



StepChange Consulting

Selected Financial Benchmarking

Full version available upon request.
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June 2017

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Over 20 years of industry & consulting experience; 10 years with global consulting firm, operational leadership responsibility for industry practice.

Responsible for various high profile transformational engagements on senior management level. Founder of StepChange. Educational Background in Sales and Marketing.

Areas of expertise:

- Sales & Marketing Strategy, Operations and Structure
- Strategy Development
- M&A Strategy, Post Merger Integration
- Turnaround Management & Operational Improvement
- Supply Chain & Logistics Transformation
- Restructuring



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Principal

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Over 15 years of global management consulting experience. Project lead for numerous transformational & improvement programs for paper producers, converters and paper merchants. Previously worked for an international chemicals producer in different Sales functions for five years. Educational background in business with specialization on Sales and Marketing.

Areas of expertise:

- Sales Strategy and Sales Force Effectiveness
- Supply Chain Management
- Profit Improvement Programs
- Organizational Reengineering
- Performance Measurement



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Over 15 years of global management consulting experience. Project lead for numerous transformational and performance improvement programs for paper, packaging and FMCG companies. Design of growth strategies and lean organizations in Europe, North and South America. Responsible for Latin America region. PhD in Economics, MSc, MBA.

Areas of expertise:

- Growth Strategies
- Turnaround, Performance Improvement and Restructuring
- Fixed and variable cost reduction
- Organizational Design
- Sourcing and Negotiations
- Sales and Marketing





- Management consultancy specialized in the pulp & paper manufacturing industry
- Focus on sustainable performance improvements
- Interdisciplinary and collaborative project approach
- International team of industry experienced consultants
- Primarily top tier paper & packaging companies among client base (> € 1bn in revenue)
- Vienna office founded in 2006
- US operations started in 2010
- Projects in more than 25 countries



DRIVING CHANGE
TO DELIVER RESULTS

Financial KPIs available in the Benchmarking document

Following financial results are available for five peer groups

KPIs

Name of the KPI	Availability
Peer group comparison ¹⁾ : EBIT %	Full version only
Peer group comparison ¹⁾ : EBITDA %	✓
Peer group comparison ¹⁾ : Working capital %	Full version only
Peer group comparison ¹⁾ : ROCE %	✓
Peer group summary	✓
Financial performance comparison table	Full version only
EBITDA average % vs. Revenue growth %	✓
Company-wide EBITDA as % of turnover	✓
Company-wide EBIT as % of turnover	Full version only
EBIT % by region ²⁾	Full version only

Name of the KPI	Availability
Segment-only EBIT %	✓
Working capital as % of turnover	Full version only
Working capital % development by region ²⁾	Full version only
Cash conversion cycle (CCC)	Full version only
DIO, DPO & DSO	Full version only
ROCE % applying EBIT	Full version only
OCF % vs. FCF (excl. M&A) %	Full version only
Operating cash flow as % of turnover	Full version only
Debt ratio (total liabilities / total assets)	Full version only
Enterprise value / EBITDA	Full version only

Full version available upon request.

 **For more information and for the pricing of the full version please contact us**

¹⁾ Comparison slides containing all peer groups

²⁾ Not available for Tissue peer group

Industry Financials

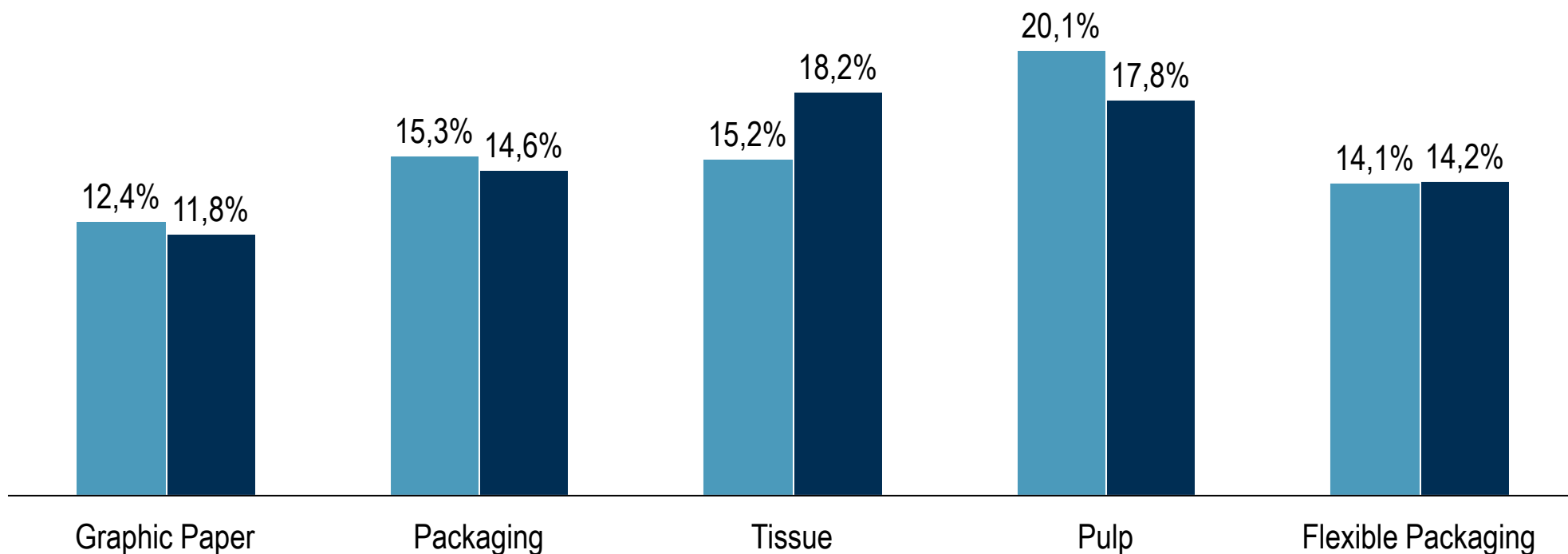
- **Peer group comparison**
 - Graphic Paper peer group
 - Packaging Paper peer group
 - Tissue peer group
 - Pulp peer group
 - Flexible Packaging peer group

Tissue and pulp peer groups leading in terms of EBITDA. While tissue improved results in 2016, pulp deteriorated.

EBITDA % by peer group 2015-2016¹⁾

Comparison

2015 2016



Lower pulp prices impacted not only pulp peer group results but also drive the positive results of tissue peer group

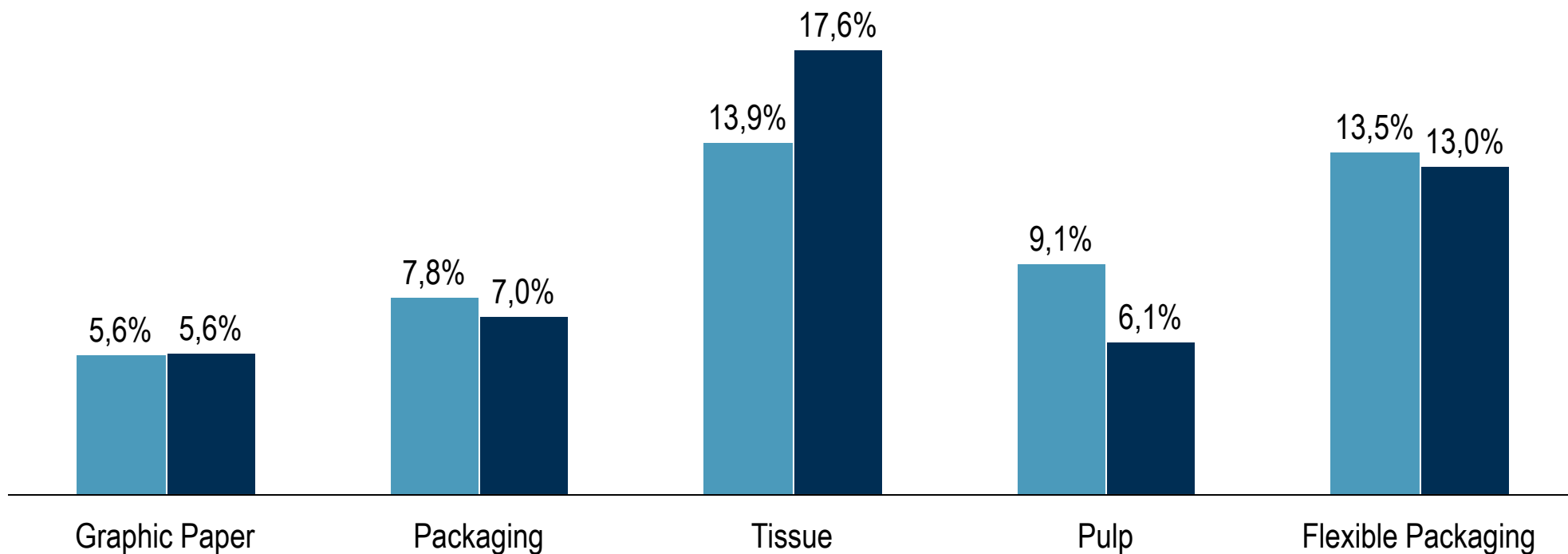
1) 2016 results based on FY-2016 unless otherwise stated in the detailed peer group results

Tissue peer group with highest ROCE in 2016 and the best performance improvement since 2015

ROCE % by peer group 2015-2016¹⁾

Comparison

2015 2016



Pulp, packaging and flexible packaging peer groups with deteriorating ROCE results in 2016. Graphic paper peer group with the lowest ROCE results in 2016.

1) 2016 results based on FY-2016 unless otherwise stated in the detailed peer group results

Industry Financials

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Negative revenue development for the majority of graphics companies

Summary

Graphics Highlights

- Mondi continues its strong performance – segment EBIT: 21%, ROCE: 17%, ROA: 13% and OCF: 18%
- Navigator with highest EBITDA (25%), strong results for EBIT (15%) and ROA (10%)
- UPM with low debt levels (41%) and solid OCF (17%) and FCF (14%)
- Sappi shows strong ROCE (14%), ROA (10%) and ROE (39%)
- Holmen with low debt levels (39%) and stable FCF (11%)

Graphics Lowlights

- Norske Skog facing challenges: company and segment EBIT (-9% and -8%), high debt (98%)
- Verso Paper with similar difficulties reporting negative EBIT (-9%), negative EBITDA (-2%), high debt (152%)
- Nippon Paper shows weak EBITDA results of 5%, negative ROE (-1%) and negative FCF (-2%)
- Resolute Forest Products with negative ROE (-2%), low OCF (2%) and negative FCF (-5%)



**European companies with stronger results than rest of peer group.
Asia and North America are struggling to improve results.**

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)
WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover

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

ROE % = EBIT including non-recurring items / Total Equity
FCF / TO% = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

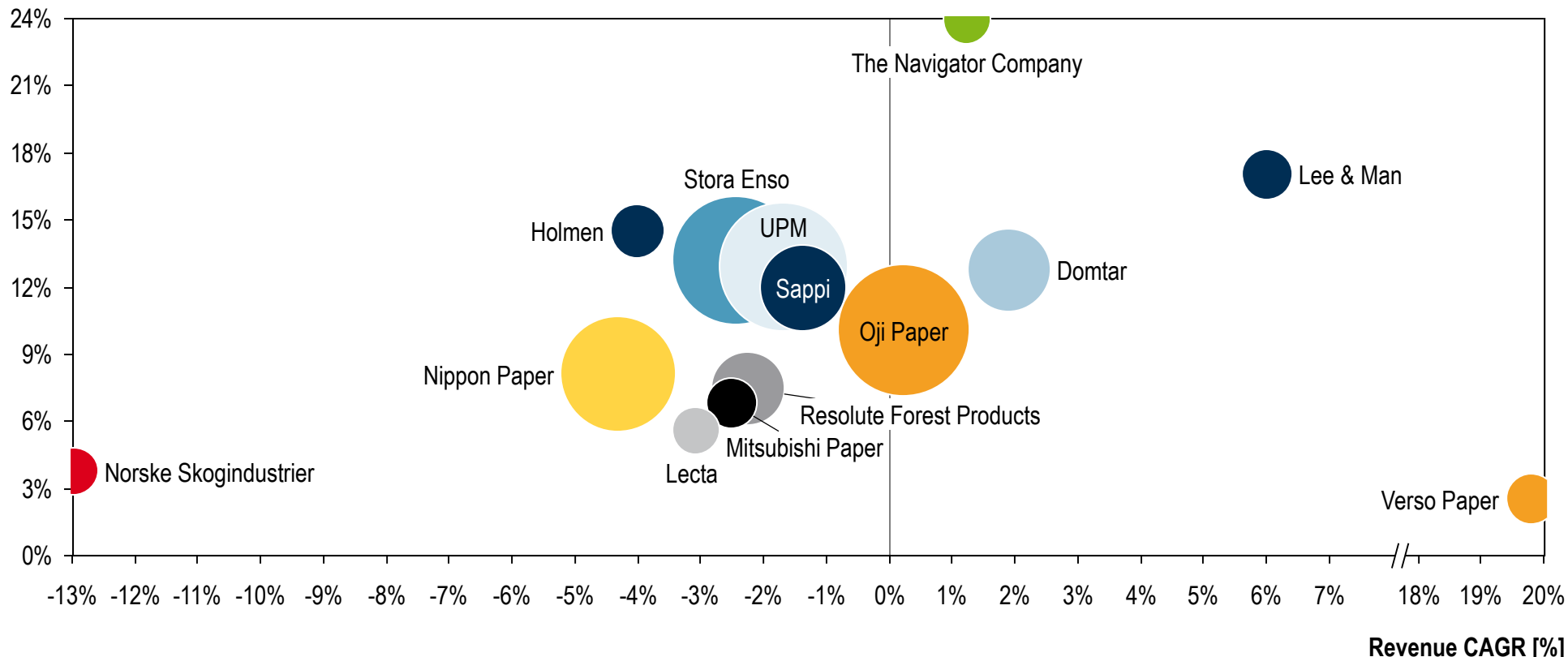
OCF / TO% = Operating Cash Flow / Turnover

Most companies with multi-year revenue decline, but positive EBITDA development. Navigator and Lee & Man outperform.

EBITDA average % vs. Revenue growth % CAGR 2012-2016¹⁾

Graphic Paper

EBITDA average [%]



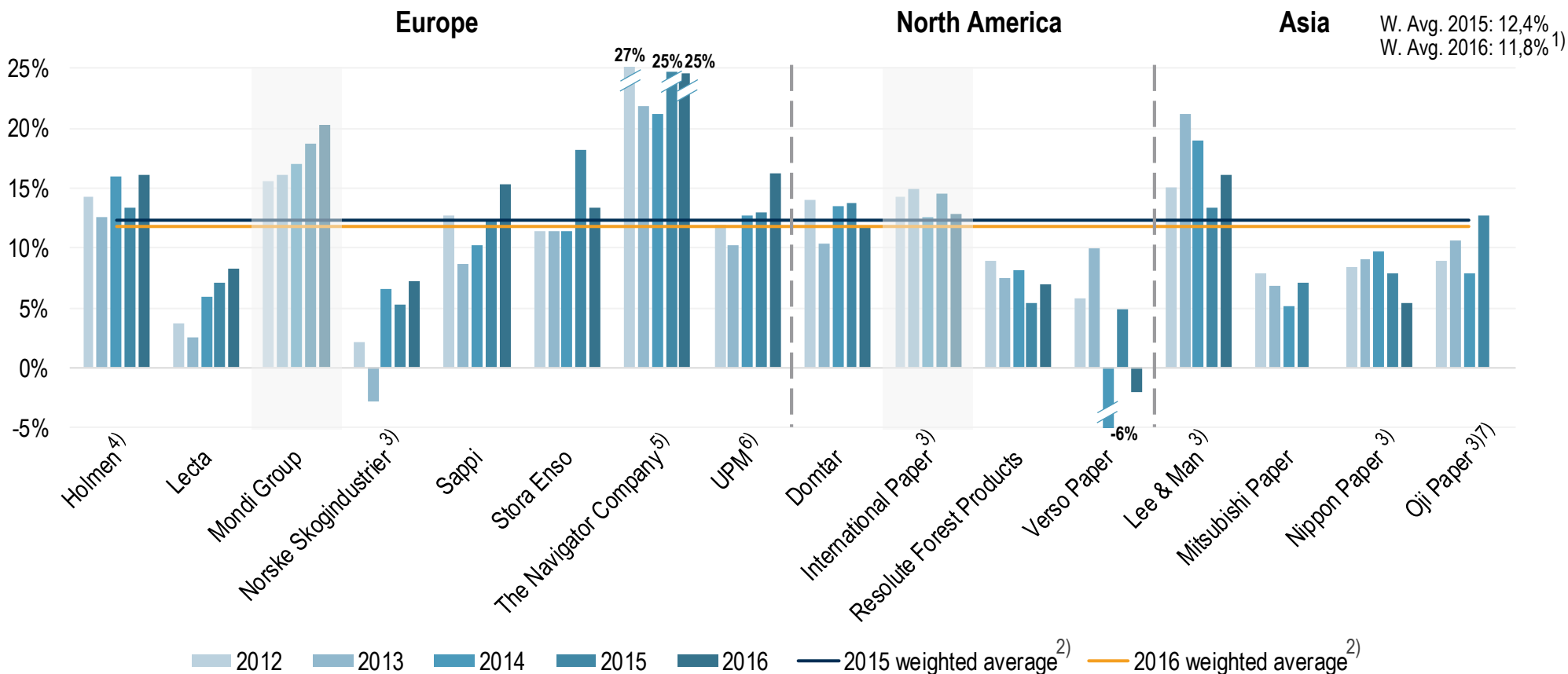
Despite overall positive EBITDA development, majority of companies with negative revenue development

1) 2016 results based on FY-2016 except for: Lecta, Verso Paper, Lee & Man, Nippon Paper (H1 results extrapolation)

The EBITDA within the peer group declined by 0,5pp compared to 2015. Navigator and Mondi outperform. Verso negative.

Company-wide EBITDA (incl. special items) as % of turnover 2012-2016¹⁾

Graphic Paper



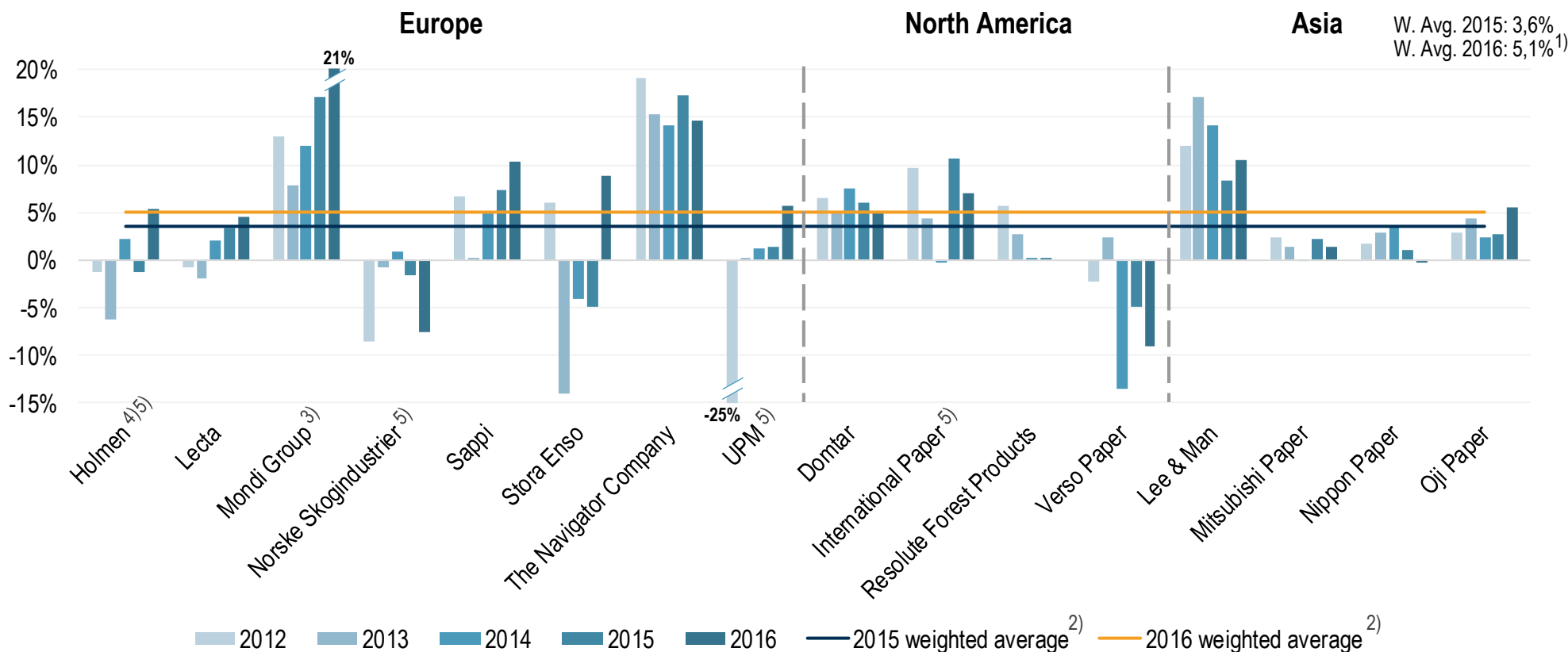
European peers with strongest EBITDA performance. North America following in second place with Domtar and International Paper declining vs. 2015.

1) 2016 results based on FY-2016 except for: Lecta, Verso Paper, Lee & Man, Nippon Paper (H1 results extrapolation)
 2) Excl. Mondi and International Paper since they are highly active in other segments as well. Excl. Mitsubishi, Oji Paper: H1-2016 depreciation not available
 3) NRI impact: IP 2013-2014, Lee & Man 2015, Norske 2012, Oji Paper 2012-2013
 4) Increased EBITDA due to good production, better product mix and lower depreciation
 5) 2016 profits impacted by decreased turnover due to a reduction in the value of power sales, caused by the downwards revision of tariff paid by national grid
 6) UPM: 2012 EBIT significantly influenced by non-recurring items. 2013-2016 results incl. an impairment of fair value increase of biological assets
 7) EBITDA includes some financial special items (Sales of investment securities & contribution of securities to retirement benefit trust)

The graphic paper segment data shows 1,5pp EBIT increase compared to 2015. UWF producers with good results.

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

Segment only
 W. Avg. 2015: 3,6%
 W. Avg. 2016: 5,1%¹⁾



Graphics segment: International Paper: Printing paper (2012-2015) & Printing paper & Global Cellulose Fibers (2016); Domtar: Pulp & Paper; Holmen: Holmen Paper; Mondi: Uncoated Fine Paper; Norske: Newsprint & Magazine Paper – since 2014: Publication paper Europe & publication paper Australasia; UPM: UPM Paper (2010-2012) & UPM Paper Asia & UPM Paper ENA (2013-2014) & UPM Specialty Papers & UPM Paper ENA (2015-2016); Stora: Newsprint and book paper, magazine paper & Printing & reading (2012-2014), Resolute Forest Products: Newsprint and Specialty Paper



Trends vary significantly across companies. Several graphic paper producers such as Holmen, Mondi, Stora Enso, Lecta, Sappi, Lee & Man, Oji Paper and UPM improved EBIT.

1) 2016 results based on FY-2016 except for: Lecta, Verso Paper, Lee & Man, Mitsubishi Paper, Nippon Paper, Oji Paper (H1 results extrapolation)
 2) Excl. Resolute Forest Products – Segment data not available for 2016
 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 UNIQ product and lower depreciation; excluding special items in 2016
 5) Significantly influenced by non-recurring items; Norske Skog significantly influenced by restructuring expenses

Overview of additional graphs available

Additional content in the full version:

Graphic Paper

- Peer group financial performance comparison table 2016
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- Enterprise value / EBITDA 2016



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The packaging peer group is looking back at a strong year

Summary

Packaging Highlights

- Smurfit Kappa with Group record EBITDA, stable sales and low WC% at 6%
- PCA net sales increased by 6%, second highest segment EBIT% in the peer group with 14%
- BillerudKorsnäs achieved all-time high sales volume
- Leading the peer group, Klabin reports an adjusted EBITDA increase of 16% in 2016
- Graphic Packaging reports strong ROE with 37%
- Mondi Group strong among peer group with 14% EBIT, 20% EBITDA and 17% ROCE.

Packaging Lowlights

- International Paper Packaging segment revenue down by 7%, OCF stable at 12%
- WestRock struggling: EBIT at 3%, ROCE at 2%, ROA at 2% and ROE at 4%
- Rengo facing difficulties in H1-2016 – EBIT: 5%, EBITDA: 10%, ROA: 4%, ROE: 12%
- Klabin struggling to keep WC (33%) and Debt (76%) down, FCF negative at -19%
- Metsä Board sales for 2016 down by 14% vs. 2015, also struggling for OCF (4%) and FCF (-4%)



Overall strong EBIT and EBITDA performances.

Europe outperforms, some companies in Asia and North America facing difficulties.

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)
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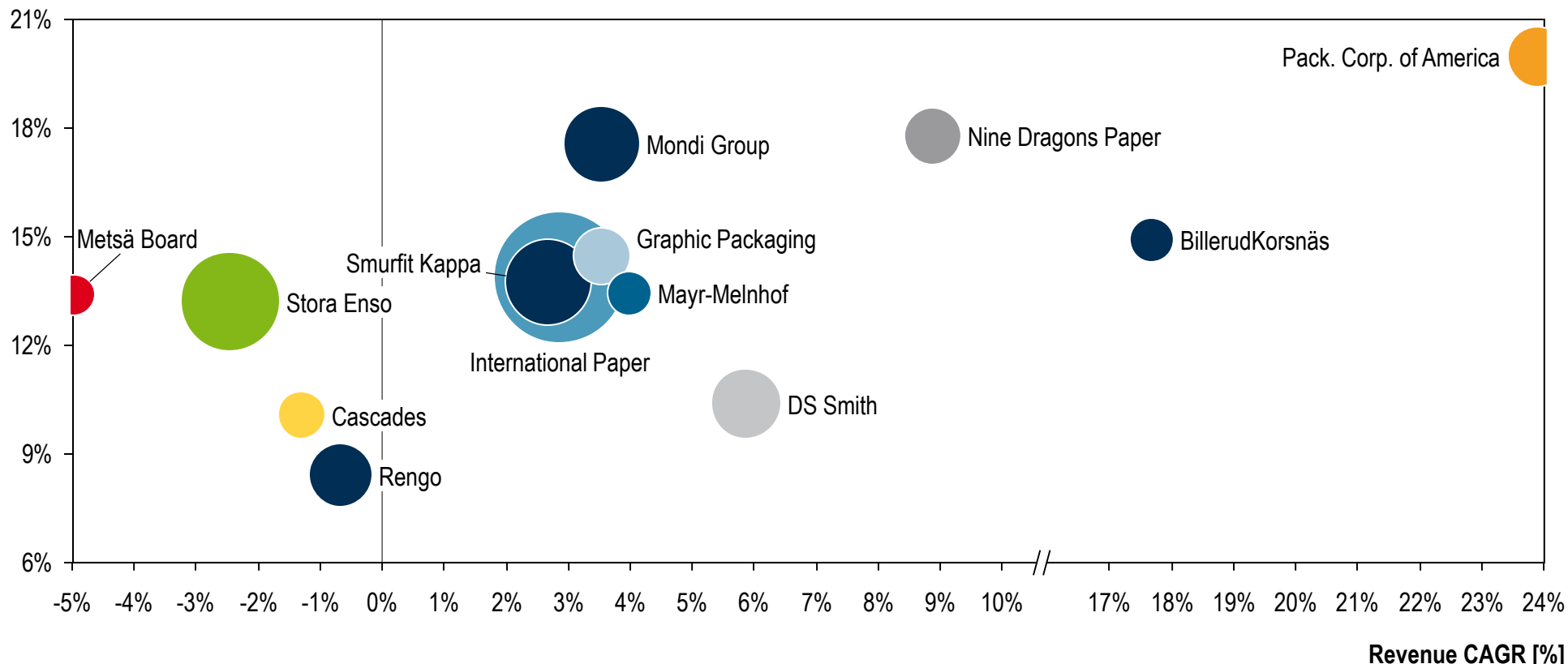
OCF / TO% = Operating Cash Flow / Turnover

PCA outperforms in terms of EBITDA and revenue development. Nine Dragons growing at high EBITDA, Mondi with moderate growth.

EBITDA average % vs. Revenue growth % CAGR 2012-2016^{1) 2)}

Packaging

EBITDA average [%]

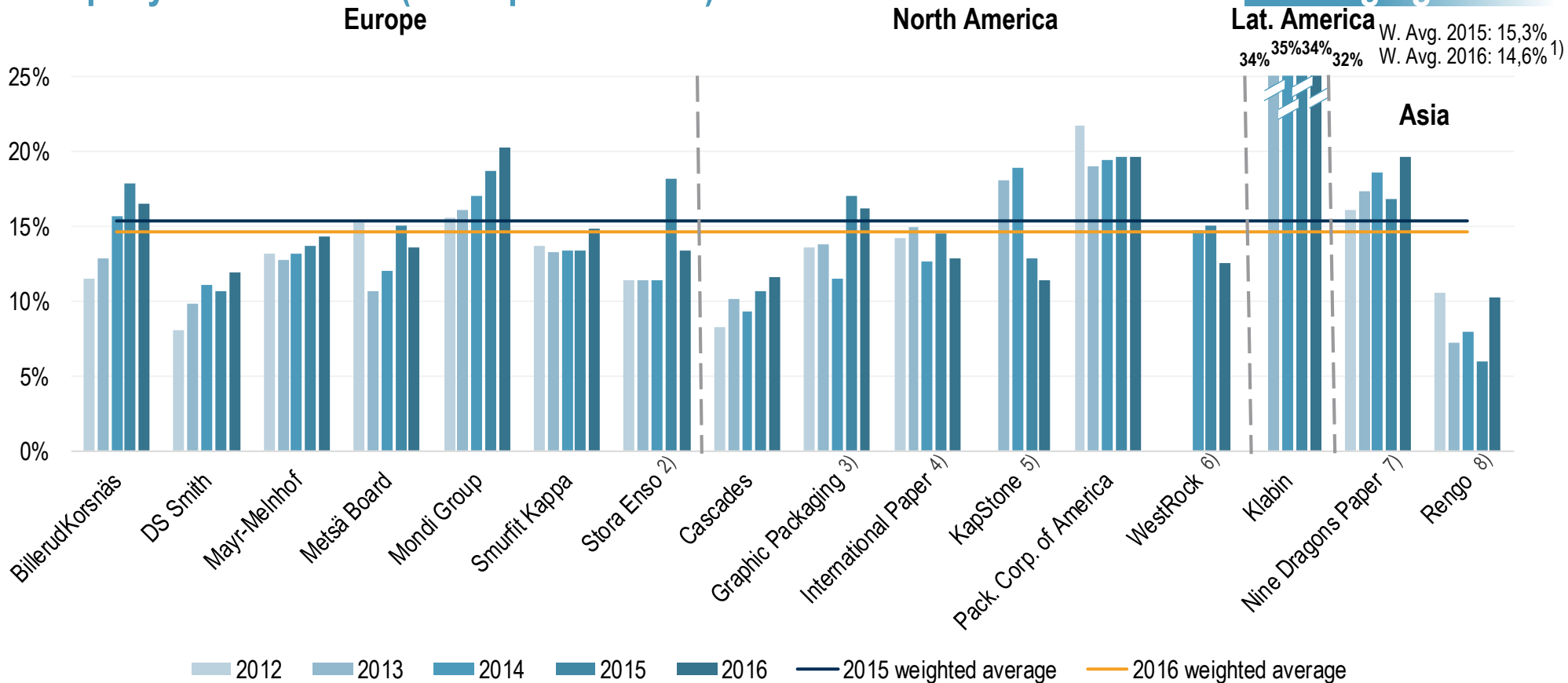


Unlike in the graphic paper peer group, only 4 companies show a negative revenue growth in the packaging peer group

1) 2016 results based on FY-2016 except for: DS Smith, Mayr-Melnhof, Cascades, Rengo (H1 results extrapolation)
2) Klabin, KapStone and WestRock excluded due to incomplete information available for 2012

EBITDA levels decreased by 0,7 pp vs. 2015. Overall EBITDA variance is significantly lower than in graphic paper segment.

Company-wide EBITDA (incl. special items) as % of turnover 2012-2016¹⁾



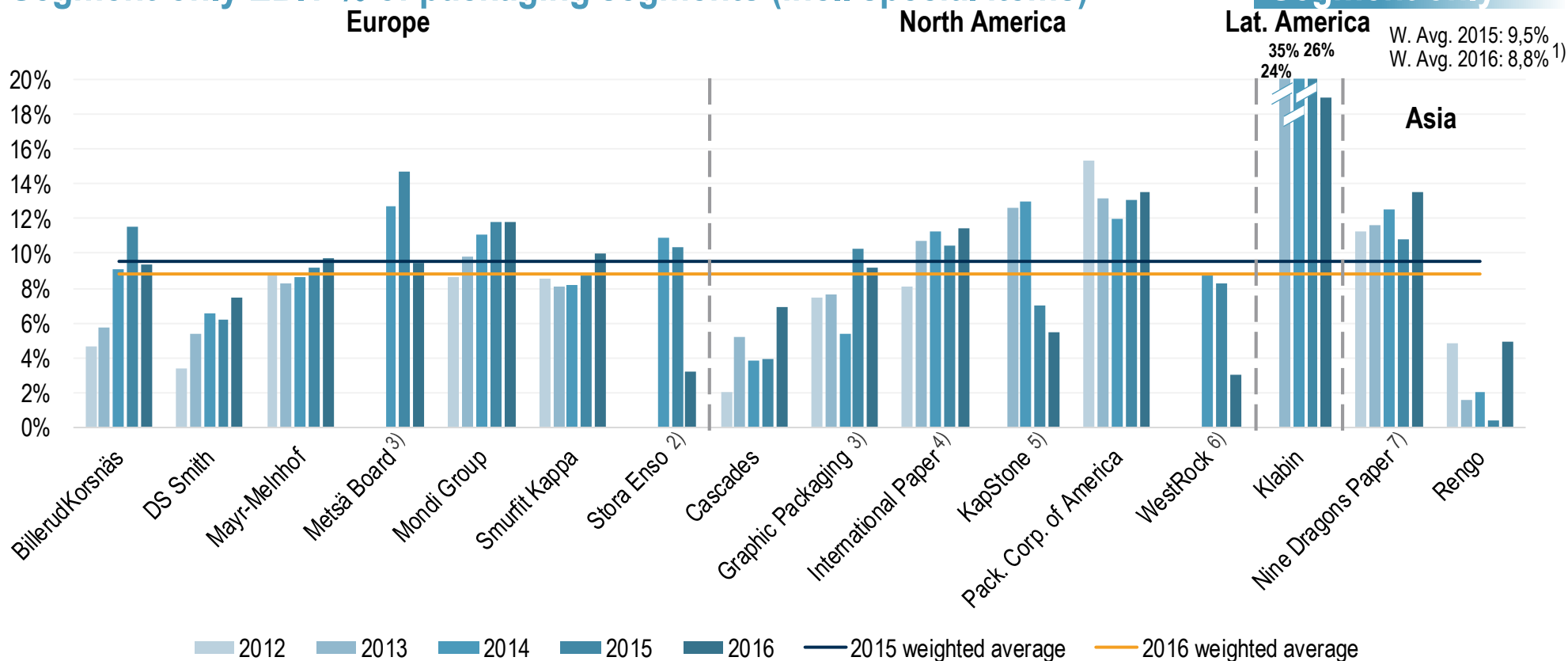
Klabin, PCA, Nine Dragons and Mondi leading the peer group in 2016. Rengo with strong improvement.

1) 2016 results based on FY-2016 except for: DS Smith, Mayr-Melnhof, Cascades, Rengo (H1 results extrapolation)
 2) 2015 results affected by positive FX impacts and lower variable costs, offset partly by lower sales prices for paper
 3) 2014 result highly influenced by non-recurring items such as restructuring, goodwill impairment. 2015 result affected by acquisitions

4) Results 2012-2014 restated. 2013-2014 results impacted by NRI 5) 2015 results impacted by maintenance outage
 6) 2016 result highly influenced by restructuring costs and the impairment of specialty chemicals goodwill
 7) 2015 results significantly affected by loss on disposal of property
 8) 2015 results highly impacted by negative special items like non-current assets write offs, losses on business withdrawal

2016 packaging segment EBIT decreased by 0,7pp compared to 2015. Klabin continues to outperform the peer group.

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



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 between 2012 and 2015, in 2016 stable.
Mayr-Melnhof, Smurfit Kappa, PCA with constant improvements over the last three years.

1) 2016 results based on FY-2016 except for: DS Smith, Mayr-Melnhof, Cascades, Rengo (H1 results extrapolation)
 2) Segment definition changed since 2014

3) 2014 result highly influenced by non-recurring items like restructuring, goodwill impairment and other special charges. 2015 result affected by acquisitions
 4) Results 2012 - 2014 restated
 5) 2015 results impacted by maintenance outage. 2016 results impacted by maintenance outage and lower prices of containerboard & export kraft paper.

6) 2016 result highly influenced by restructuring costs
 7) 2015 results significantly affected by loss on disposal of property

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Packaging



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- **Tissue peer group**
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Mixed results for tissue peer group, with strong and alarming results

Summary

Tissue Highlights

- Kimberly-Clark leading the peer group – EBIT: 18%, EBITDA: 22%, ROCE: 38%, negative WC: -3%
- SCA tissue segment revenue increased by 4%, low WC at 4%, low debt at 52% and solid FCF at 6%
- Hengan with strong results – EBIT: 24%, EBITDA: 27%, ROCE: 30%, ROE: 33%, OCF: 20%
- Orchids with stable results for EBIT (11%) and EBITDA (19%)

Tissue Lowlights

- Metsä Group shows lowest segment EBIT (6%) as well as low OCF (7%) and negative FCF (-8%)
- Kruger Products facing difficulties – EBIT: 7%, EBITDA: 11%, ROCE: 8% and high debt: 74%
- Clearwater with low segment and company EBIT (6% and 7% respectively), EBITDA (12%) and ROCE (8%)
- Cascades reports difficulties in company EBIT (7%) and EBITDA (12%)



Overall, tissue peer group shows positive revenue growth. Debt levels remain high.

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)
WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover

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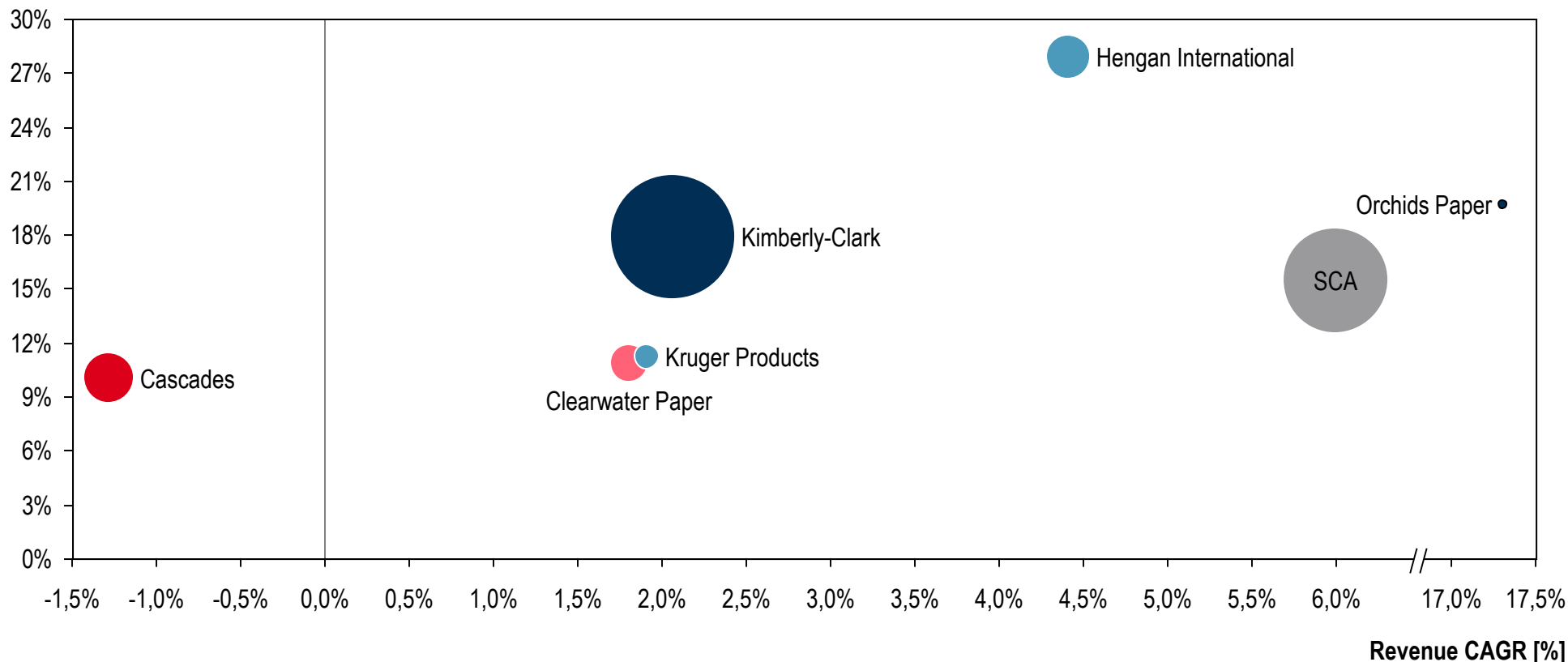
OCF / TO% = Operating Cash Flow / Turnover

All companies except Cascades with multi-year positive revenue growth

EBITDA average % vs. Revenue growth % CAGR 2012-2016^{1) 2)}

Tissue

EBITDA average [%]

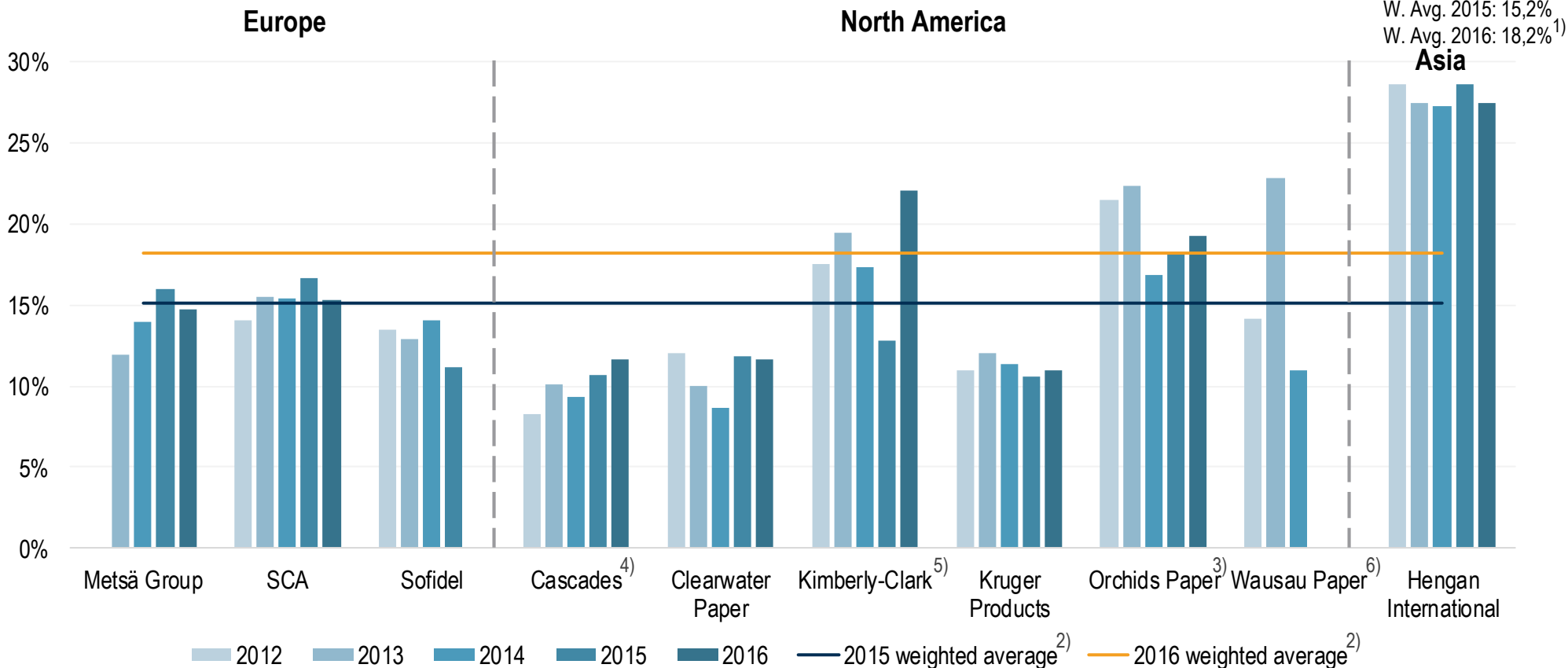


Orchids Paper with highest revenue growth followed by SCA and Hengan. Kimberly-Clark with a strong EBITDA development.

1) 2016 results based on FY-2016 except for: Cascades, Kruger Products and Hengan International (H1 results extrapolation)
 2) Metsä Group missing because of non-available data for 2012, Sofidel and Wausau Paper missing because of non-available data for 2016

Average EBITDA increased by 3,0pp, mainly driven by Kimberly-Clark. Tissue reaches highest peer group EBITDA levels.

Company-wide EBITDA (incl. special items) as % of turnover 2012-2016¹⁾

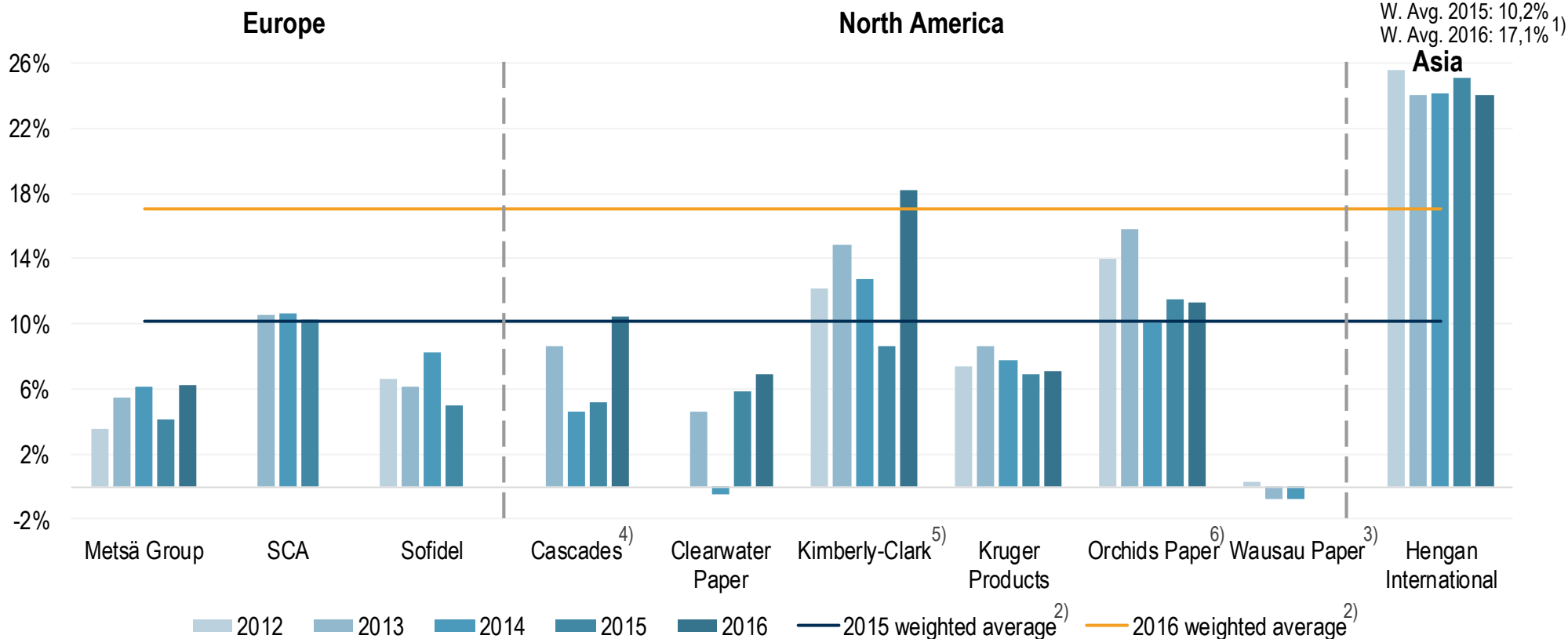


Only four companies improved their EBITDA levels in 2016: Cascades, Kimberly-Clark, Kruger and Orchids

1) 2016 results based on FY-2016 except for: Cascades, Kruger Products and Hengan International (H1 results extrapolation)
 2) Excl. Wausau Paper and Sofidel due to non-available data for 2016
 3) 2014 EBIT% drop driven by increased cost of sales and SG&A expenses
 4) 2016 results impacted by higher sales (higher prices), favorable CAD FX rate, lower energy costs. Special items like restructuring costs and derivative fin. instruments impacting as well
 5) 2016 results impacted by reduction of input costs, savings due to FORCE cost savings as well as special items such as pension settlement (€1,3m)
 6) Wausau Paper acquired by SCA in 2015; 2014 results impacted by special items

Average EBIT up by 6,9pp. Tissue peer group results improved mainly due to lower raw material prices i.e. pulp.

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



Segment Tissue: Metsä Group: Tissue and Cooking Papers; SCA: Tissue; Cascades: Tissue; Clearwater Paper: Consumer products



Hengan and Kimberly-Clark are leading the peer group in terms of segment EBIT %

1) 2016 results based on FY-2016 except for: Cascades, Kruger Products and Hengan International (H1 results extrapolation)
2) Excl. SCA, Sofidel and Wausau Paper due to non-available data for 2016
3) Wausau Paper acquired by SCA in 2015

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) 2014 EBIT% drop driven by increased cost of sales and SG&A expenses

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Tissue

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Latin America outperforms, European peers with solid results

Summary

Pulp Highlights

- Fibria and Suzano both with 38% EBITDA and highest OCF% with 41% and 30%, respectively
- Eldorado leading the peer group for the majority of KPIs – EBIT: 47%, EBITDA: 55%, ROE: 110%
- Altri with strong performances for company and segment EBIT (21%), ROCE (15%) and ROA (12%)
- UPM reports low debt levels (41%) and strong FCF (14%)
- Rottneros with solid ROCE (15%) and low debt levels (23%)

Pulp Lowlights

- Domtar shows low company and segment EBIT at 4% and low ROE at 8%
- CMPC reports low ROCE (3%), ROA (3%), ROE (5%), and high WC levels (31%)
- Fibria and Suzano both with 5% ROCE below peer group average
- Catalyst Paper facing difficulties: negative company EBIT (-2%), negative ROCE (-5%), high debt (115%)
- Tembec with high debt levels (95%) and low EBITDA (10%)



Overall, peer group decreases debt levels, however, significant variance between companies

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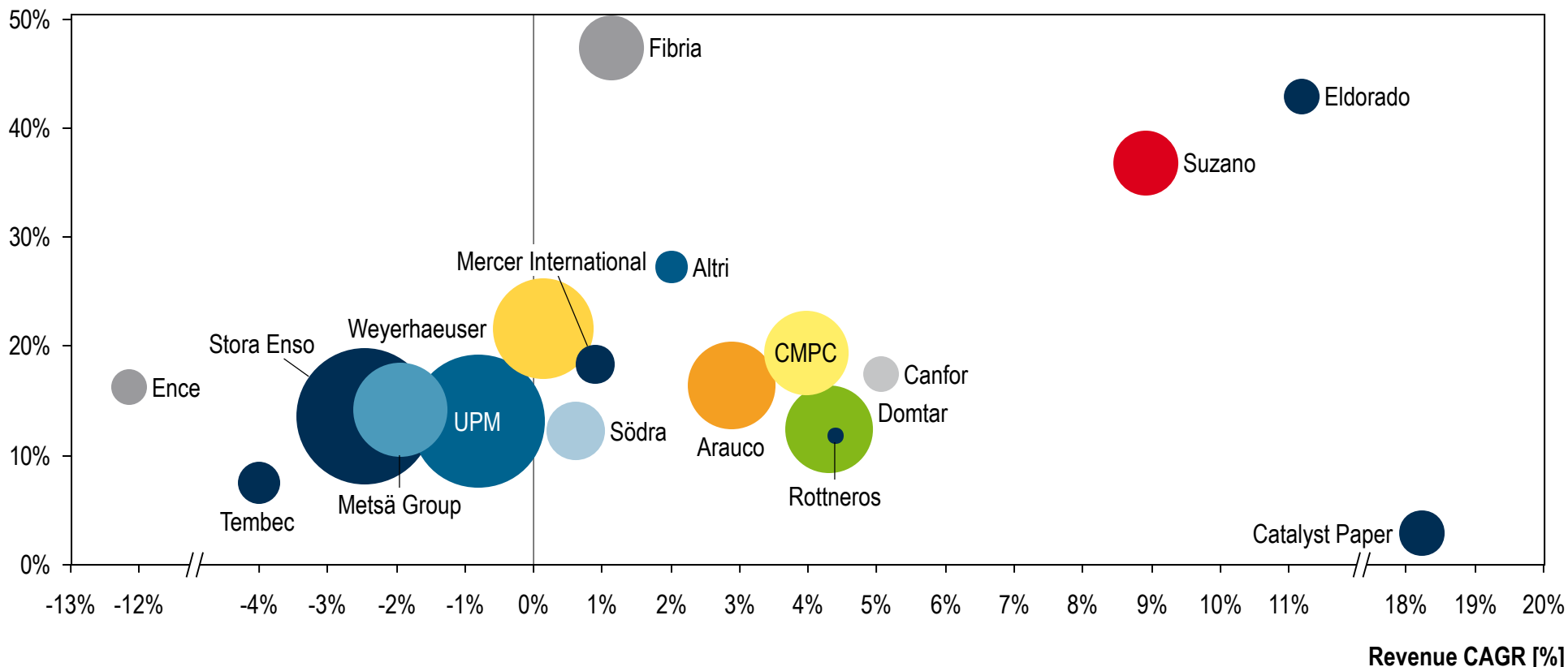
OCF / TO% = Operating Cash Flow / Turnover

Long-term perspective – Fibria with highest EBITDA average. Eldorado & Suzano outperform.

EBITDA average % vs. Revenue growth % CAGR 2013-2016¹⁾

Pulp

EBITDA average [%]

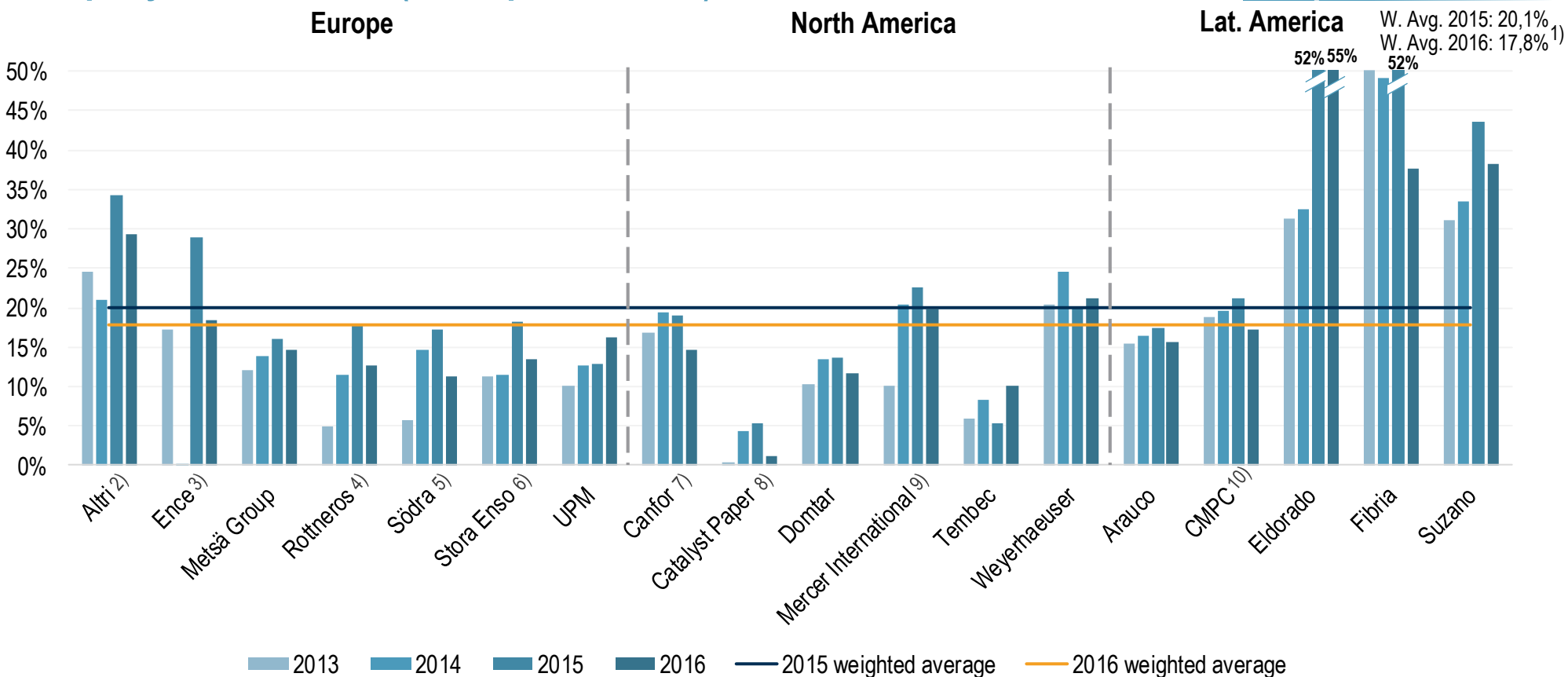


**All Latin American companies with positive revenue growth.
Catalyst Paper with lowest EBITDA average, but with highest revenue growth.**

1) 2016 results based on FY-2016 except for: Altri, Arauco, Catalyst, CMPC, Eldorado, Ence, Weyerhaeuser (H1 results extrapolation)

Majority of companies with decreasing EBITDA in 2016. Latin American players outperform.

Company-wide EBITDA (incl. special items) as % of turnover 2013-2016¹⁾

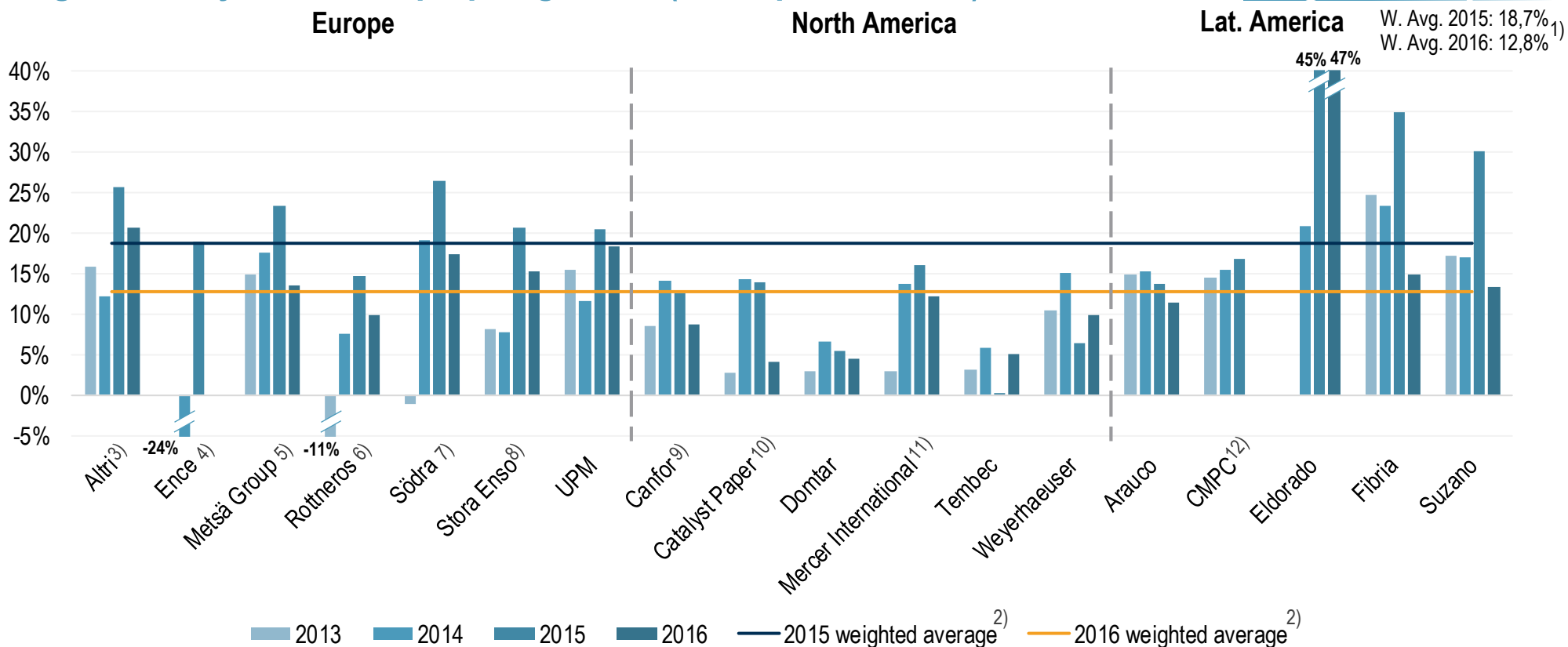


Altri strongest in Europe and Weyerhaeuser in North America. Eldorado outperforms, managing to increase EBITDA even further.

1) 2016 results based on FY-2016 except for: Altri, Arauco, Catalyst, CMPC, Eldorado, Ence, Weyerhaeuser (H1 results extrapolation) 2) 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 3) 2014 influenced by negative non-recurring items like impairments and closure costs of Huelva. 2015 affected by less non-recurring items and lower sales cost 4) 2015 results impacted by increased productivity 5) Impacted by positive exchange rate: weakening of SEK against USD and increased sales volume 6) 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 7) 2016 results impacted by lower NBSK pulp sales as well as major maintenance outages 8) 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 9) 2016 impacted by lower sales & production and sales realizations 10) 2016 impacted by lower prices of pulp and higher costs (maintenance)

Segment-only results show the positive impact on results of conglomerates. Overall, EBIT down by 5,9pp.

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



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 and Fibria deteriorated in 2016. In Europe Altri, Metsä, Södra, Stora and UPM above peer group average in 2016.

1) 2016 results based on FY-2016 except for: Altri, Arauco, Catalyst, CMPC, Eldorado, Ence, Weyerhaeuser (H1 results extrapolation) 2) Excl. Ence and CMPC because no segment data for 2016 is 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) 2015 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

Overview of additional graphs available

Additional content in the full version:

Pulp

- Peer group financial performance comparison table 2016
- Company-wide EBIT as % of turnover 2012-2016
- EBIT % by region 2012-2016
- Working capital as % of turnover 2012-2016
- Working capital % development by region 2012-2016
- Cash conversion cycle (CCC) 2016
- DIO, DPO & DSO 2012-2016
- ROCE % applying EBIT incl. non-recurring items 2012-2016
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- Debt ratio (total liabilities / total assets) 2012-2016
- Enterprise value / EBITDA 2016

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Industry Financials

- Peer group comparison
- Graphic Paper peer group
- Packaging Paper peer group
- Tissue peer group
- Pulp peer group
- **Flexible Packaging peer group**

European peers with strong results for the period

Summary

Flexibles Highlights

- SealedAir keeping high ROCE at 15%, ROE at 128%, OCF at 13%, and FCF at 9%
- Amcor solid among peer group in terms of segment EBIT (12%) and lowest WC at 0%
- Aptar with strong 2016 performance, leading the peer group for segment EBIT at 13%
- Mondi continues solid performance in terms of company EBIT (14%), EBITDA (20%), ROCE (17%)
- Coveris leading the peer group for ROE at 736%

Flexibles Lowlights

- Amcor results deteriorated: EBIT% down at 6%, EBITDA% with lowest peer group result at 10%
- Aptar with 19% WC, highest in the peer group
- Rengo facing difficulties in H1-2016, lowest EBIT at 5%, ROCE at 7%, and ROE at 12%
- Constantia Flexibles reporting low levels of ROE (20%) and low FCF% (2%) in H1-2016
- Coveris experiencing troubles for the majority of KPIs, EBIT: 5%, ROCE: 8%, ROA: 6%, Debt: 99%



Peer group with mixed results: Europe strong, North America and Asia facing some difficulties

ROCE % = EBIT including non-recurring items / (Total Assets – Current Liabilities)
WC % = (Accounts Receivable excl. fin. items + Inventories – Accounts Payable excl. fin. items) / Turnover

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

ROE % = EBIT including non-recurring items / Total Equity
FCF / TO% = Free Cash Flow excluding Investing Cash Flow for M&A / Turnover

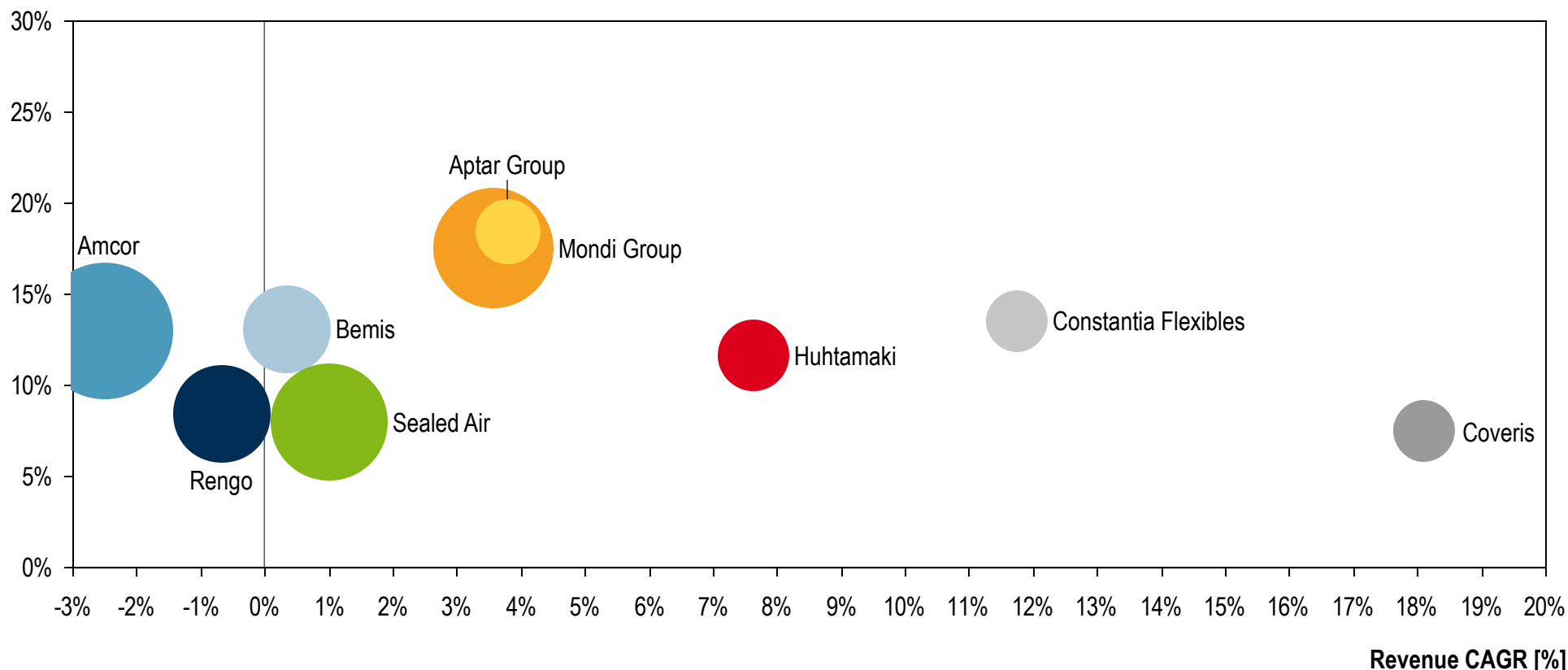
OCF / TO% = Operating Cash Flow / Turnover

Long term perspective – Aptar Group and Mondi with highest EBITDA average and ~4% revenue growth over 4 years

EBITDA average % vs. Revenue growth % CAGR 2012-2016¹⁾

Flexibles

EBITDA average [%]



Rengo and Amcor shrinking in turnover. Coveris with highest revenue growth over the last 4 years.

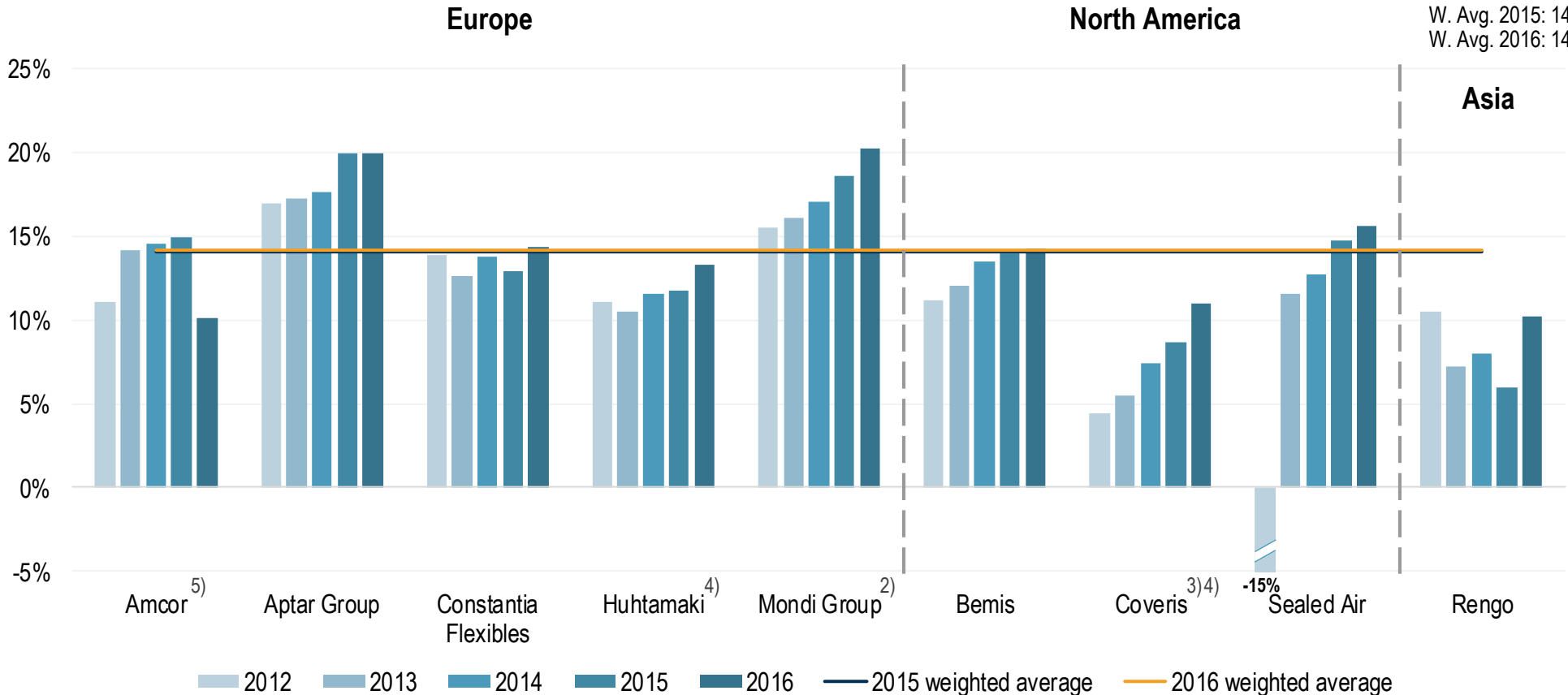
¹⁾ 2016 results based on FY-2016 except for: Constantia, Coveris, Rengo (H1 results extrapolation)

EBITDA increased by 0,1pp in 2016 vs. 2015. Many companies showing constant profitability improvement over the last years.

Company-wide EBITDA (incl. special items) as % of turnover 2012-2016¹⁾

Flexibles

W. Avg. 2015: 14,1%
W. Avg. 2016: 14,2%¹⁾



Mondi Group and Aptar Group report the highest EBITDA levels followed by Sealed Air

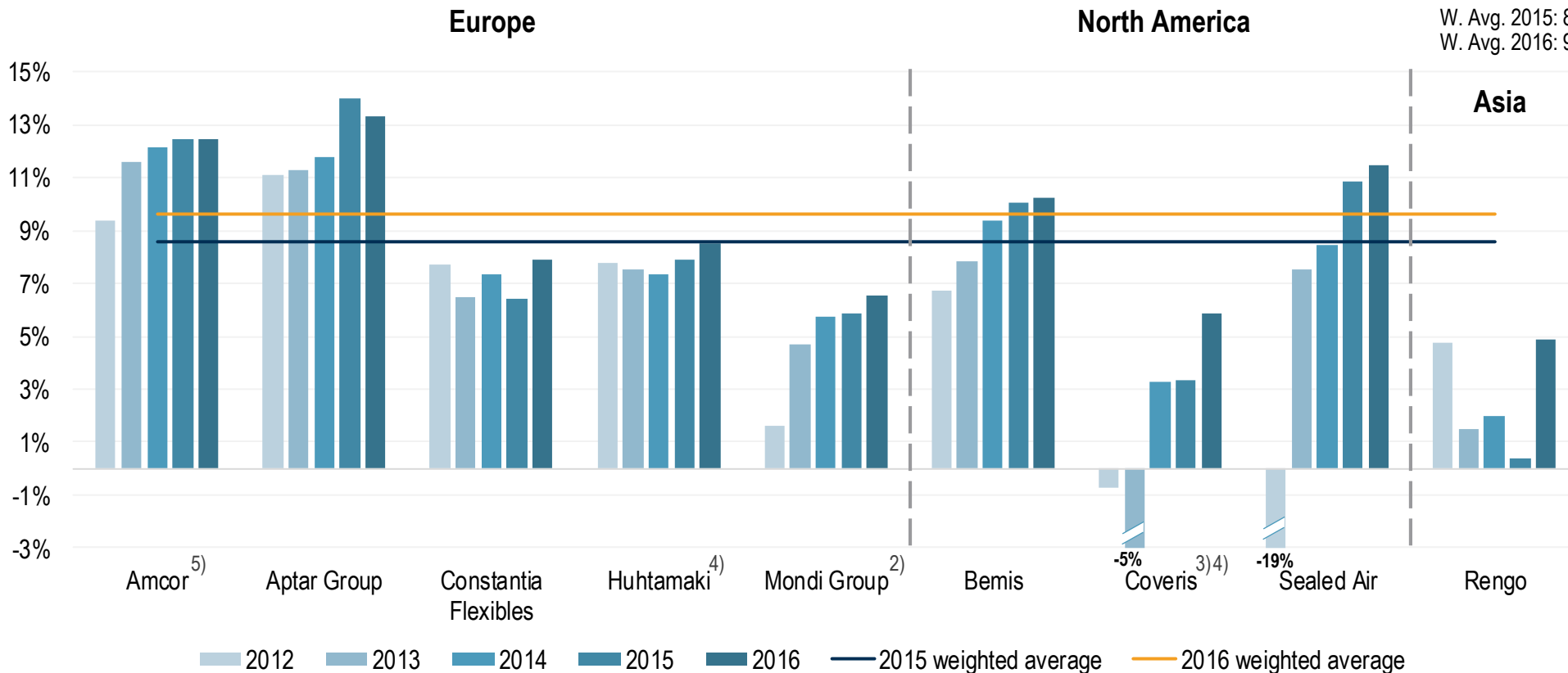
1) 2016 results based on FY-2016 except for: Constantia, Coveris, Rengo (H1 results extrapolation)
 2) 2016 results impacted by volume growth, pricing benefits and forestry fair value gains of segments: Consumer Packaging, Uncoated Fine Paper and the South Africa Division. Fibre Packaging and Packaging Paper saw lower sales volumes and experienced negative currency effects.
 3) 2016 results largely due to improvements in the North-Central American Flexibles business units and in Rigid 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
 4) 2012-2013 results have been restated. 2015-H1 2016 EBIT results are impacted by NRI.
 5) 2014 results have been restated.

Despite volatility, average EBIT increased by 1,0pp in 2016 vs. 2015. Trends vary across companies.

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

Segment only

W. Avg. 2015: 8,6%
W. Avg. 2016: 9,6%¹⁾



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



Huhtamaki, Constantia, Mondi, Coveris, Rengo and Sealed Air were able to increase flexibles EBIT significantly, Aptar decreasing

1) 2016 results based on FY-2016 except for: Constantia, Coveris, Rengo (H1 results extrapolation)
 2) 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.

3) 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
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Flexibles



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StepChange is an industry focused and independent management consulting company with a proven track record in supporting clients to achieve sustainable value. StepChange provides support to top tier organizations in the industry from strategy development to implementation of operational improvements.

With an international team of industry experts StepChange can hit the ground running. StepChange provides innovative and yet pragmatic solutions, placing an emphasis on delivering measurable business results.

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