



Press release

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BillerudKorsnäs decides on closing Tervasaari paper machine

BillerudKorsnäs has decided on streamlining their production structure through a closure of the paper machine in Tervasaari, Finland, latest during Q3 2016. BillerudKorsnäs will thereby entirely leave the Tervasaari production site. The decision has been made after union negotiations and is based on unsatisfactory profitability levels.

Within BillerudKorsnäs Business Area Packaging Paper, a wide range of kraft papers and packaging solutions are offered for use in food packaging, medical packaging and packaging of construction materials - to mention a few application areas. Under the business area strategy "Selective Growth", BillerudKorsnäs is taking steps to grow within attractive segments of the packaging paper area and to streamline its production structure.

The BillerudKorsnäs production at Tervasaari consists of one paper machine with a capacity of 100 000 t/a of machine glazed papers, MG papers. The paper machine is unintegrated to pulp production which results in an unfavorable cost position, despite the fact that the machine is among the largest of its kind.

The decision means that the production at the machine will stop latest during Q3 2016.

In August this year, BillerudKorsnäs started a feasibility study investigating among other things the potential of moving the Tervasaari machine to Skärblacka in Sweden. Skärblacka would offer integration to pulp production and, with the Tervasaari machine, Skärblacka would strengthen its position as one of the world's most efficient production units for white MG papers. The investigation is on-going and will be finalized during the first half of 2016.

"The closure of production at Tervasaari is a first step in streamlining our production structure. There is right now intensive work being done in the form of feasibility studies that will lead us in our further development of our production structure. The machine in Tervasaari is one of the largest of its kind and our staff has done a great job to improve profitability through creative ideas and committed efforts but unfortunately this has not been enough due to external factors", says Christer Simrén, COO and Executive Vice President, BillerudKorsnäs.

The closure will lead to restructuring costs of approximately SEK 100 million. These costs will be included in the reporting for Q3 2015 under "Other units".

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