

INVESTING IN CELLULOSE—2012

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Topics covered during the 2012 conference

- SUPPLY & DEMAND
- FINANCIALS
- ENVIRONMENT



THE CONFERENCE....

Thanks to all of you and according to numerous feedbacks this second edition of "investing in cellulose - 2012" was a real success. We were encouraged to see this year 10% more attendees than last year with a doubling of North American participation, more managerial attendance and a wide spectrum of industry segments. The quality of the presentations from our 12 speakers certainly inspired us on the challenges of the years to come.

The location of the conference at the Royal Horseguards in Whitehall was also more convenient for the participants as it was closer to most hotels used during the London pulp week.

Finally this year's event and the presentations were supervised by Mr. Simon Barnes a partner in Shoosmiths' Competition and EU law practice. He issued a positive competition law compliance certificate available at your convenience.



Conference room at The Royal Horseguards on November 5th, 2012

Many gratifying comments and the "return intention" rate over 95% are encouraging us to repeat this event next year at the same location on

November 4th 2013.

Comments from participants:

"I enjoyed and found relevant all of the presentations and think the data presented was interesting."

"Thank you for a very nice seminar! Keep up the good

work! Waiting for your seminar next year."

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

INVESTING IN CELLULOSE—2013

Attendance

- 77% of the total wood specialty cellulose supply (in Tons) attended while 57% of the world demand (in Tons) of specialty cellulose was present.
- The event was a truly international event with 19 countries attending.
- All corporate functions being represented 21% of general management.
- 12 recognized experts in their field shared a total of 310 pages of presentations with the delegates. They provided market update as well as inspiring and thought provoking ideas.

You can also find more information on this year's event and CelCo's services at

www.celco.ch

MARKET OBSERVATIONS

Post-conference comments:

During the conference many topics were addressed. Below are a few general observations that were made during the conference. If you are interested to have more details on what was discussed at the conference contact info@celco.ch



Christian Chavassieu, CelCo

- China share of global textile fibers has now reached over 50% and Man Made Fibers (MMF) share of China supply is over 57%. China Viscose Staple Fibers (VSF) world market share is over 60%. Currently in China viscose prices are lower than cotton fibers and boost viscose demand. VSF are supplied outside of China mostly by Lenzing and Birla. The recent DWP additional capacities announcement will double the capacity between 2011 and 2015/16. However the paperpulp mill conversions will probably be facing delays as the market economy is not ready to absorb these new capacities. Chinese VSF has seen a slowdown in the recent months driven by poor demand and financing loan issues in China; a financial easing monetary policy could help China VSF investments to resume.
- 4.0 million tons of new paperpulp capacity mostly from South America are expected to come on the market between 2011 and 2016 pushing many mills from Canada, Europe and Japan to convert to DWP for about the same tonnages during the same period. As a consequence we now start to observe a quality segmentation of the DWP grades as follows: the high alpha pulps, the standard viscose grades, the low alpha viscose grades and the improved paperpulp grades. The later three grades being mostly absorbed by the VSF industry in China. However the market preference for DWP is displacing the historical Chinese CLP local consumption and we could see an interest by China Cotton Linter Pulp (CLP) producers to grow sales to USA, Europe, South Korea and Japan.
- New emerging technologies using Air Jets are boosting significantly the spinning yield. The preferred fiber for this technology is VSF. Both natural fiber growth limitations and spinning improved technologies will favor a sustained growth demand for VSF.
- The high growth of the Ether market has also attracted many DWP suppliers to venture into these markets making the buyer's task challenging with the emergence of many new qualities. However barriers to entry are high due to technical requirements and long qualification time.
- The acetate market is another attractive sector mostly due to its stable growing demand. Tow supply is still tight and more tow capacity would be welcome.
- Bamboo Dissolving pulp from China regains interest from a limited production capacity to more than one hundred plus tons in the next 1-2 years. Although embryonic, the interest for the fast growing Bamboo tree will be stimulated by the large raw material availability in China. Furthermore bamboo being grown without fertilizers or artificial water drainage, it might play a larger role in the VSF production in China to the detriment of the CLP.
- The Nano Cellulose new emerging technologies are showing exciting properties with a series of potential applications in the early stage of development. Although promising, the feasibility studies are still analyzed before claiming any breakthrough.
- The Higg index developed by Nike and co-sponsored by 60% of the apparel industry will try to evaluate raw materials according to their global environment performance. VSF ranks pretty low on this index and deserves more focus from the viscose industry.
- Wood certification has become more pertinent for the DWP industry and follows progressively the path of the paper pulp industry where there is a preference in Europe for FSC against PEFC. Although great progresses have been made recently for these certifications there are still more effort to be invested to cover all wood forests. Other regional policies are also surfacing such as Us Lacey Act or the EU Timber regulations that could have in time an impact on plant-derived products or timber products.

AGENDA

MONDAY NOVEMBER 5TH 2012

Conference at The Royal Horseguards Hotel

Welcome and Introduction

C. Chavassieu – M. Perrenoud, Managing Partners – CelCo

A word from the lawyer

Simon Barnes, Partner – Shoosmiths

Supply demand outlook Wood & Cotton

Richard. Brice, Senior Consultant – PCI Fibers

China viscose Demand

Ding Jinqi , Ms. Chen Huifen, Senior Consultant – CCF Group-China Chemical Fiber Group

Impact of paperpulp supply & demand on specialty cellulose

Oliver Lansdell, Director – Hawkins Wright Ltd.

Paper pulp mill conversion to dissolving pulp

Vijay Kaul, Advisor – Aditya Birla

View of an ether wood Pulp supplier

Dr. Derek Budgell, VP-Business Development – Tembec

View of an Acetate end user

Luis Martul, Operations Services Vice President – JTI

The textile added value chain-The role of viscose

Guisepppe Gherzi, CEO – Gherzi AG

Nanocrystalline technologies: bringing innovation to the market

Jean Moreau, President and CEO – CelluForce

Alternatives to DWP: bamboo and cotton linter from China

Judson Hannigan, Asia Sales Director – TargetFiber LLC

Sustainable apparel coalition initiative

Christian Chavassieu, Managing Partner – CelCo

Forest tree certification & sustainability

Bernard. de Galembert, Director – CEPI

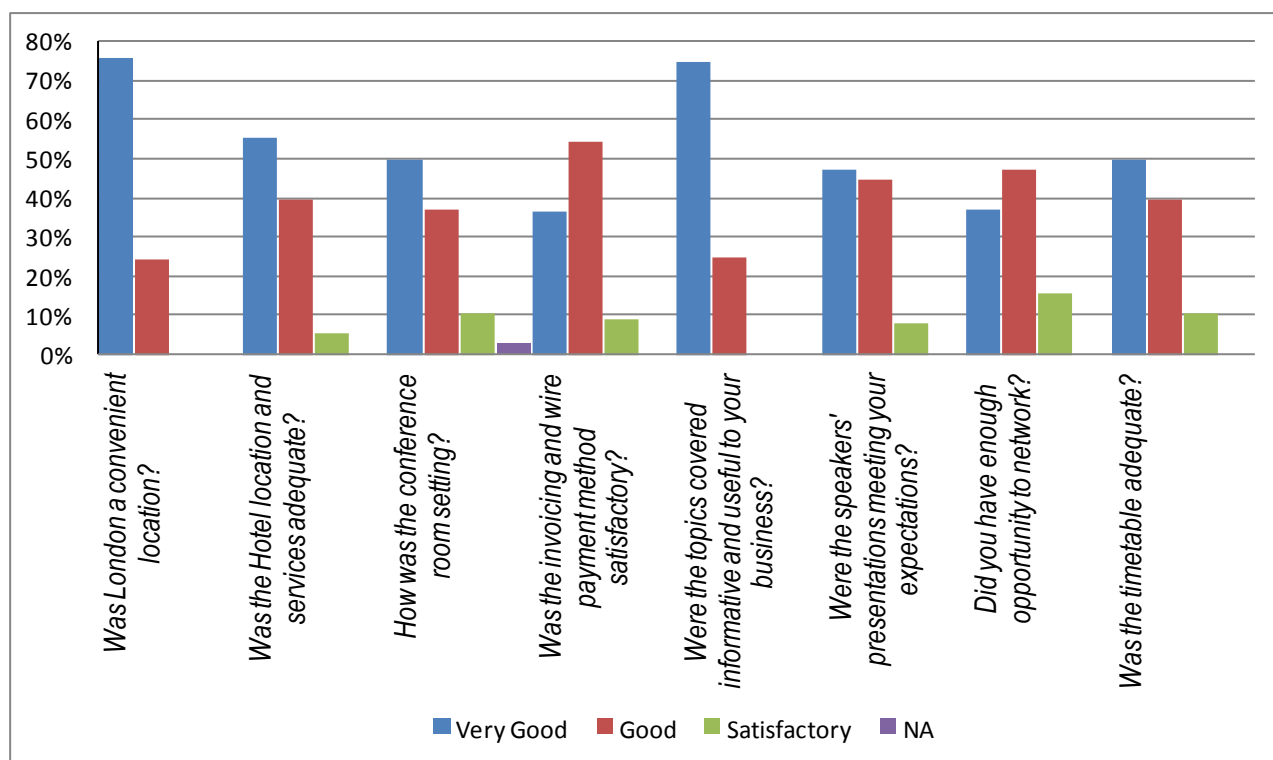
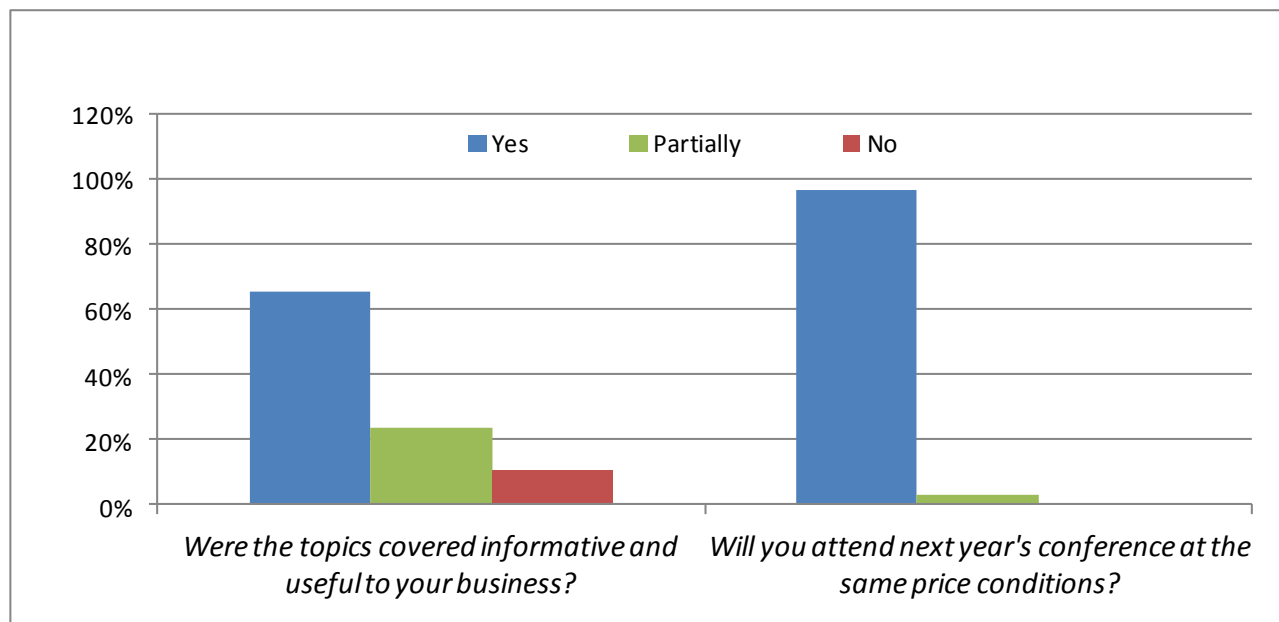
Finance perspective

Richard Bassett, CEO – Cato sales & trading

The future of our industry

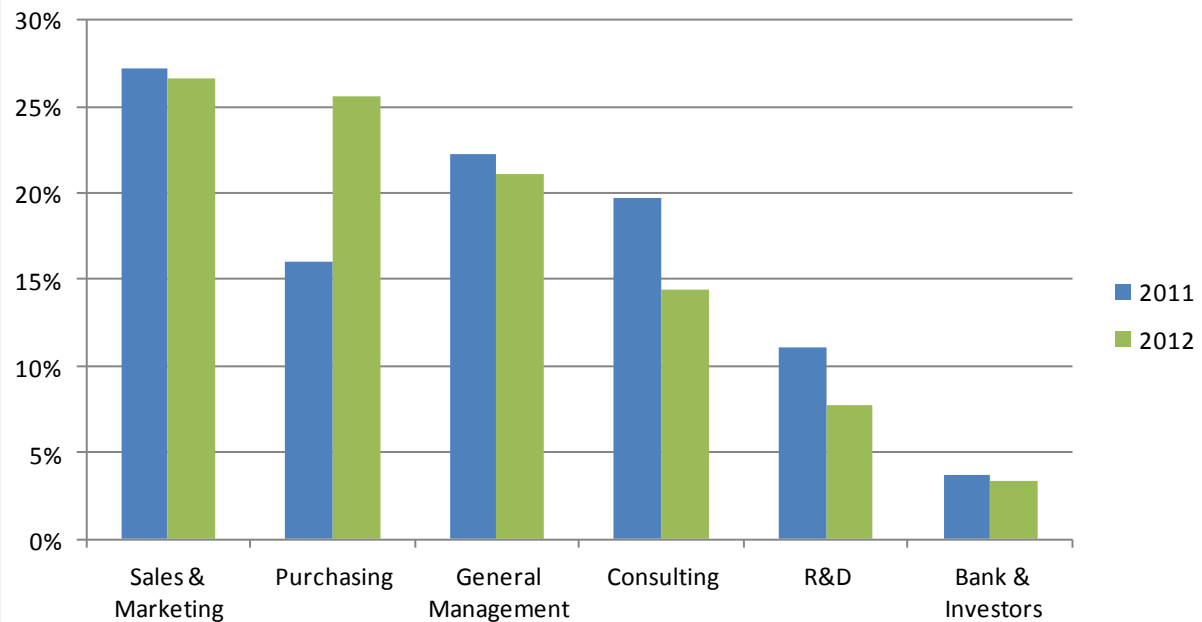
Christian Chavassieu – Maurice Perrenoud, CelCo

PARTICIPANT FEEDBACK

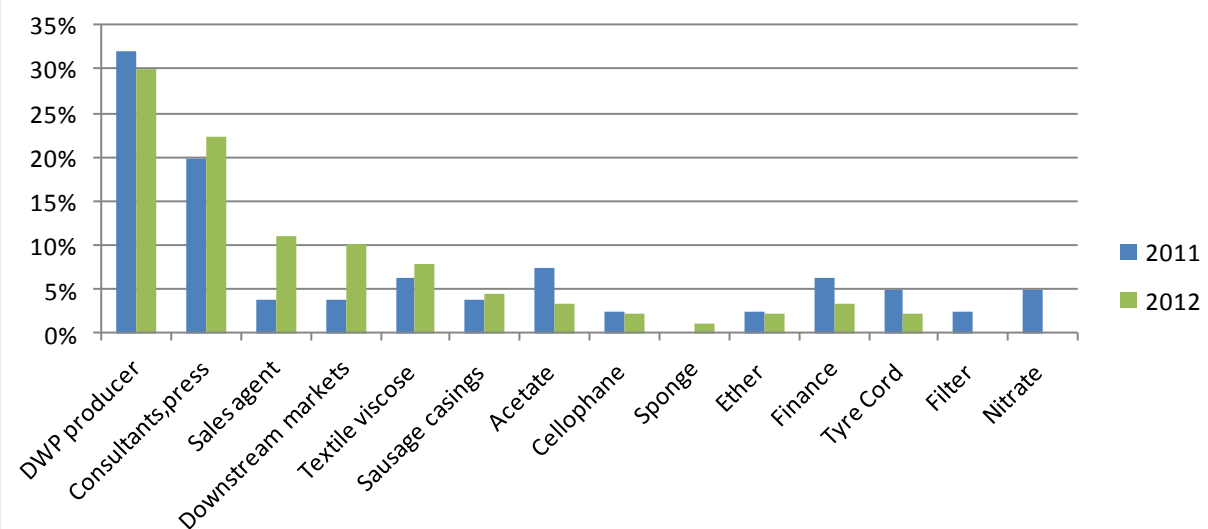


PARTICIPANT PROFILE

By market segment

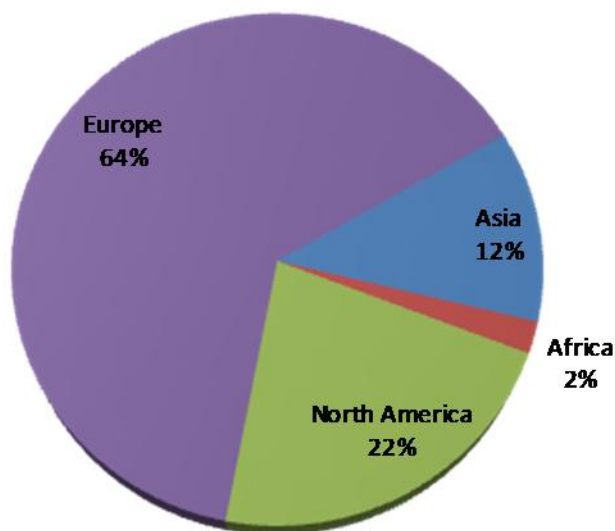


By profession



PARTICIPANT PROFILE

Participation by Country



CelCo
Cellulose consulting

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Switzerland

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Christian Chavassieu

Maurice Perrenoud

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PHOTOS OF SPEAKERS



Simon Barnes
Shoosmiths



Richard Brice
PCI Fibers



Ding Jinqi, Ms. Chen Huifen
CCF



Oliver Lansdell
Hawkins Wright



Vijay Kaul
Aditya Birla



Dr. Derek Budgell
Tembec



Luis Martul
JTI



Guisepe Gherzi
Gherzi



Jean Moreau
CelluForce



Judson Hannigan
TargetFiber



Christian Chavassieu
CelCo



Bernard de Galember
CEPI



Richard Bassett
Cato Sales & Trading

PHOTOS FROM THE CONFERENCE

