

NEWS IN BRIEF

Lecta will increase prices for its specialty paper grades by 8 to 10 per cent for all orders with delivery from 1 June. This price increase will be applied in thermal, carbonless, labels and flexible packaging papers and in addition to the previous increases already announced.

The world's largest hardwood pulp producer **Suzano** is set to implement a new price increase for bleached eucalyptus kraft (BEK) pulp. The company is asking for a \$50/t price hike for BEK pulp on the European market for all deliveries as of 1 May, a company spokesperson told EUWID. According to Suzano, BEK pulp is currently selling at list prices of \$1,250/t in Europe and will rise to \$1,300/t for May deliveries.

Smurfit Kappa UK Limited (SKUK) has announced the acquisition of **Atlas Packaging**. The company, based in Barnstaple, North Devon, is an independent corrugated packaging provider with a strong presence in shelf-ready packaging, gift boxing and the e-commerce sector. They offer a broad range of innovative products, said Smurfit Kappa, adding that this acquisition will further strengthen the company's ability to service the UK market.

David Richardson will join the **Logson Group** as Chief Executive effective 1 September 2022. Mr Richardson is currently Group Managing Director of VPK Packaging in the UK & Ireland. He will replace **Alex Kelly**, who is retiring following ten years in the role of CEO. Mr Kelly continues as CEO until September, and will support Mr Richardson through to the end of 2022 to ensure a smooth transition for the business.

Philipp Kosloh will leave the executive board of German **Progroup** and the management of its subsidiaries with immediate effect for personal reasons and by mutual agreement. Mr Kosloh will continue his activities for the group to a limited extent until mid-2022 and then take on a new professional challenge. Until a new appointment is made, his duties will be assumed on an interim basis by Maximilian Heindl, Deputy Chairman of the Executive Board, and Volker Metz, CFO of Progroup.

The supervisory board of Austrian fibre producer **Lenzing** announced the appointment of **Stephan Sielaff** as new CEO of the group. Mr Sielaff succeeded Cord Prinzhorn on 1 April 2022 after assuming the position on an interim basis in the fourth quarter of 2021. The company's CFO **Thomas Obendrauf** informed the advisory board that he would not be available for an extension to his contract, which will expire in June 2022. However, he will continue to serve the company on an advisory basis until his successor is appointed. Lenzing's executive board will then shrink from five to four members.

Metsä Board examines expansion of fresh-fibre cartonboard capacity

Metsä Board is currently examining possibilities for an expansion of its folding boxboard capacity in Sweden or Finland. The company says it is currently evaluating the options of the project, and evaluation is expected to be completed by the end of this year.

A spokesperson for the company said that the amount of additional capacity and the timing of the potential investment would only be determined after the full evaluation of the project options. However, it is already clear that the new FBB capacities will probably be geared to the market for consumer packaging. Possible options include new capacity at existing sites or at a newly built site, the spokesperson said. Metsä says that global demand for high-quality fresh-fibre cartonboard

has grown by about 2-3 per cent per year in recent years and the company expects to see at least the same rate in the future.

Currently Metsä Board is already investing in its integrated mill in Husum, Sweden, to increase annual folding boxboard capacity by about 200,000 tonnes. The investment is expected to be completed in the second half of 2023, and the additional capacity will be available to the market by the end of 2025. Metsä Board's current annual capacity is around 2 million tonnes of paper and board, of which 1.3 million tonnes are folding boxboard and 0.7 million tonnes white kraftliner. The company operates a total of eight sites in Finland and Sweden. □

Billerud Korsnäs posts record Q1 results thanks to price increases and energy hedging

Continued growth and record profitability marked Swedish Billerud Korsnäs' performance in the first quarter of the 2022 financial year. Operating result and net profit for the period more than doubled compared to the first quarter of 2021, while sales rose by SEK877m to SEK7.4bn. Thanks to rising prices, an improvement in the product mix (driven mainly by the ramp-up of production at the Gruvön plant) and successful energy hedging, the company was able to absorb sharp cost increases, CEO Christoph Michalski reported at the presentation of the results. "It was a good quarter despite adverse circumstances," he said.

Both major divisions, Board and Paper, contributed equally to Billerud Korsnäs' positive performance. While deliveries in the Board division fell slightly to 495,000 t, the division's turnover increased and operating profit almost doubled.

The Paper Division recorded an increase in sales and a quadrupling of operating profit. Deliveries fell to 219,000 t.

The company's Solutions division did not perform as well, with sales down and an operating loss of SEK119m. Managed Packaging within the division, however, increased its sales to SEK188m.

Billerud Korsnäs' production in Pietarsaari was restricted throughout the quarter as the mill is usually supplied with pulp, purified water, steam and compressed air from the nearby UPM mill, which was on strike. Although new suppliers were found, the strike had a negative impact of SEK15m on Billerud Korsnäs' Q1 results.

During the reporting period, the company invested SEK556m, compared to SEK200m in the same quarter last year. Most of this was spent on the construction of a new recovery boiler at the

Frövi mill. Assembly and construction of the steel structure began in April, the company said.

Significant cost inflation expected

For the second quarter, CFO Ivar Vatne expects a significant acceleration in cost inflation for pulp, chemicals, logistics and energy. Overall, costs are expected to increase by SEK250m compared to the first quarter of 2022, even though 80 per cent of the energy used is still being hedged. At the same time, demand for the company's products will remain strong, as many of the segments served are rather crisis-resilient.

"We will address inflationary pressures through price management, product mix adjustments as well as efficiency improvements," explained Mr Michalski, who expects full compensation for cost inflation in the second quarter.

The impact of the war in Ukraine on Billerud Korsnäs was rather indirect, Mr Michalski added. Only 1 per cent of the group's sales was generated in Russia and Ukraine last year. However, the company expects rising costs and negative effects due to the loss of timber imports from Russia, rising costs for energy (and thus also chemicals), as well as a further strain on the already disrupted supply chains.

Verso consolidated as of 31 March 2022

On 3 March, Billerud Korsnäs and the Norwegian forest owner group Viken Skog announced to jointly investigate the possibilities of building a BCTM pulp mill at the Viken Skog site in Hønefoss. A feasibility study is expected to be available in the first half of 2023. A possible investment will likely amount to NOK600-800m.