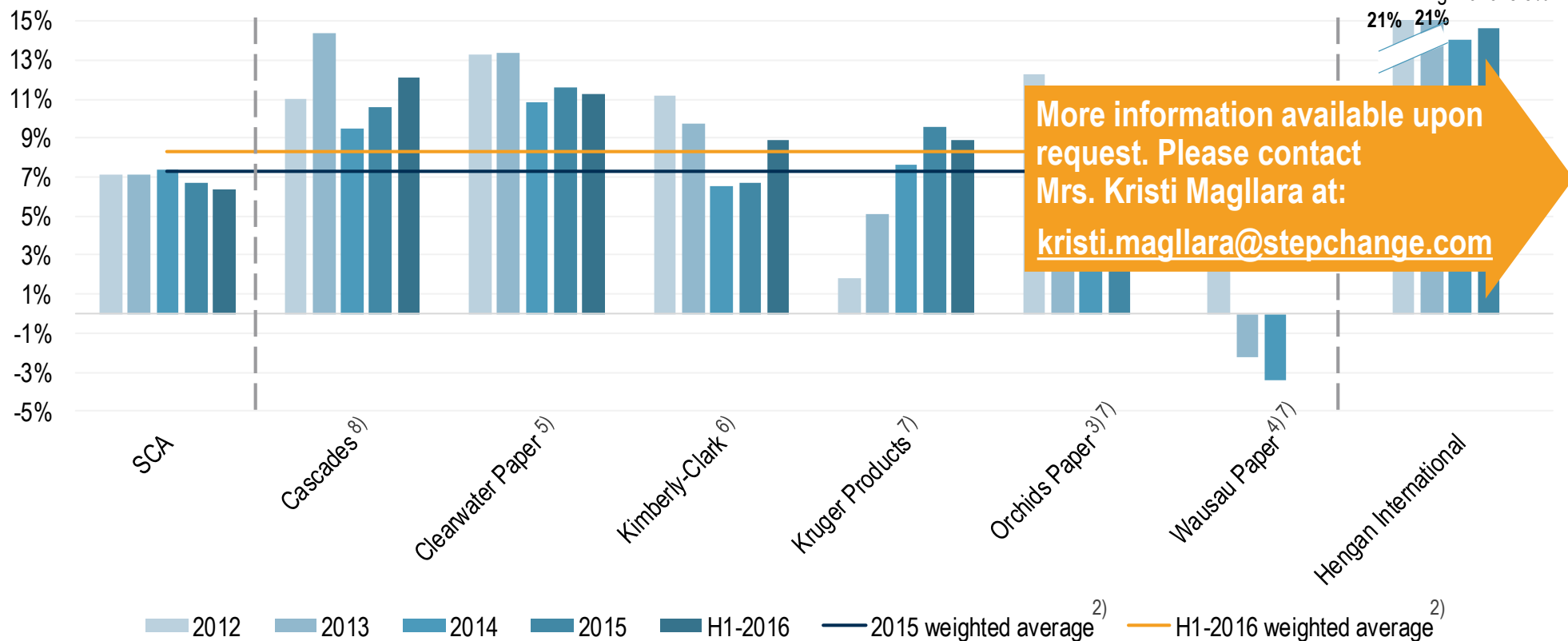
Improving EBIT across the segment in H1 2016

1) 2016 results are based on H1-2016 extrapolations unless otherwise stated
2) Excl. SCA, Orchids Paper, Wausau Paper and Hengan International due to non-available data for 2016
3) H1-2016 data not available

4) 2016 results impacted by higher sales (higher prices), favorable CAD FX rate, lower energy costs. Impact from NRI like restructuring costs and derivative fin. Instruments
5) 2015 results impacted by non-recurring items; 2016 results impacted by reduction of input costs, savings due to FORCE cost savings as well as special items such as pension settlement
6) Wausau Paper acquired by SCA in 2015
7) 2014 EBIT% drop driven by increased cost of sales and SG&A expenses

Working capital increased by 1pp vs. 2015. Tissue peer group average on a low level compared to other peer groups.

Working capital as % of turnover¹⁾



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SCA stable below average. Clearwater paper and Kruger Products struggling to keep working capital down.

1) 2016 results are based on H1-2016 extrapolations unless otherwise stated
 2) Excl. Orchids, Wausau and Hengan due to non-available data for 2016
 3) H1-2016 data not available
 4) In 2013 the specialty paper operations were discontinued; effecting the overall levels of WC in the following years
 5) Payables include a small amount of loan in the non-separable „other“ payables position; deferred tax excluded from 2012-2014 due to changed accounting policies as of 2015; receivables including some minor non-separable financial items
 6) 2012-2015 WC calculated with trade receivables and trade payables only; H1-2016 receivables including some minor non-separable financial items
 7) Receivables and payables including some minor non-separable financial items
 8) Payables including some minor non-separable financial items

Agenda

Graphic Paper peer group

Packaging peer group

Tissue peer group

Pulp peer group

Flexible Packaging peer group

2016 - Financial benchmarking of pulp peer group. Turnovers decreased vs. 2015. Majority of the companies had a weakening EBIT.

Pulp peer group financial performance comparison 2016¹⁾

Pulp

	Altri ²⁾	Ence ³⁾	Metsä Group	Rottneros ³⁾	Södra ³⁾	Stora Enso	UPM	Canfor	Catalyst Paper	Domtar	Mercer International	Tembec	Weyerhaeuser	Arauco ³⁾	CMPC ⁴⁾	Eldorado	Fibria	Suzano
Turnover, m €	608	664	4,678	192	1,952	9,942	9,782	744	1,308	4,576	846	986	5,483	4,636	4,209	752	2,314	2,523
EBIT %	21%	20%	10%	15%	12%	9%	11%	8%	-2%	2%	10%	5%	13%	14%	8%	47%	23%	29%
EBIT % (segment only) ⁶⁾	21%	19%	18%	15%	26%	20%	21%	7%	4%	2%	10%	4%	10%	14%	17%	47%	23%	29%
EBITDA%	29%	29%	15%	18%	17%	13%	16%	14%	1%	10%	17%	9%	21%	22%	17%	55%	44%	42% ⁵⁾
ROCE %	15%	13%	11%	24%	16%	10%	9%	13%	-5%	2%	8%	9%	4%	6%	3%	18%	8%	12%
ROA %	12%	11%	8%	19%	11%	7%	8%	11%	-4%	2%	8%	6%	4%	5%	3%	13%	7%	11%
ROE %	40%	23%	18%	25%	18%	16%	14%	19%	24%	4%	22%	173%	9%	11%	5%	110%	15%	28%
WC %	10%	0%	10%	13%	15%	8%	16%	12%	9%	14%	18%	0%	0%	0%	0%	0%	20%	27%
Debt %	71%	53%	55%	24%	38%	54%	44%	45%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
OCF %	31%	17%	1%	19%	17%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
FCF %	31%	17%	1%	19%	17%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%

1) All figures based on extrapolations of H1-2016 results unless otherwise stated

2) OCF % and FCF % as of 2015

3) Data presented is 2015 annual results because H1-2016 results are not published yet

4) Segment EBIT % as of 2015

5) "Adjustment to fair value" considered as impairment

6) Pulp segments: Ence: Pulp and Forestry, Metsä Group: Metsä Fiber Group (Pulp industry), Södra: Södra Cell, Stora Enso: Biomaterials, UPM: Biorefining,

Eldorado: Cellulose, Canfor: Pulp, Catalyst Paper: Pulp, Tembec: Paper Pulp + Specialty Cellulose Pulp, Weyerhaeuser: Cellulose fibers, CMPC: Pulp

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)

ROA % = EBIT including non-recurring items / Total Assets

ROE % = EBIT including non-recurring items / Total Equity

WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover

Debt % = Total Liabilities / Total Assets

OCF / TO% = Operating Cash Flow / Turnover

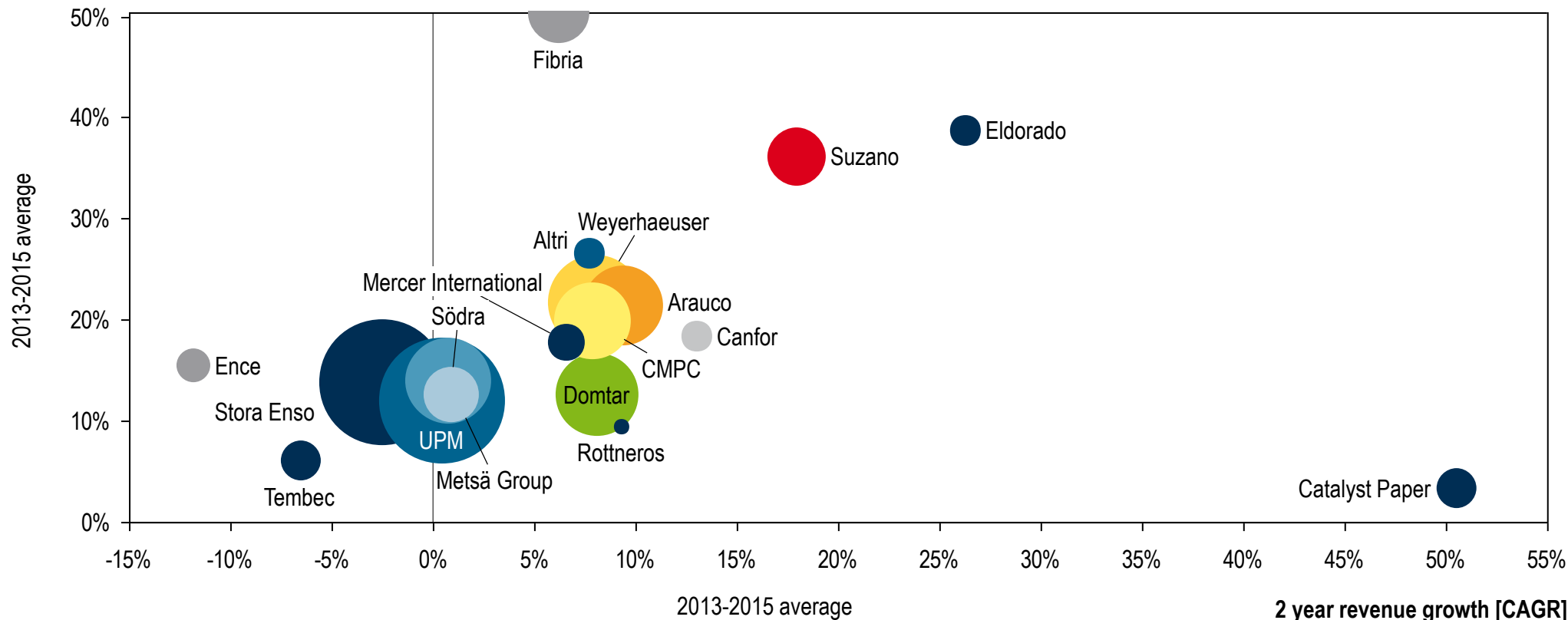
FCF / TO% = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

Long-term perspective - Fibria with highest EBITDA average and ~6% revenue growth over 2 years. Eldorado and Suzano outperform

EBITDA average as % vs. Revenue growth as % CAGR 2013-2015

Pulp

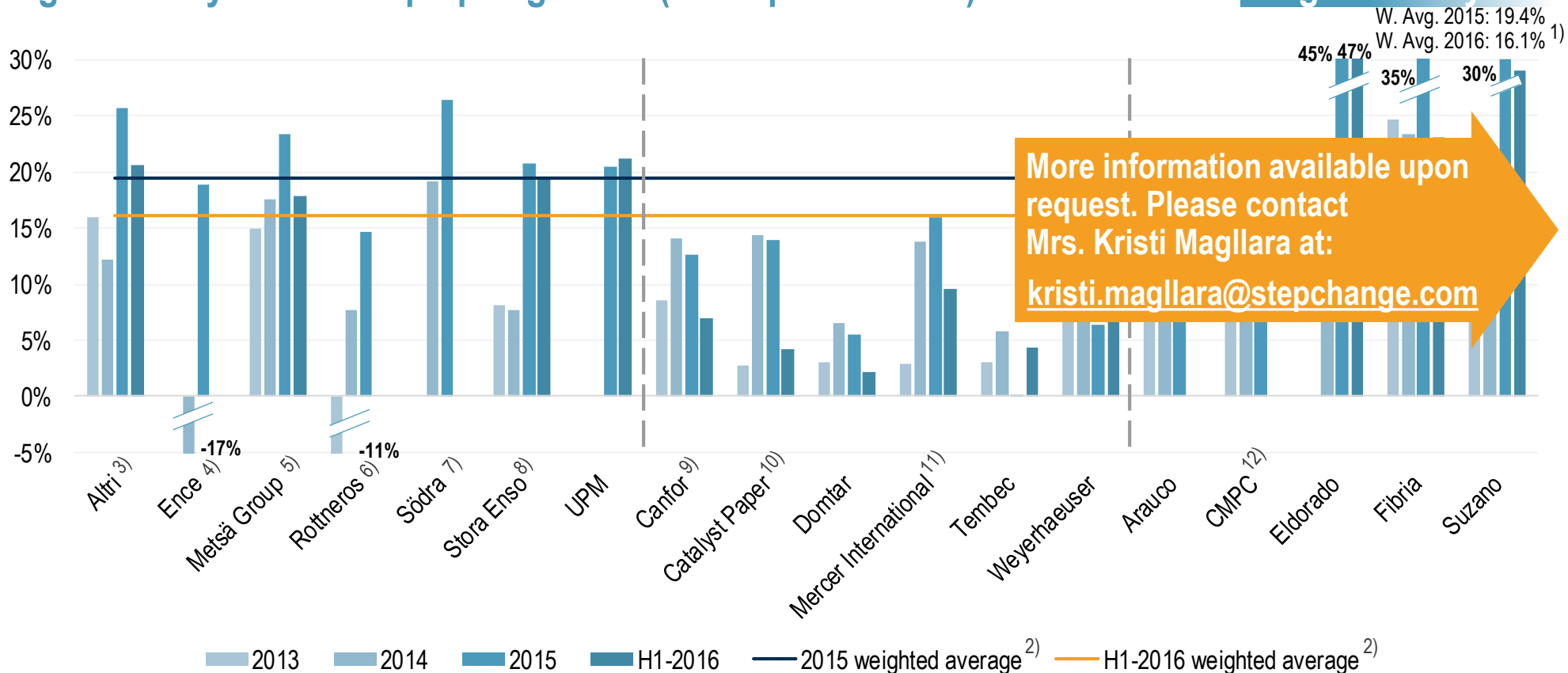
3 year EBITDA average [%]



Ence and Tembec shrinking in turnover

Segment-only results show the positive impact on results of conglomerates. Overall, EBIT down by 3.3pp.

Segment-only EBIT % of pulp segments (incl. special items)¹⁾



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Pulp segments: Ence: Pulp and Forestry, Metsä Group: Metsä Fiber Group (Pulp industry), Södra: Södra Cell, Stora Enso: Biomaterials, UPM: Biorefining, Eldorado: Cellulose, Canfor: Pulp, Catalyst Paper: Pulp, Tembec: Paper Pulp + Specialty Cellulose Pulp, Weyerhaeuser: Cellulose fibers, CMPC: Pulp



Eldorado is the best performer in the pulp segment. Suzano sustains high level, Altri, Metsä, Stora and UPM above peer group average in H1-2016.

1) 2016 results based on H1-2016 extrapolations unless otherwise stated 2) Excl. Ence, Rottneros, Södra and Arauco because no H1 2016 report is yet available 3) 2015 influenced by positive FX impact on exports & ongoing projects to reduce wood and chemicals consumption. 2016 influenced by decrease in BHKP price, depreciation of EUR/USD, planned annual stoppages for maintenance 4) 2014 influenced by negative non-recurring items like impairments and closure costs of Huelva. 2015 effected by less non-recurring items and lower sales cost 5) 2015 influenced by increase in sales of pulp weakening EUR against USD 6) 2015 results impacted by increased productivity 7) Impacted by positive exchange rate: weakening of SEK against USD and increased sales volume 8) 2015 results impacted by higher hardwood pulp sales prices in local currencies, favorable foreign exchange rate impact, increased sales volumes and lower wood and energy costs 9) 2016 results impacted by lower NBSK pulp sales as well as major maintenance outages 10) 2016 results impacted by lower sales volumes, lower average transaction prices partially offset by weaker CAD, increased costs of chemical, steam fuel, maintenance and labor costs 11) 2016 impacted by lower sales & production and sales realizations 12) Result 2014 is restated

Agenda



Graphic Paper peer group

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Flexible Packaging peer group

2016 - Financial benchmarking of flexibles peer group.

Mondi and Aptar keep performing well.

Flexibles peer group financial performance comparison 2016¹⁾

Flexibles

	Amcor	Aptar Group	Constantia Flexibles ²⁾	Huhtamaki	Mondi Group	Bemis	Coveris	Sealed Air	Rengo ²⁾
Turnover, m €	8,240	2,154	1,899	2,829	6,624	3,564	2,336	5,944	4,016
EBIT %	11%	14%	6%	10%	16%	9%	5%	12%	3%
EBIT % (segment only) ³⁾	12%	14%	6%	9%	8%	9%	6%	12%	3%
EBITDA%	15%	20%	13%	13%	22%	14%	11%	16%	8%
ROCE %	22%	15%	9%	14%	21%	12%	8%	14%	4%
ROA %	12%	12%	7%	10%	15%	10%	6%	10%	2%
ROE %	80%	26%	31%	25%	31%	29%	N/A	133%	7%
WC %	4%	22%	14%	14%	12%	15%	10%	8%	N/A
Debt %						66%	99%	92%	66%
OCF %							3%	5%	N/A
FCF %									

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)

ROA % = EBIT including non-recurring items / Total Assets

ROE % = EBIT including non-recurring items / Total Equity

WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover

Debt % = Total Liabilities / Total Assets

OCF / TO% = Operating Cash Flow / Turnover

FCF / TO% = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

1) All figures are based on extrapolations of H1-2016 results unless otherwise stated

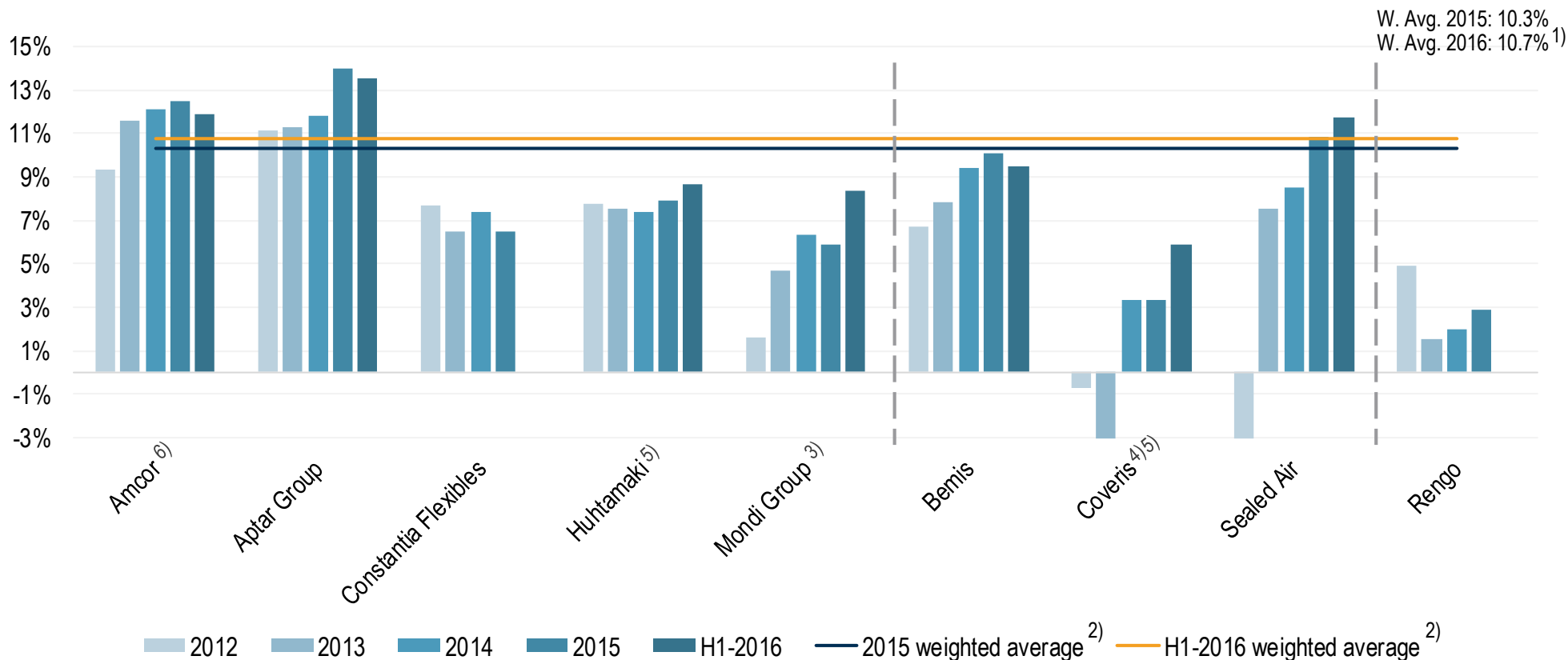
2) Data presented is 2015 annual results because H1-2016 results are not published yet

3) Flexible segments: Amcor: Flexibles, Coveris: Flexibles, Huhtamaki: Flexible Packaging, Mondi Group: Consumer Packaging

Despite volatility, average EBIT increased slightly by 0.4% from 2015 to 2016

Segment-only EBIT % of tissue segments (incl. special items)¹⁾

Segment only



Flexible segments: Amtcor: Flexibles, Coveris: Flexibles, Huhtamaki: Flexible Packaging, Mondi Group: Consumer Packaging



Trends vary across companies. Huhtamaki, Mondi, Coveris and Sealed Air were able to increase flexibles EBIT, while the remaining sector recorded a slight drop

1) 2016 results based on H1-2016 extrapolations unless otherwise stated

2) Excl. Rengo and Constania Flexibles

3) 2016 results impacted by volume growth, pricing benefits and forestry fair value gains of segments: Consumer Packaging, Uncoated Fine Paper and the South Africa Division.

4) 2016 results largely due to improvements in the North-Central American Flexibles business unit resulting from continued productivity improvements, procurement savings, decreases in raw material costs, decreases in headcount and downtime, lower waste compared to prior year

5) 2012-2013 results have been restated

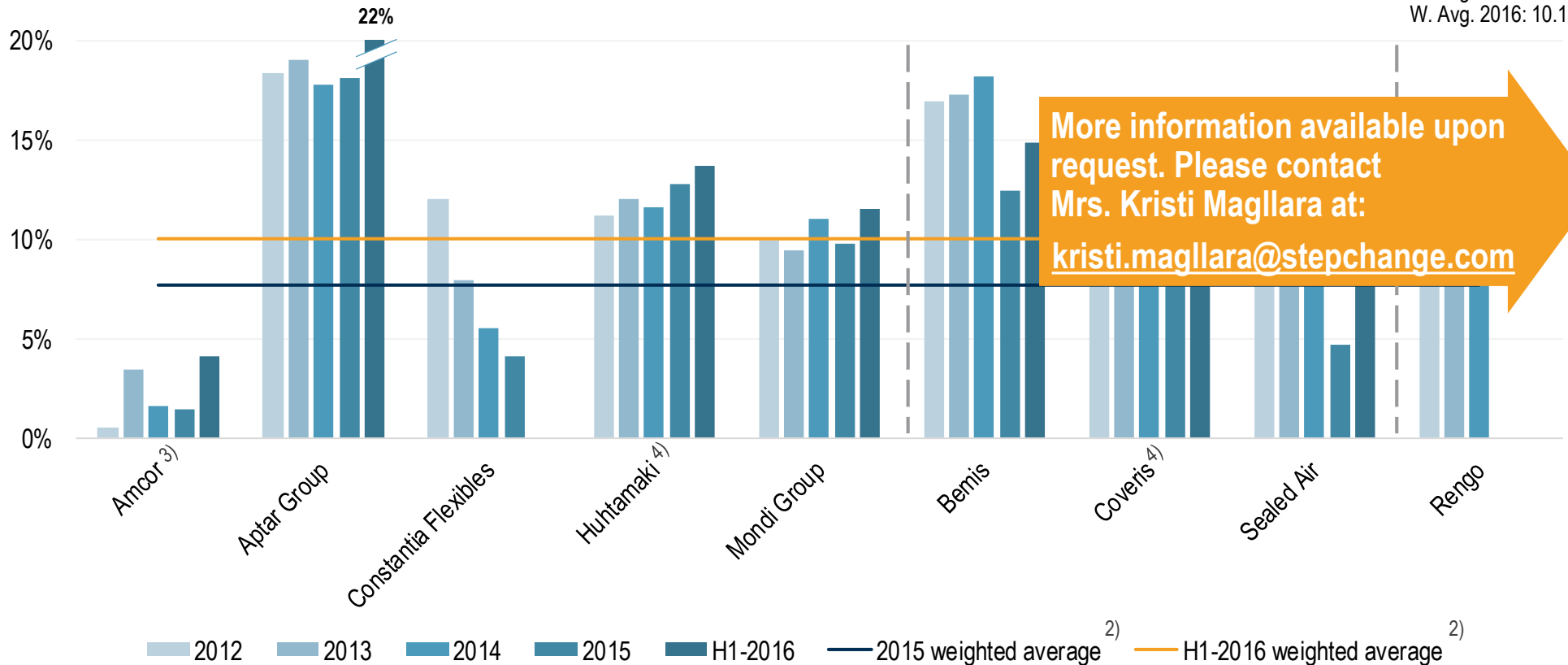
6) 2014 has been restated

Working capital increased by 2.4pp in H1-2016 vs. 2015

Working capital as % of turnover¹⁾

Flexibles

W. Avg. 2015: 7.7%
W. Avg. 2016: 10.1%¹⁾



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Development of working capital levels rather unstable. 2016 records an increase in working capital levels for all peer group companies.

1) 2016 results are based on H1-2016 extrapolations unless otherwise stated

2) Excl. Rengo and Constantia Flexibles

3) 2016 result impacted by increase in inventories, decrease in payables 2015-2016. 2014 results have been restated.

4) 2012-2013 results have been restated