

The Next Decade – Challenges and Opportunities

CPI Senior Management Symposium



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Challenges facing the paper industry



European paper industry 2005-2010

Industry

Two cycles in six years

Two dips in demand

Two waves of capacity

Pricing at new lows

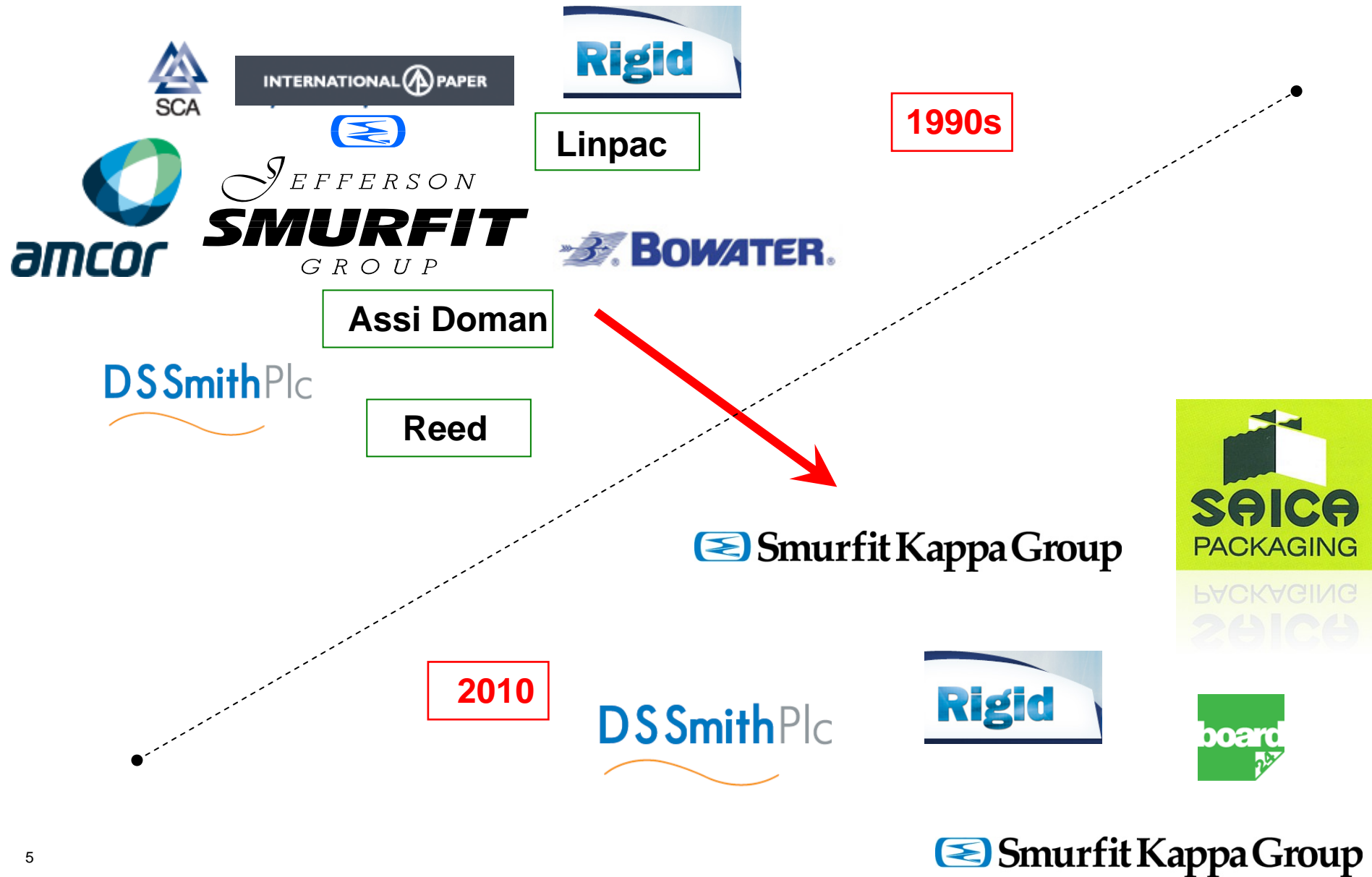
Outside influences



What was foreseen

- Industry is a global one
- Migration of whole industries
- Impact of commodities and pricing
- Demand for inputs
 - Particularly from China

UK Corrugated

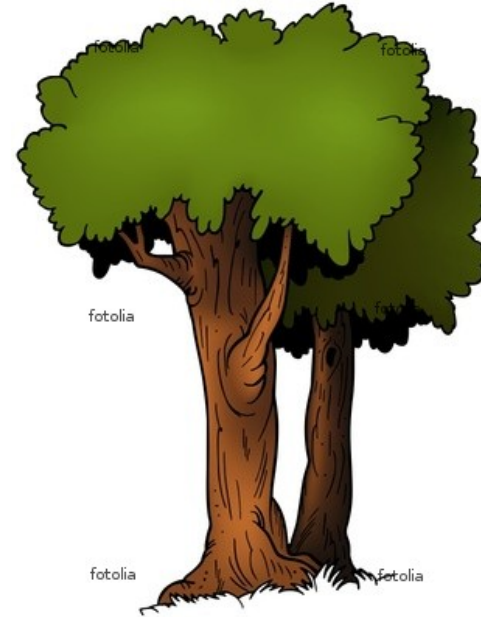
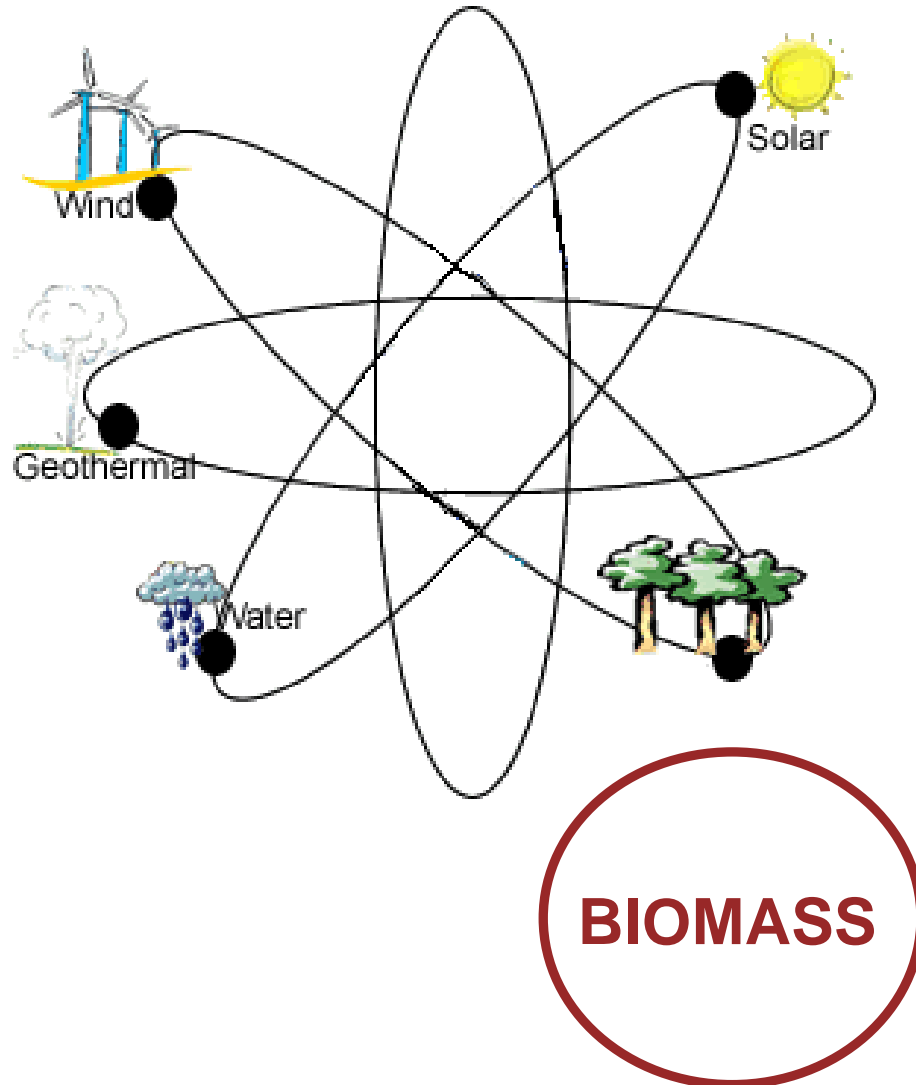


Issues in UK Containerboard & Corrugated

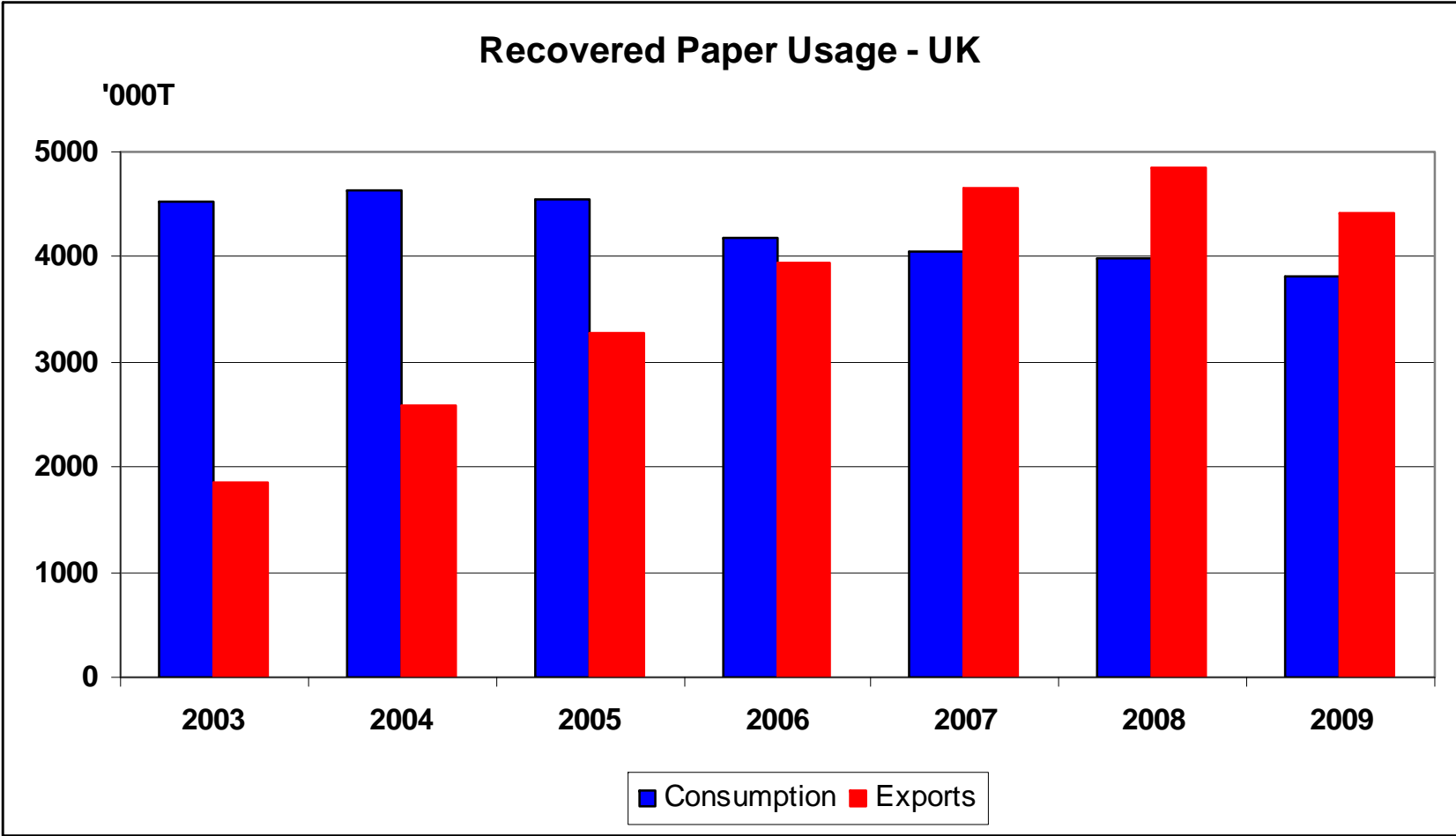
- Corrugated overinvestment
- Mill underinvestment
- Internationalisation

‘Critical issue is the return on investment – not the investment’

Cost Pressure

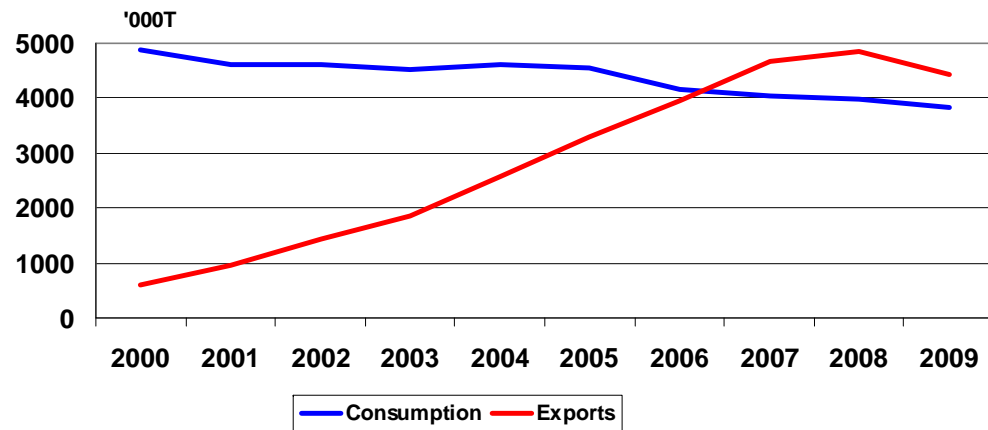


Exports Outstripping Usage

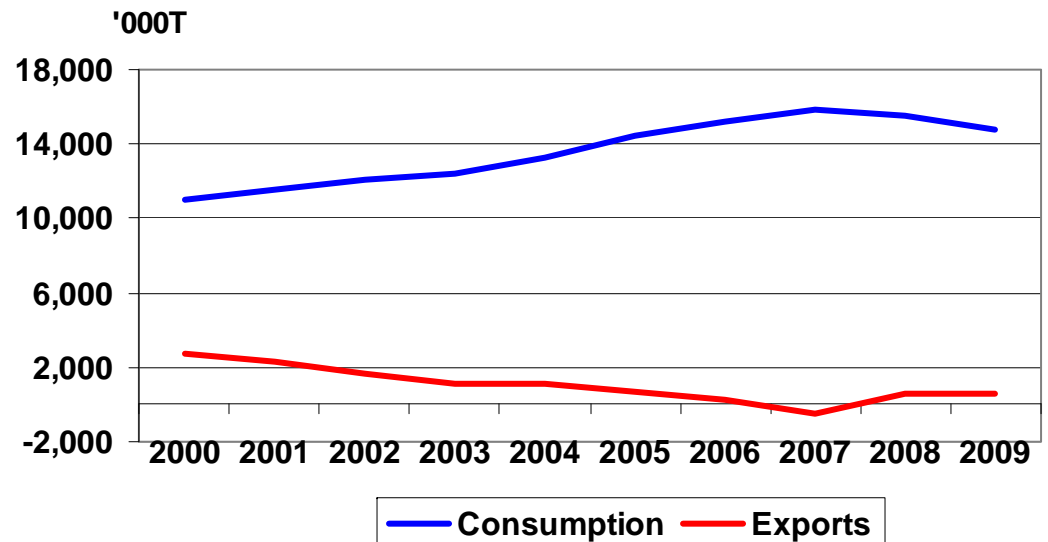


Experience of Germany

UK Recovered Fibre

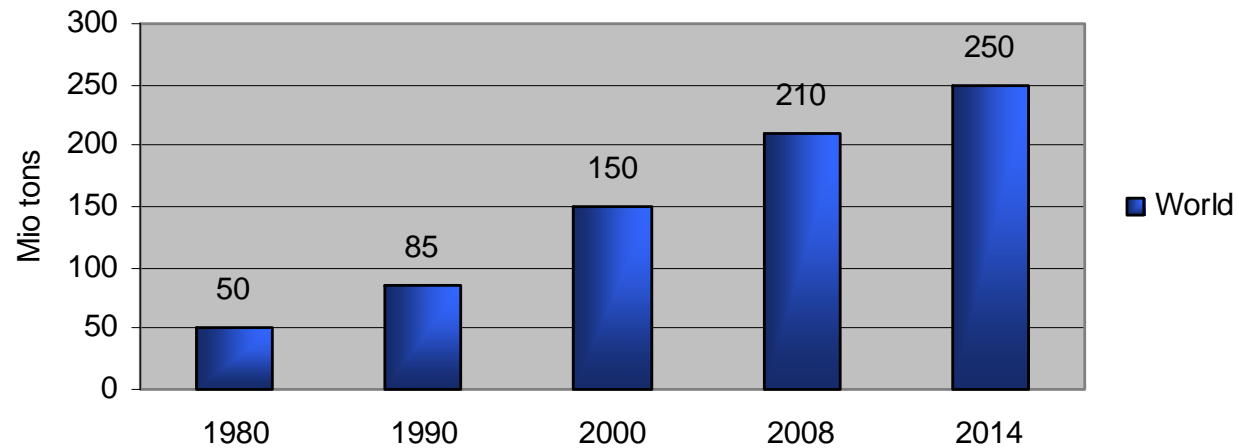


Germany Recovered Fibre

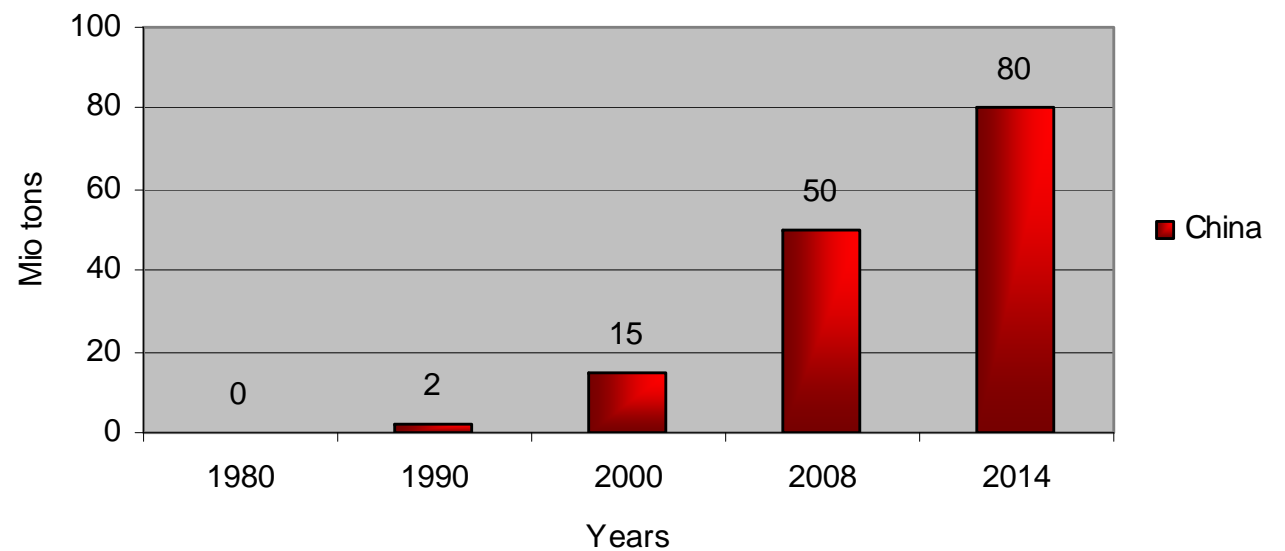


It is a thirsty world

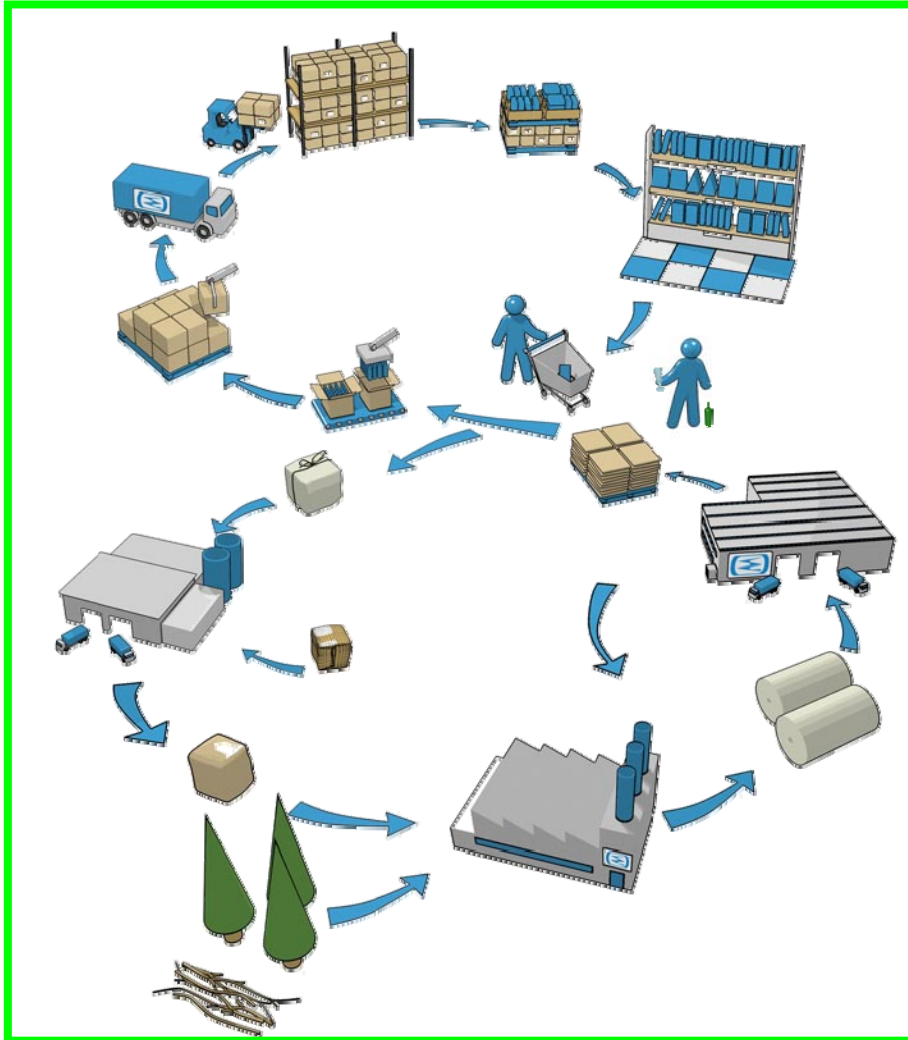
- Recovered paper will continue to grow



- China will be the driver



Containerboard - a sustainable good business



Summary challenges

- **Focus on Return on Capital**
- **Security of raw materials**
- **Environmental awareness and Pride**

Opportunities

- **Financially sustainable business**
 - **Less volatile performance**
 - **Returning capital to shareholders**
 - **Recognised by long term investors**

- **Recognised for our sustainable model**

Fundamental winners

- People
- Customer orientation
- Motivation

