



“Investing in Cellulose” Conference 2016

CelC^o
Cellulose Consulting

Dear Participants,

Thank you for attending the 6th annual edition of the CelCo conference, Investing in Cellulose. We welcomed this year over 40% new attendants with overall similar headcount as last year. We thank you for your feedback on the day. Next year we will strive to provide more downstream presentations on cellulose applications as well as a financial prospective on our global economy and how it relates to our industry. We are delighted to announce that Professor Boltho, Emeritus Fellow at Oxford chair of Economics, who some of you already had the pleasure to hear in 2015 will be coming back to join us again in 2017. A third of our participants were able to join us for the Sunday night cocktail reception and, again, based on your feedback, we will include this in our 2017 program. Your feedback on timing and conference length are split between more topics to cover and less time for the conference. The event is organized for the benefit of all industry stakeholders upstream and downstream. Half a day conference may be short of meeting the needs of all; so we are evaluating the possibility of parallel sessions in the morning and a common lunch for all. Any guidance on these organizational questions would be greatly appreciated

Sustainability and innovation, two key themes of this year 's conference, generated a lot of interrogation and interest. In particular, the sustainability issues for our industry seems to indicate a Communication Gap between what the D.W.P. industry does and the end consumer perception. As a result CelCo will organize in March 2017 a round table on this question.

In order to best meet your information needs CelCo is publishing twice a year actual and forecast market report on the D.W.P. industry; Email us if you would like to receive latest market report published in October 2016 including volume & pricing forecast till 2020 by market segments.

If you wanted to keep in touch more closely with Cellulose industry upstream and downstream News on a worldwide basis subscribe to the CelCo mobile phone app or to the monthly "Cellulose Newsletter" edited jointly by CFF and CelCo.

Inquire on all details of this and all our consulting services at info@celco.com

We wish you a Happy New Year for 2017 and look forward to seeing you next year on **November 6th 2017 (an amendment to the date advertised in the conference booklet)** in London to talk again about the new threats and opportunities for our industry.

A handwritten signature in blue ink, appearing to read "Christian Chavassieu".

Christian Chavassieu

CONFERENCE SUMMARY

During the conference many topics were addressed. Below is a summary of the topics covered by the speakers:

•Overall 2016 is showing a much brighter picture than 2015 in terms of supply and demand equilibrium despite Acetate Tow demand still dropping mostly in China.

Demand for other specialty market is up due to a 2015 correction and inventory build up. On the supply side major delays in announced capacity expansions projects, CLP supply dropping by 50% in last 4 years and China domestic DWP supply doubled in 2016 over 2015.

•Downstream saw 2016 VSF operating rates above 90%, significant downstream industry concentration and the VSF value chain greater commitment to Environment.

Other trends include the emergence of a price spread between DWP softwood and hardwood for rayon grades and a Global Paper pulp operating rate dropping in 2016.

•CCF commented on the slowdown of supply growth in China cotton textile raw material market , the slow growth rate for spun yarn market in 2016 and the fluctuation of supply and demand due to environmental issues.

•Uncertainties of the Chinese economy, such as policy, economic growth and exchange rate will have a direct impact on the viscose industry chain. Product development and industry chain operation is still crucial to China viscose fibre market development. Significant Spread of Paper pulp prices to DWP pushes Chinese mill toward DWP production.

•The Sustainability Forum Discussion began by discussing “Why it matters to address the Sustainability issues” and how it is a “Journey” rather than a one-time exercise. Then it demonstrated via practical examples how partnering along the value chain led to achieve sustainable innovations. Finally Marks & Spencer covered in detail how they manage sustainability at the consumer level and stated, influenced by Canopy, our Industry issues with deforestation. This statement revealed a global issue on a communication gap between upstream sustainability efforts and end consumer perception. This has now triggered an initiative that CelCo will spearhead in Q1 2017. See separate page on this..

•On the food Industry presentation it was stated that the food industry is hyper-fragmented, takes 2 years to mature new products. New food product success rate is low: Out of 20,000 new products introduced annually, 2% only succeed. We went on to learn about diet trends; Why carbs are down, why proteins are up, why fats are up and why fibre are up.

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Conference Agenda

- Update on DWP Supply & Demand
- China VSF Supply & Demand Outlook
- Sustainability as a Competitive Advantage
- Food Industry Trends and their Impact on Cellulose Derivative Suppliers.
- Game Changing Technology for MCC
- Innovation at Borregaard -Exilva
- Transformation Through Innovation

**Representatives from
23 countries**

**39% of attendees with
Sales & Marketing
roles**

**14% of attendees with
Purchasing roles**

**15% of attendees with
General Management
roles**

8 Speakers

**139 pages of
presentations**

2 Sponsors:

**ANDRITZ
Pulp & Paper**



Central National-Gottesman Inc.

CONFERENCE SUMMARY (Continued)

- Andritz and AaltoCell have developed a process to manufacture MCC in a more cost effective manner than existing method because the AaltoCell™ MCC plant can be integrated with existing pulp mill from either dissolving or paper grade pulp depending on the end use.
- Borregaard shared their innovation Exilva, its brand name for microfibrillar cellulose used in industrial applications. Exilva is a sustainable biobased material with multifunctional properties including improved flow, stability, flexibility and strength in industrial formulations and materials. It enables customers to develop new and improved products. Exilva can be used in multiple applications in Coatings, Adhesives, Personal care, Home care, Agriculture and Construction.
- Stora Enso shared how to transform through innovation with the experience of working directly with the Marimekko design house for end fashion products : Rethinking raw materials in the textile and design industry.

If you could not make it to this year's conference and are interested to have more details on the presentations contact info@celco.ch

You are invited to participate in the Sustainability Round Table in Geneva in March 2017

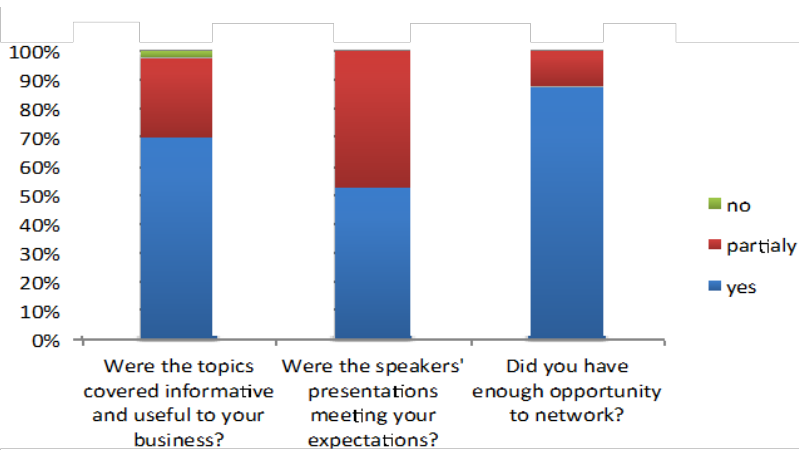
During the CelCo "Investing in Cellulose" conference a statement from Marks & Spencer that the DWP industry was responsible for forest deforestation rightly triggered a strong reaction from the audience. M&S only repeated what they were told by organizations like Canopy and by our competition who are freely promoting such concepts.

You are naturally already convinced of the need to focus on sustainability and act on it. This is why you already publish a sustainability report to your stakeholders ...and yet the end consumer does not have the profound understanding of the way our industry manages its environment and is socially responsible! To address this "Communication Gap" between the upstream markets and the end-consumer come and attend:

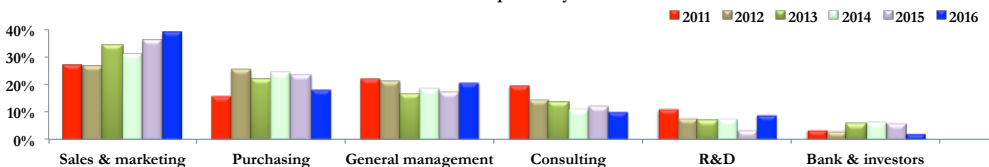
The DWP Sustainability round table in Geneva: One Day Event In March 2017 (TBC)

The objectives of the round table are discuss and create the founding principles of an alliance on "Cellulose Sustainability". Initially dedicated to the suppliers and users of Dissolving Wood Pulp. Once its members will have aligned their sustainability performance around common standards the Alliance will then be able to lobby and communicate with a unique voice downstream to our multiple value chain markets and end consumers as well as promote more efficiently wood cellulose benefits.

Inquire at info@celco.ch for more details and agenda for the day.



Participation by Function



Participation by Geography

