

# INVESTING IN CELLULOSE—2011

## INSIDE THIS ISSUE:

<i>The conference</i>	1
<i>Participations</i>	1
<i>Next year conference</i>	1
<i>Market Observations</i>	2
<i>Conference Agenda</i>	3
<i>Participant feedback</i>	4
<i>Participant profiles</i>	5
<i>Photos of Speakers</i>	7

## Topics covered during 2011 conference

- SUPPLY & DEMAND
- FINANCIALS
- ENVIRONMENT



## THE CONFERENCE....

Thanks to all participants and speakers, this first year conference was a success and we would like to share with you some of its outcome:

We have been encouraged by numerous feedbacks received from the attendants to the conference:

*"Thank you again for inviting me to speak at your conference. I trust it met your expectations. The conference was a success from my perspective, an exceptional turnout for a first year event. I wish you continued success."*

*"Thank you very much for the invitation and perfect organization"*

*"Many thanks for the well planned, interesting and pleasant conference earlier this week. We really are in an exciting business"*

*"Just a short note to say well done on an excellent conference. It was very informative with good collection of speakers".*



Conference room at The Dorchester Hotel, Monday November 7th,

### Attendance

- 75% of the total wood specialty cellulose supply (in Tons) attended while 61% of the world demand (in Tons) of specialty cellulose was present.
- The event was a truly international event with 22 countries attending.
- All corporate functions being represented with 22% of general management
- A total of 300 pages of presentations were

shared with the delegates thanks to 12 speakers each recognized expert in their field providing outstanding market updates as well as inspiring and though provoking ideas.

You can also find information on this year's event and more about CelCo business proposition on its website

[www.celco.ch](http://www.celco.ch)

## INVESTING IN CELLULOSE—2012

Encouraged by the confirmation that over 90% of the audience will be attending again next year, CelCo is happy to invite you to participate to:

**"investing in cellulose - 2012"**

Reserve in your calendar now!

**November 5<sup>th</sup> 2012.**

Agenda and organization will be further improved to take account many useful feedback received after this year event.

We are looking forward to see you next year

Best regards,

Christian Chavassieu  
Maurice Perrenoud

## MARKET OBSERVATIONS

During the conference many topics were addressed below are a few general observations that were made. If you are interested to learn more about the conference details please contact [info@celco.ch](mailto:info@celco.ch)

Cotton supply is expected to remain flat despite increase yield and growth potential in Brazil and Australia counter balanced by risk of water supply shortage , environmental issues and need for food crops for ethanol or food supply and inflation reduction (china). Cotton linters pulp supply is not expected to grow beyond current levels in China.

Depending on the implementation of announced extra capacity of Specialty wood supply may increase beyond expected demand needs in 2013 and 2014 but should be balanced in 2015 and beyond.

On the basis of continued demand for textile fibers close to GDP levels and the potential deficiency of the cotton supply it is expected that a potential “cellulose gap” may emerge leading to continued strong demand growth for the viscose industry in the years to come.

Cellulose benefits over competing textile fibers are clearly recognized and require more marketing in the future possibly under a common organization across all cellulose market segments reaching out to end consumers

The growing emergence of large vertically integrated groups in the cellulose industry has required a reorganization of the supply mix in the market. This trend is expected to continue leading to supply risks issues for smaller cellulose buyers.

China market share of the rayon staple fiber market has increased further to about 55% of world demand. China will however depend further on specialty wood pulp import as cotton linters pulp supply will be constrained.

China VSF capacity has grown by about 20% /year since 2006.Capacity increases for the next two years are forecasted to continue growing by about 12%/year.

China export of viscose staple fibers is limited to 10% of the production and to about 30% of yarn indicating the growing vertical integration of the Chinese textile industry.



Christian Chavassieu, CelCo

# AGENDA

## MONDAY NOVEMBER 7<sup>TH</sup> 2011

### Welcome and Introduction

- C.Chavassieu, Managing Partner, CelCo

### Supply & Demand

1. Will the specialty wood supply meet demand in the next 5 years?  
*R.Brice, Senior Consultant, PCI Fibers*
2. How rayon fibers have regained market share against cotton and polyester?  
*F.van Houte, CEO, CIFRS*
3. Is the cotton supply crisis over?  
*B.Angel, Cotton fiber Consultant, PCI Fibers*
4. Will world wide viscose staple mill expansion continue in the future as in the past?  
*V.Kaul, Group Executive President, Aditya Birla*
5. View from China: Cotton Linters pulp outlook & current and future viscose mill capacity  
*D.Jinqi, Senior consultant, CCF-China Chemical fiber Group*
6. How will rayon staple fibers benefit from nonwovens demand growth?  
*W. Plasser, Vice President & General Manager, Lenzing*
7. An end user view of the acetate tow market.  
*H.Belhadj, VP Supply Chain, Philip Morris International*

### Financials

8. Investing in cellulose stocks. A banker's perspective.  
*L.Kjellberg, Director, Credit Suisse*
9. Investing in cellulose stocks. A Private Equity perspective.  
*R.Bassett, CEO, Cato Trading*

### Environment

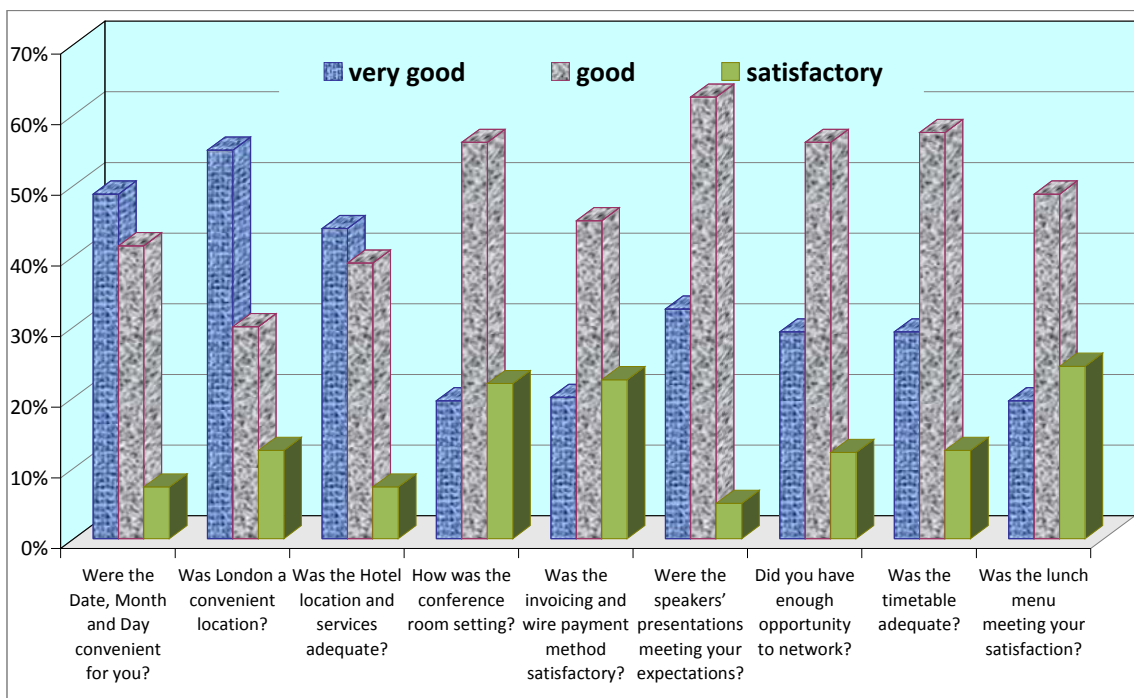
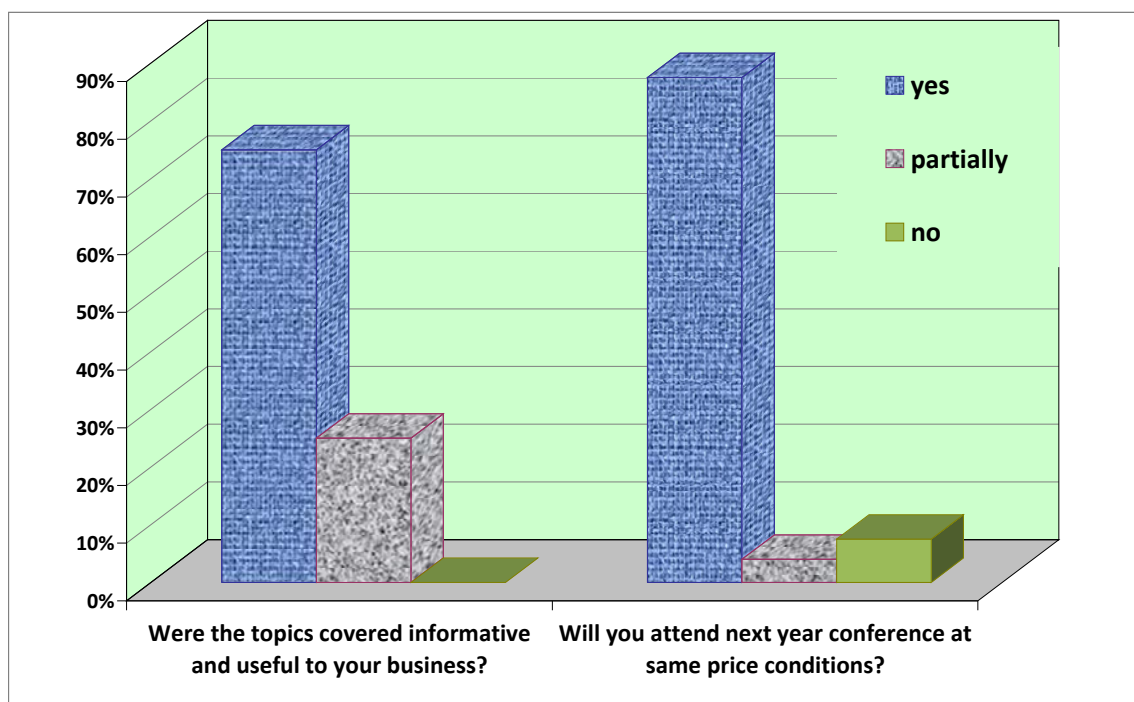
10. How is water supply impacting wood versus cotton supply now and in the future?  
*C.Styan, Senior Consultant, AMEC*
11. How biomass offers opportunities to the specialty cellulose?  
*R. Schiatti, CEO, Chemtex Agro*
12. What are the trends of the wood supply for the specialty wood pulp industry?  
*M.Guizot, Principal & Head of Forestry-UK, Poyry Management consulting*

### Round table

- The future of our industry & conclusions  
*C.Chavassieu, M.Perrenoud, Managing Partners, CelCo*  
Adjourn

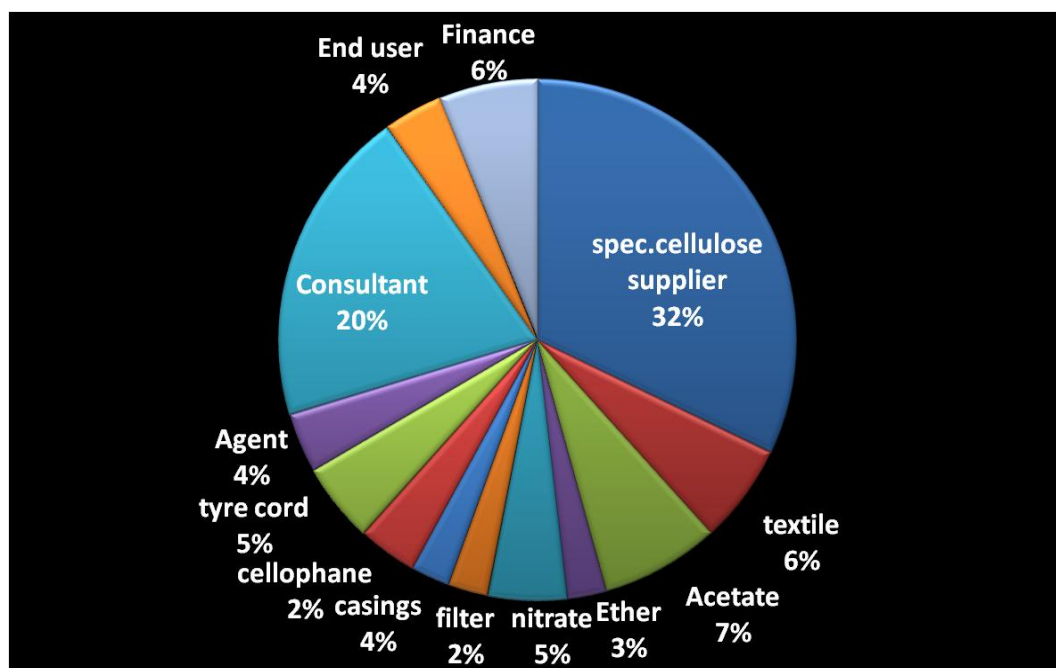
# PARTICIPANT FEEDBACK

## Responses from attendees

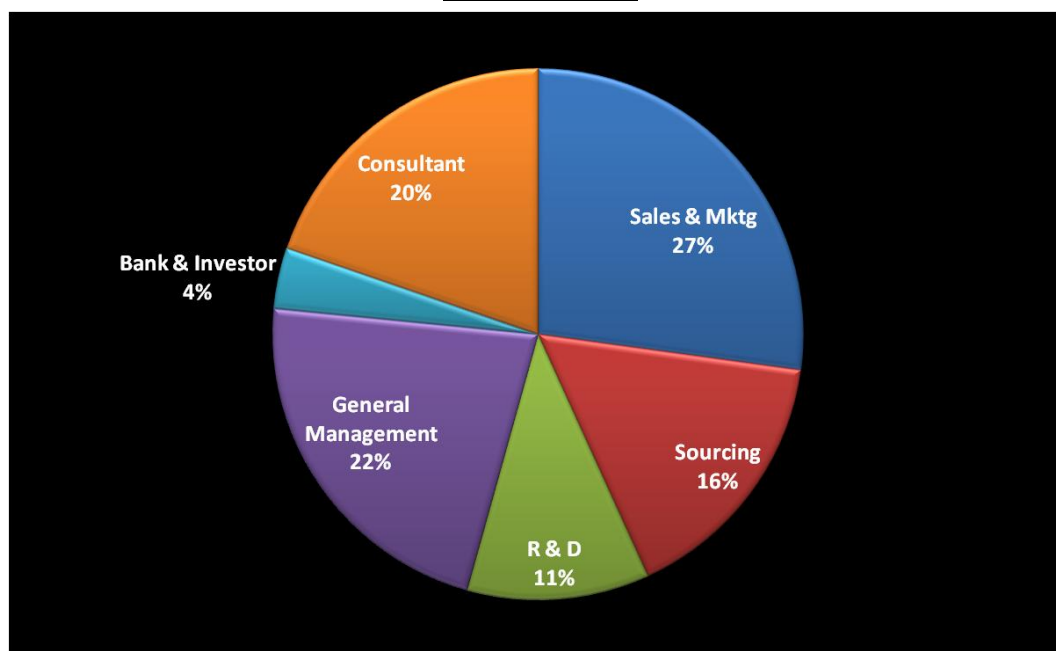


## PARTICIPANT PROFILE

By market segments



By profession



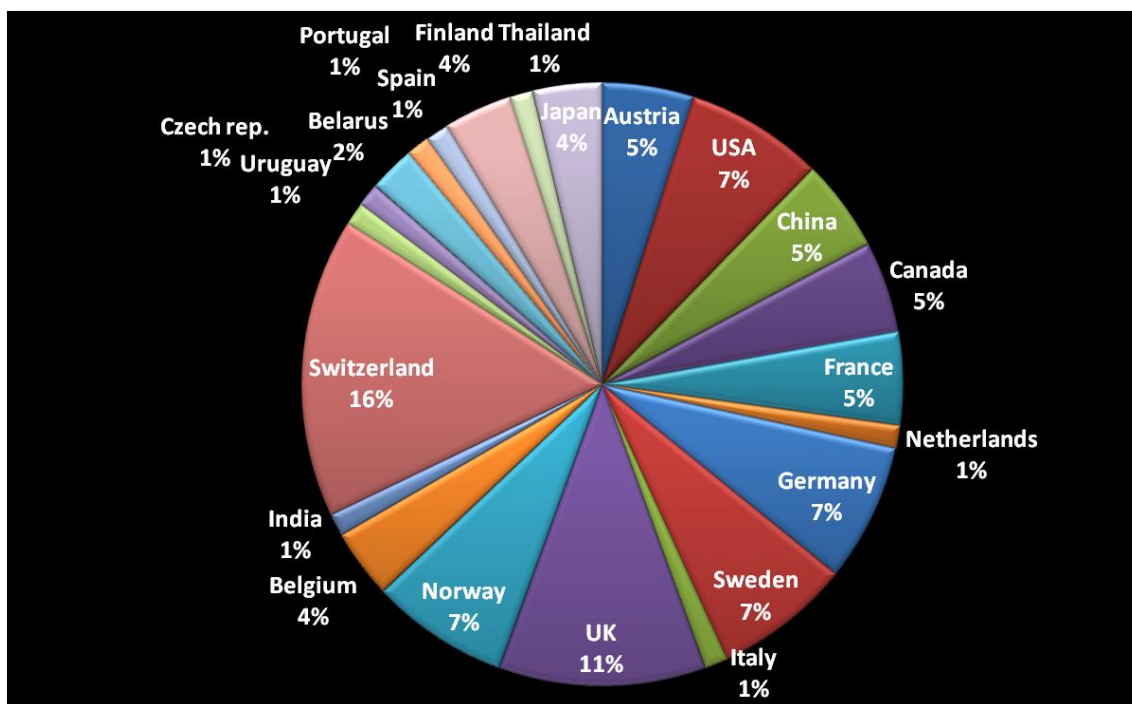
**CelCo**

Cellulose consulting



# PARTICIPANT PROFILE

## By countries



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## PHOTOS OF SPEAKERS



Richard Brice  
*PCI Fibers*



Frederic van Houte  
*CIFRS*



Bruna Angel  
*PCI Fibers*



Vijay Kaul  
*Aditya Birla*



Ding Jinqi  
*CCF-China Chemical fiber Group*



Wolfgang Plasser  
*Lenzing*



Hafed Belhadj  
*Philip Morris International*



Lars Kjellberg  
*Credit Suisse*



Richard Bassett  
*Cato Sales & Trading*



Chris Styan  
*AMEC*



Ricardo Schiatti  
*Chemtex Agro*



Marek Guizot  
*Pöyry Management consulting*