



Applied Value Pulp & Paper Report

Quarterly Analysis

Financial Data as of
Q3, 2025

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Agenda

Executive Summary & Introduction

Financial Benchmarking

Market Trends

Applied Value Introduction



Applied Value's quarterly Pulp & Paper Report is focused on financial benchmarking and market trends impacting the industry

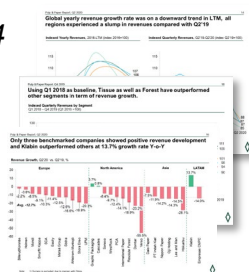
In this Pulp & Paper Report, Applied Value provides essential financial benchmarking focused on the latest quarter and 12-month period while also offering a brief update on the latest market trends.

The report provides a clear, understandable, and useful analysis of the relative performance of a selection of global Pulp & Paper companies. It also provides an overview of the industry and relevant market trends that occurred during the quarter.

Growth

Industry growth latest 4 quarters and LTM

Growth in the latest quarter per company segment, and region



EBITDA Margins

Average Industry EBITDA margin latest 4 quarters and LTM

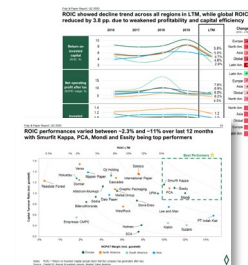
EBITDA margin for the latest quarter per company, segment and region



ROIC

ROIC per region for the last 5 years

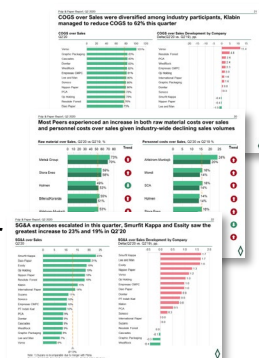
ROIC per company for LTM



Operational Costs Breakdown

Operational costs breakdown per company last quarter

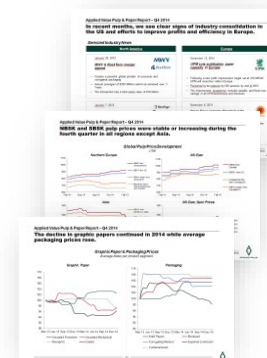
Operational costs development YoY per company



Market Trends





















Pulp & Papers market price movements

Commodity prices and currency movements



The report is based on the financial performance of 20 leading Pulp & Paper companies in Europe, North America, Latin America & Asia

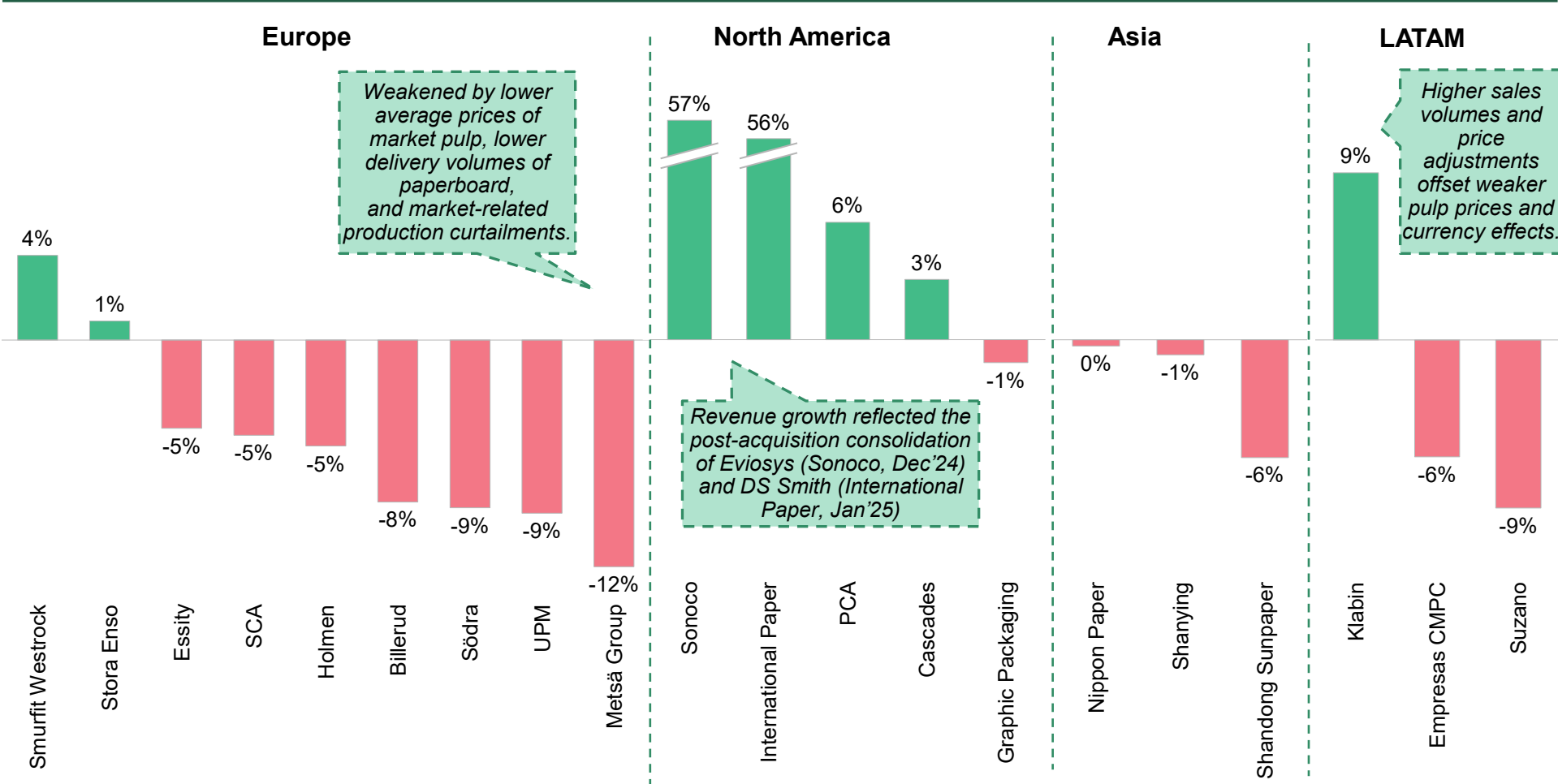
Companies included in Financial Benchmarking in the Q3 2025 report

Market	Company	Revenue LTM (BEUR)	Country	Board	Paper	Tissue	Wood Products	Pulp	Others
Europe	Smurfit Westrock	26.5		✓	✓			✓	✓
	Essity	12.8				✓			✓
	UPM	10.0			✓		✓	✓	✓
	Stora Enso	9.4		✓	✓		✓	✓	✓
	Billerud	3.9		✓	✓			✓	✓
	Södra	2.8					✓	✓	✓
	Holmen	2.0		✓	✓		✓		✓
	SCA	2.0		✓			✓	✓	✓
	Metsä Group	1.8		✓	✓	✓	✓	✓	✓
North America	International Paper	20.7		✓	✓		✓	✓	✓
	Graphic Packaging	7.5		✓	✓				✓
	PCA	7.3		✓	✓				✓
	Sonoco	6.1		✓	✓				✓
	Cascades	2.9		✓	✓	✓			✓
LAT AM	Suzano	8.2			✓			✓	✓
	Empresas CMPC	6.4		✓	✓		✓	✓	✓
	Klabin	3.3		✓	✓		✓	✓	✓
Asia	Nippon Paper	7.0		✓	✓		✓		✓
	Shandong Sunpaper	4.6		✓	✓			✓	✓
	Shanying	3.4		✓	✓			✓	✓



Major players reported Y-o-Y revenue declines in Q3'25, primarily driven by lower pricing amid continued market softness across key regions.

Revenue Growth, Q3'24 vs. Q3'25, %



Source: Interim & Annual Reports, S&P Capital IQ, Applied Value analysis.



Q3'25 revenue growth was offset by increased input cost; similar pressures expected to continue in Q4.

Summary

Revenue: Global revenue remained largely stable, with +2% YoY and +1% QoQ. North America exhibited the highest market resilience, supported by steady demand, while the Asian and European markets continued to decline

Profitability & Cost: YoY margins declined across all segments, with major players reporting decreases due to unfavorable market conditions, including lower prices, higher input costs, and reduced delivery volumes

Return On Invested Capital: Global ROIC average decreased by 0.6 p.p to 4.2%; top performers maintained >10% ROIC

Industry Takeaways







A	Revenue Growth	<ul style="list-style-type: none">› In Q3'25, global average revenue remained stable with +2% YoY and +1% QoQ; all regions recorded declines except North America (+24.5%, +0.2% excl. M&A). Europe, LATAM, and Asia, reported YoY decreases of -2.7%, -3.7%, and -9.8%, respectively. Key players such as Sonoco (+57.3%) and International Paper (+56.4%) led growth via acquisition› Pulp led the largest decrease with a 5.0% drop, while tissue products rose 4.6% and other segments remained relatively flat
		<ul style="list-style-type: none">› Average EBITDA margins declined across all regions, with LATAM experiencing the largest decrease (-4.9%). YoY Margins declined in pulp (-12.3%), paper (-3.3%), tissue (-0.3%), and wood products (-0.1%), while Board slightly increased (+0.8%)› Notable YoY EBITDA increases came from International Paper and Klabin due to higher price and delivery volume. Major YoY EBITDA decline came from Metsä Group (-17%), driven by market price, delivery volumes, and market-related production curtailments
		<ul style="list-style-type: none">› The global average LTM ROIC decreased by 0.6% to 4.2% YoY, regional variations were kept within 2% - NA saw the largest drop (-1.2%) while LATAM achieved the highest gain (+0.1%)› Essity and PCA were the top industry performers in 2024 ROIC >10%

Top Performers

 International Paper	 SONOCO
 Klabin	 PCA <small>PACKAGING CORPORATION OF AMERICA</small>
 International Paper	 Klabin
 essity	 PCA <small>PACKAGING CORPORATION OF AMERICA</small>



The US Pulp & Paper market is forecasted to remain stable in Q4'25, while EU and CN has limited growth potential in most categories

Pulp	Graphic Paper & Packaging	Commodities & Currencies
		
Price Trends & Forecasts		
		
<ul style="list-style-type: none">› Global pulp prices in Q3'25 remained stable with 0.5% downward trend› Weakened overall demand in Europe and Asia, with on-going market uncertainties, cost inflation, and production overcapacity, while US demand remain continued solid market conditions› Q4'25 pulp market continues decline due to subdued end-customer demand	<ul style="list-style-type: none">› Graphic paper prices stayed stable with 0.3% upward trend› Packaging paper prices experienced moderate increase, with kraft paper leading at 9% surge driven by production cost inflation and tighter supply› Upward price momentum is expected in Q4'25 caused by continued supply-side cost pressures	<ul style="list-style-type: none">› Oil prices fell by 2% at \$64 USD/Barrel by rising supply› Major currency apart from BRL demonstrated increase in value vs. USD› EU exhibited divergent energy trends, with natural gas costs falling by 5% QoQ while electricity prices rose by 23%, signaling tighter market conditions
Industry News		
<ul style="list-style-type: none">› Global growth stayed fragile in Q3'25, with real GDP growth easing to 2.9%, trade rising just 1.7%, and investment flows falling as tariff threats pushed effective U.S. tariff rates from 2.4% at the start of the year to 11.5% in Q3› The EU economy slightly strengthened, expanded by 0.2% QoQ in Q3'25, up from 0.1% in Q2 and slightly above market expectations of 0.1%› Pulp & Paper industry continues to struggle amid weak demand and production risks, with production overcapacity and postponed investment decisions deepening the strain		



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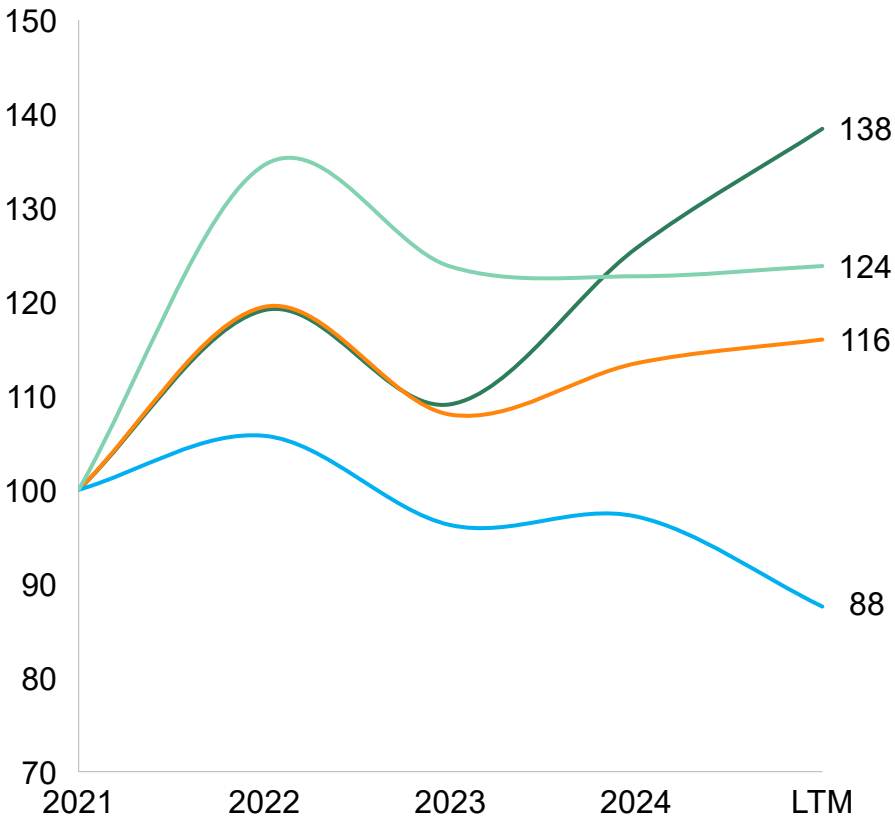
Industry Takeaways

		Top Performers
A	<div>Revenue Growth</div> <ul style="list-style-type: none">› In Q3'25, global average revenue remained stable with +2% YoY and +1% QoQ; all regions recorded declines except North America (+24.5%, +0.2% excl. M&A). Europe, LATAM, and Asia, reported YoY decreases of -2.7%, -3.7%, and -9.8%, respectively. Key players such as Sonoco (+57.3%) and International Paper (+56.4%) led growth via acquisition› Pulp segment led the largest decrease with a 5.0% drop, while tissue products rose 4.6% and other segments remained relatively flat	<div></div>
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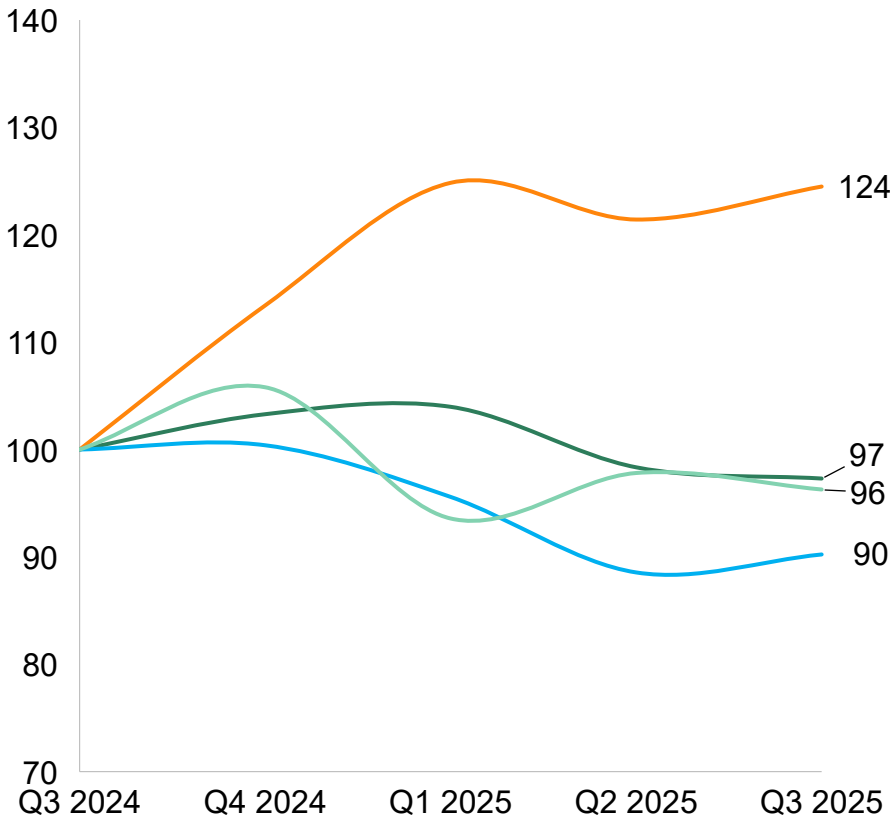


Top players in EU markets achieved YoY growth due to strategic M&A, while Asia had the largest decline due to weak demand and high inventory

Indexed Yearly Revenues, 2021-LTM (index 2021=100)



Indexed Quarterly Revenues, Q3'24-Q3'25 (index Q3'24=100)



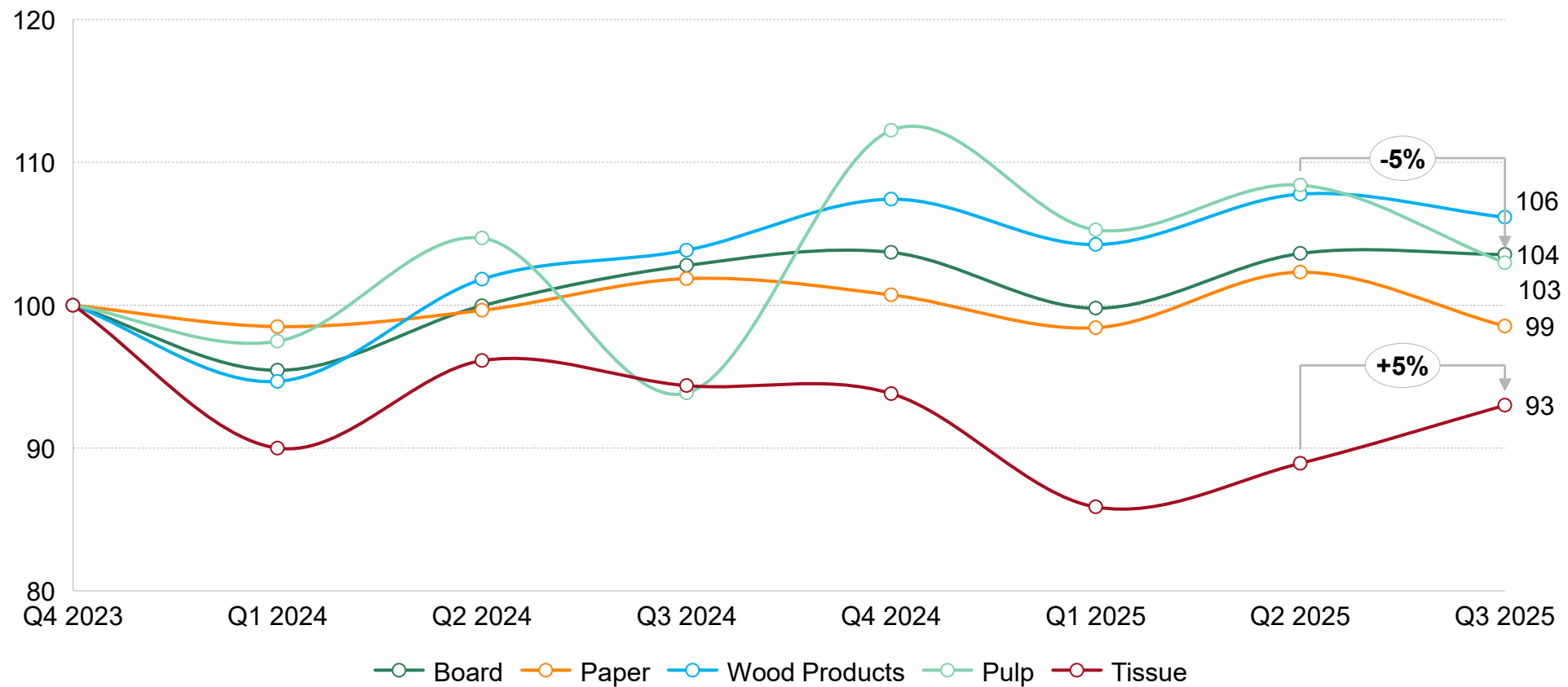
— Europe — North America — Asia — Latin America

Source: S&P Capital IQ, Interim & Annual Reports, Applied Value Analysis.



In Q3, all segments except tissue exhibited a downward trend, driven by lower revenues resulting from softer prices and reduced sales volumes

Indexed Quarterly Revenues by Segment, Q3'23 – Q3'25 (Q3'23 =100)



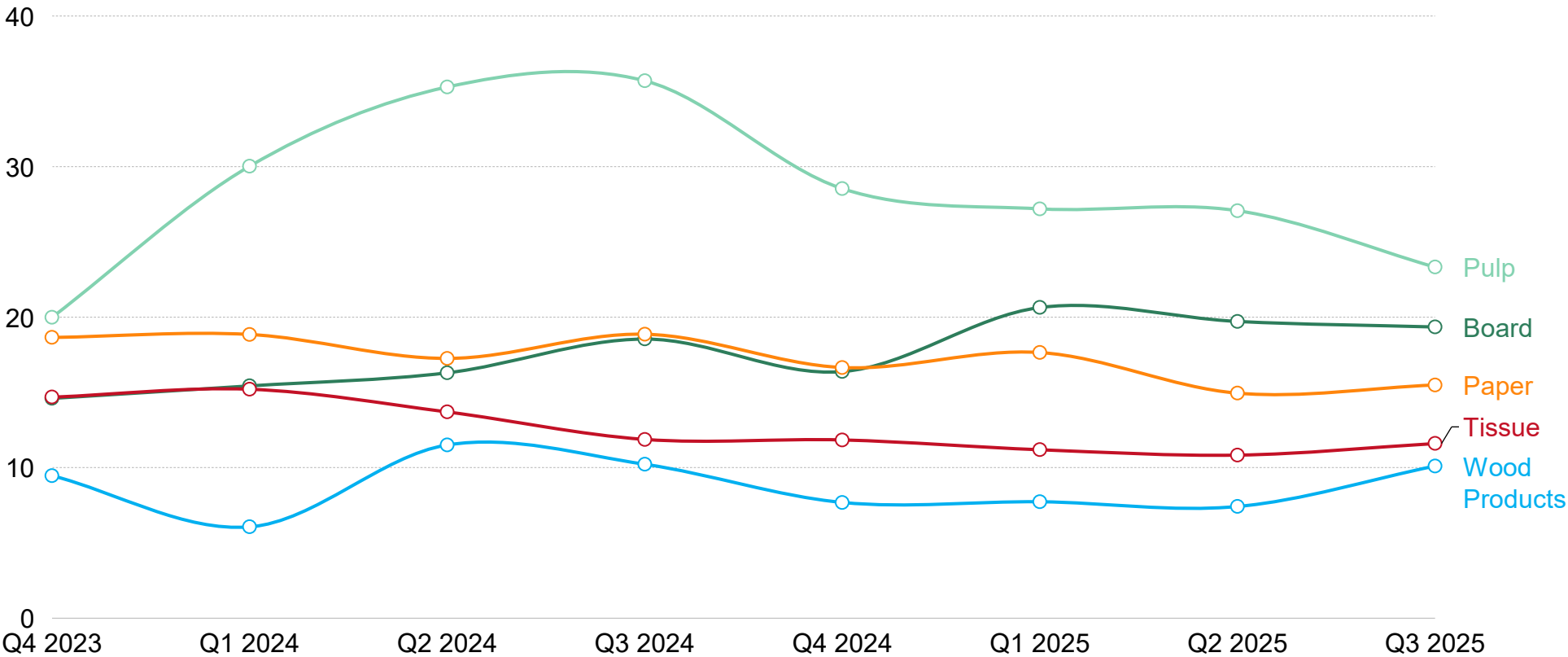
Pulp: -5% QoQ decreased primarily due to a decline in market prices and sales volumes

Tissue: 5% QoQ increase driven by favorable seasonal factors resulting in higher volumes and sales prices



Pulp segment recorded a 4% quarter-on-quarter decrease, while performance across the other segments remained relatively stable

Quarterly EBITDA Margin by Segment, Q3'23 – Q3'25, %



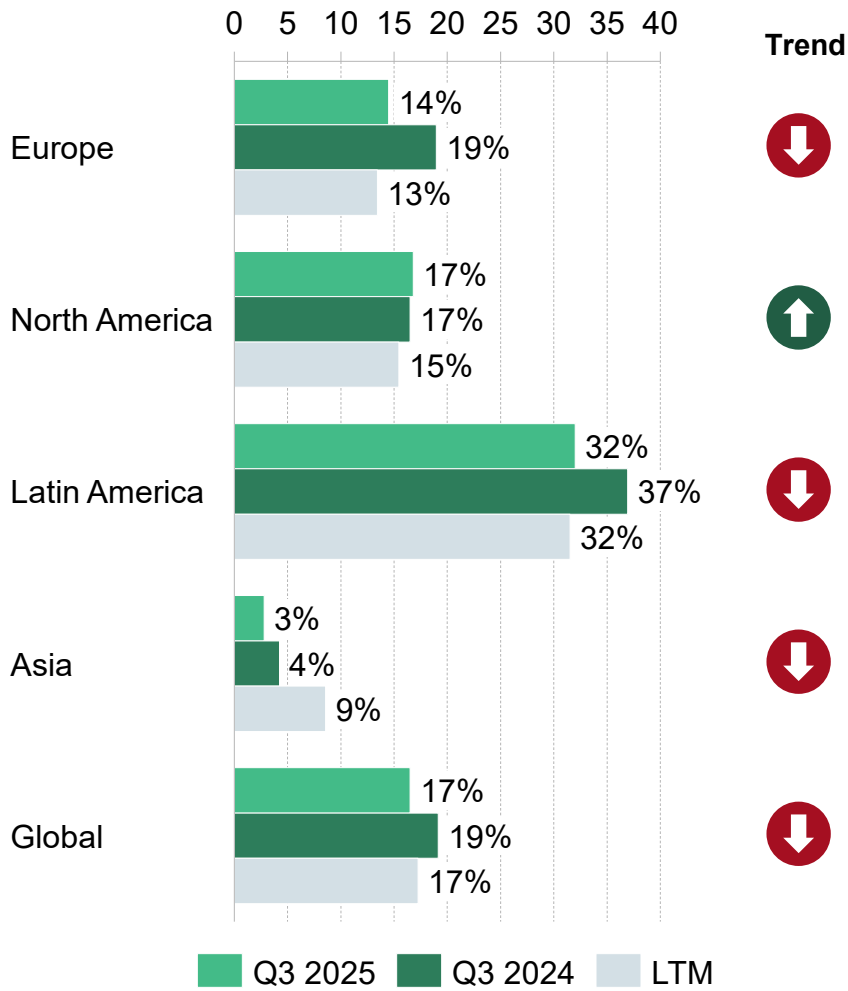
Pulp: -4% QoQ and -12% YoY EBITDA margin decline, driven by lower pulp price and high inventory, further pressuring revenue margins

Wood: 3% QoQ and flat YoY, driven by a 7.6% increase from UPM, whose delivery volumes normalized following the Q2 strikes, and mill operations resumed



YoY profitability decreased across all regions except NA, constrained by unfavorable FX rate (non-US region), higher input costs, and rising SG&A

EBITDA Margin by Region, YoY

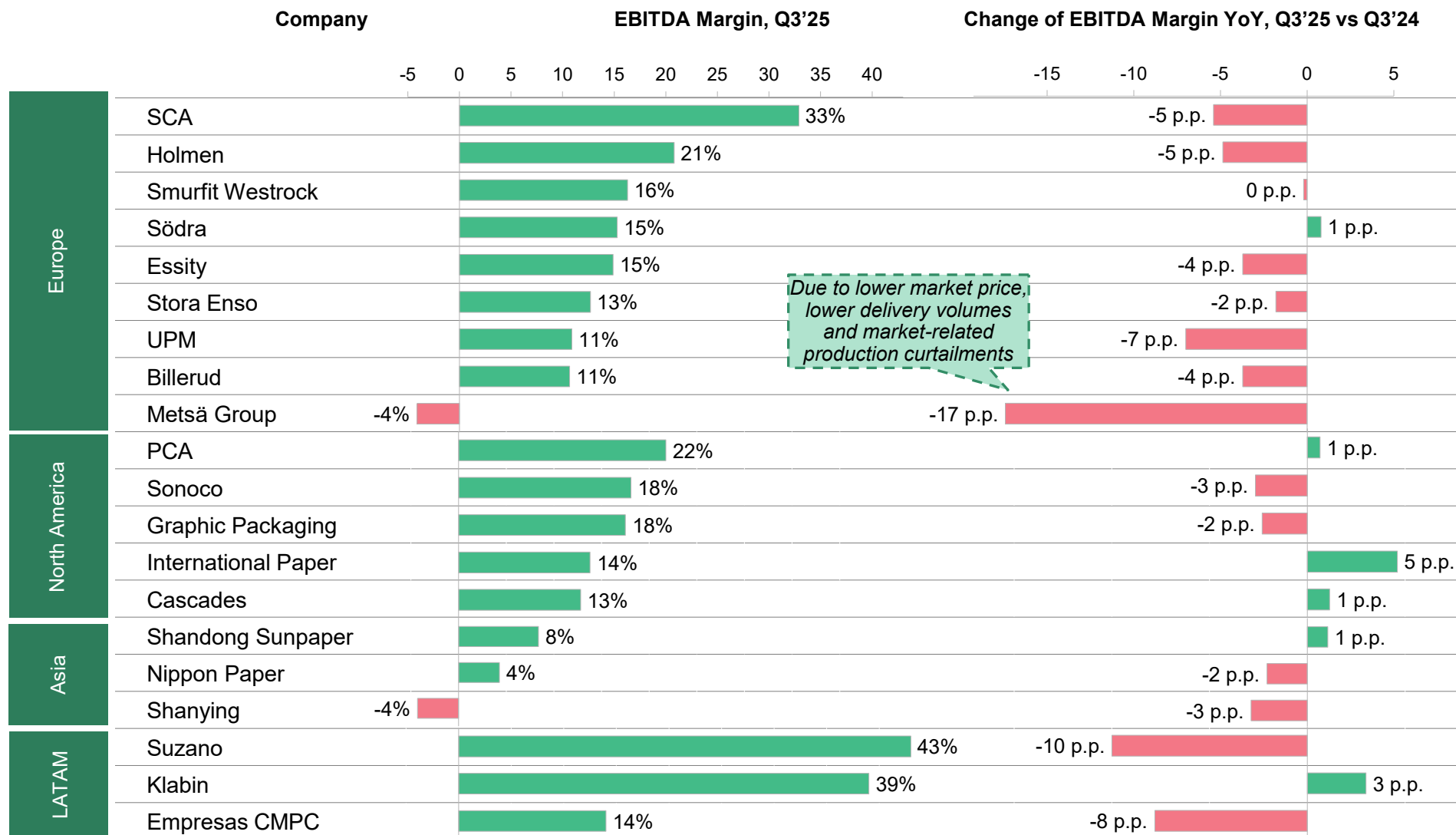


Recent Industry News

- › **International Paper** announced plans in Aug'25 to close its two Georgia mills (Savannah and Riceboro), cutting **1,100 jobs** and **1.4 MT** of containerboard capacity, divest its pulp division to American Industrial Partners for **1.5 BUSD**, and invest **250 MUSD** to expand cardboard production at its Selma, Alabama facility
- › **Stora Enso** completed the divestment of about 1,750 km², or 12.4% of its Swedish forest holdings, for an enterprise value of **9.8 BSEK** by Sep'25
- › **Versowood** acquires UPM's Korkeakoski sawmill in Sep'25, total combined turnover will exceed **0.8 BUSD**, and Versowood's use of logs will increase to **3.5M+ m³**
- › **UPM** decided to end paper production at Kaukas mill (**0.3 MT** capacity), Finland, by the end of 2025 and sold the former Pattiling mill site in Germany in October
- › **Weyerhaeuser** completed two timberland acquisitions totaling **459 MUSD** for **127K acres** across North Carolina, Virginia, and Washington, with planned **410 MUSD** in offsetting divestitures by early 2026

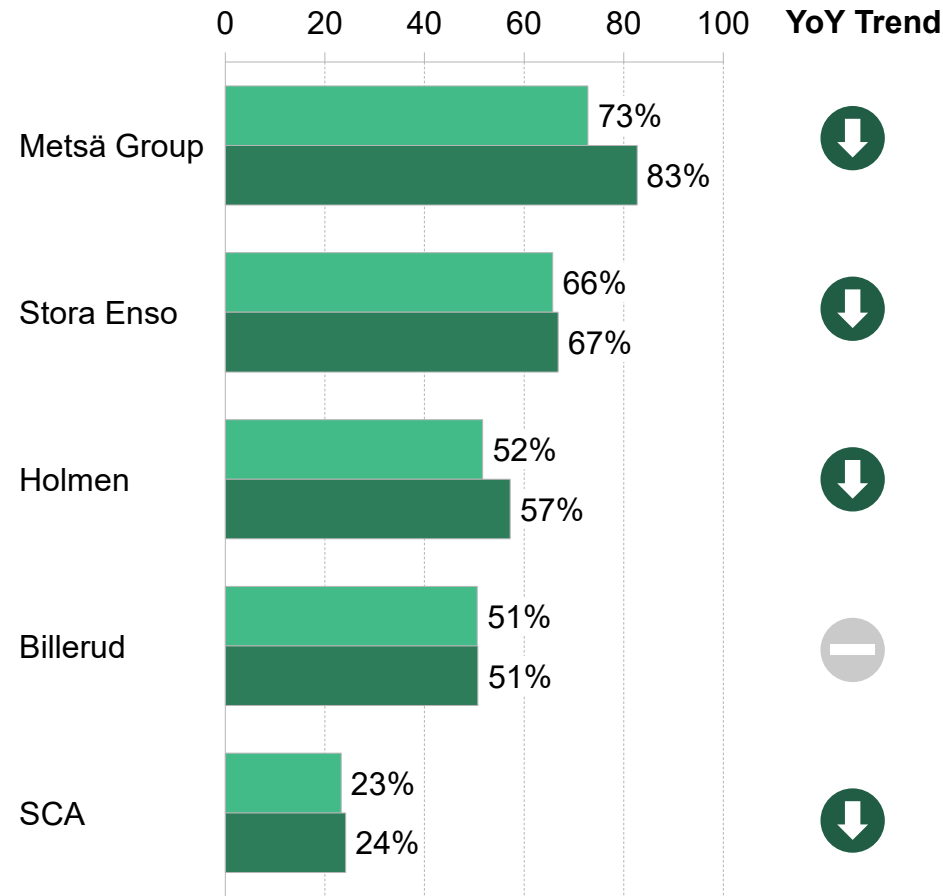


Most industry players saw YoY EBITDA decline, as rising costs pressures combined with declining market price further compressed margins

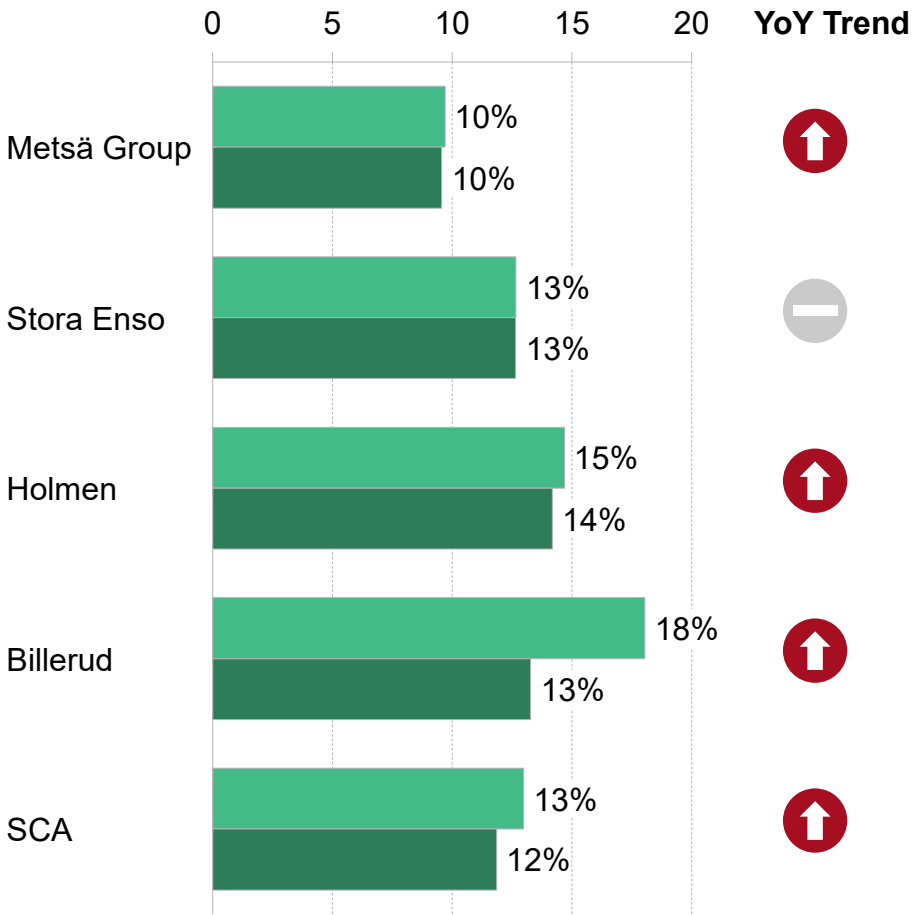


EU players’ raw material-to-sales ratio 3.5% YoY, while rising personnel costs (+1.3%) pressure margins despite improved material efficiency

Raw Materials over Sales, Q3'25 vs Q3'24, %



Personnel Costs over Sales, Q3'25 vs Q3'24, %

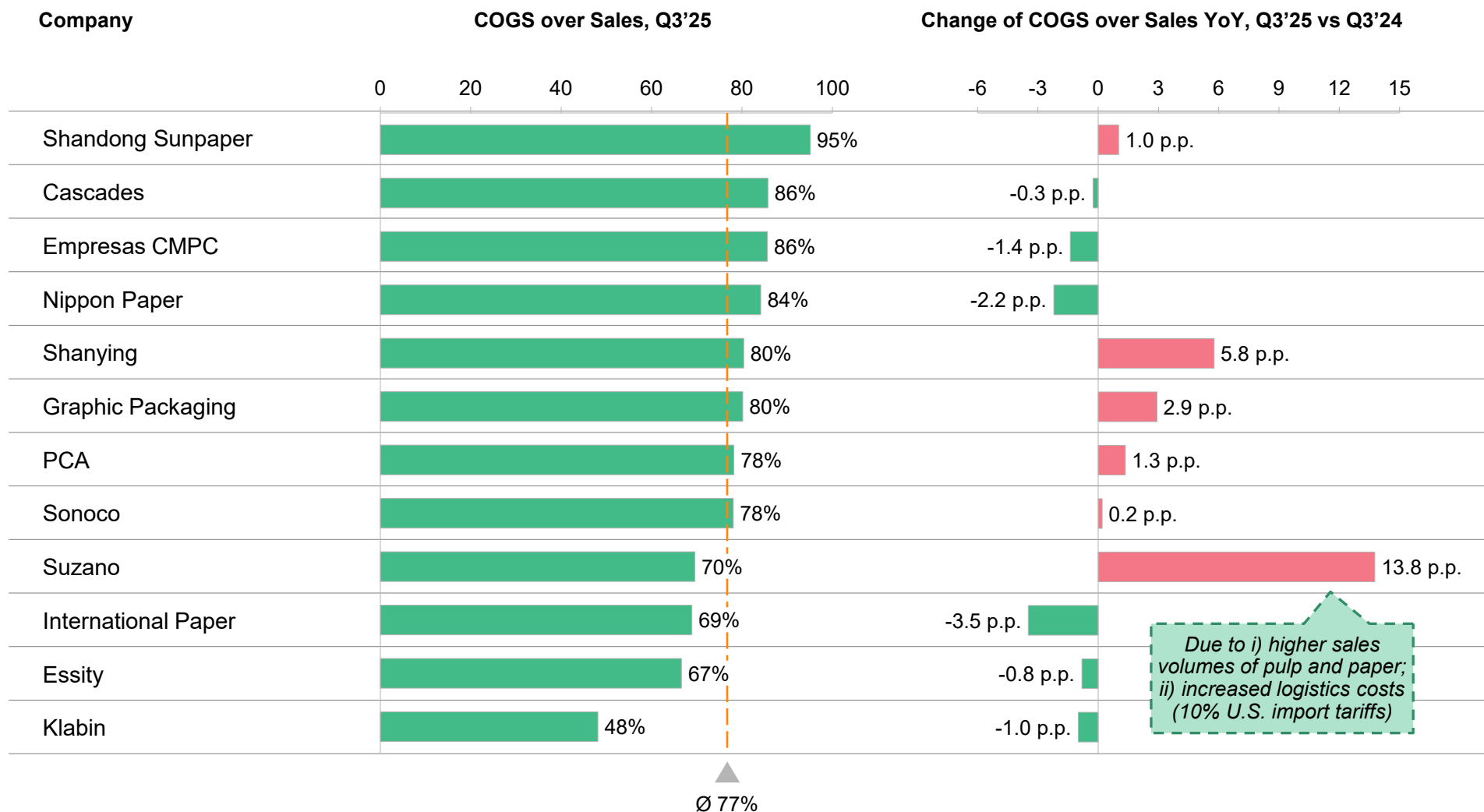


Q3 2025 Q3 2024

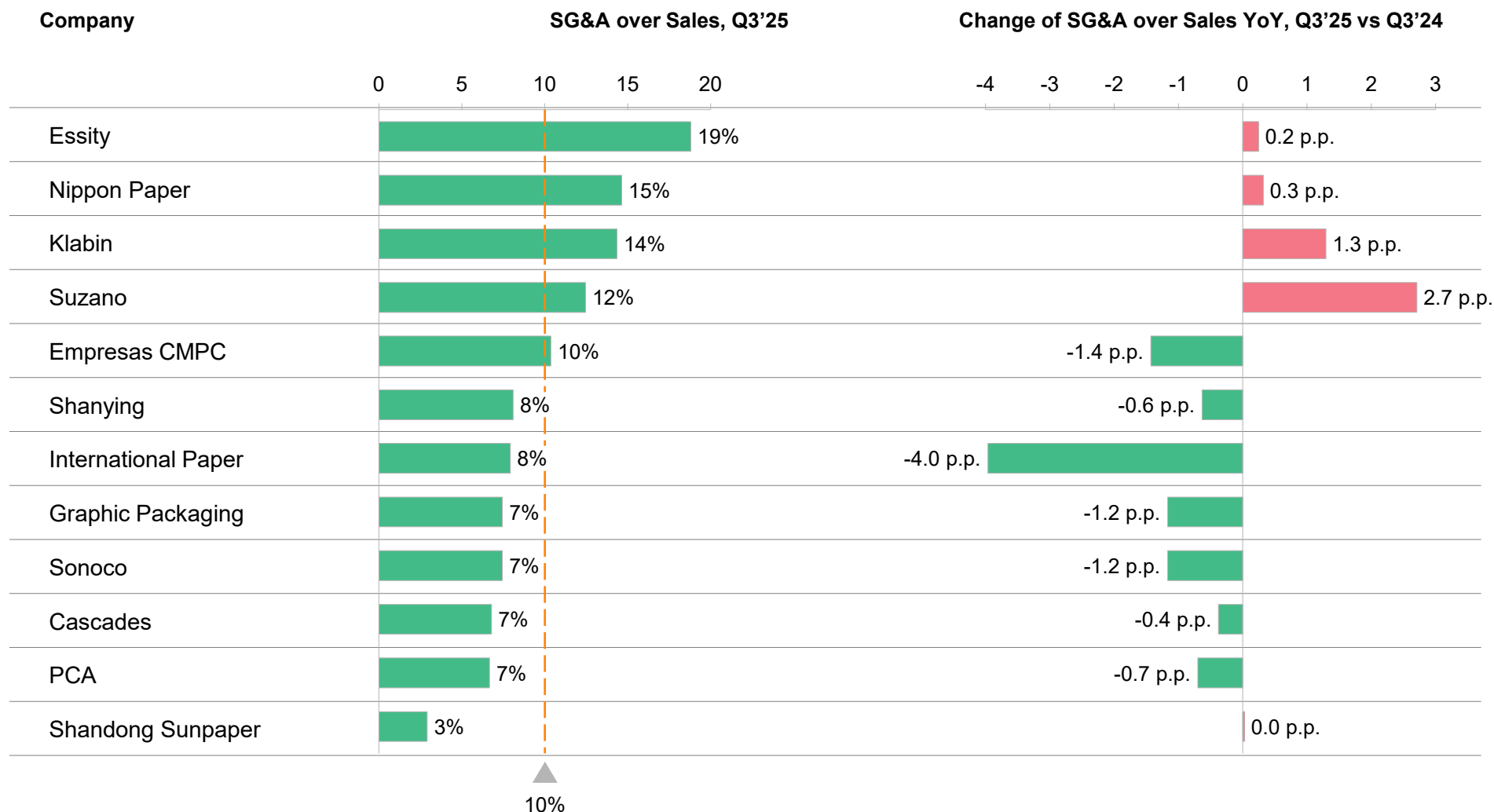
Source: S&P Capital IQ, Interim & Annual Reports, Applied Value Analysis.



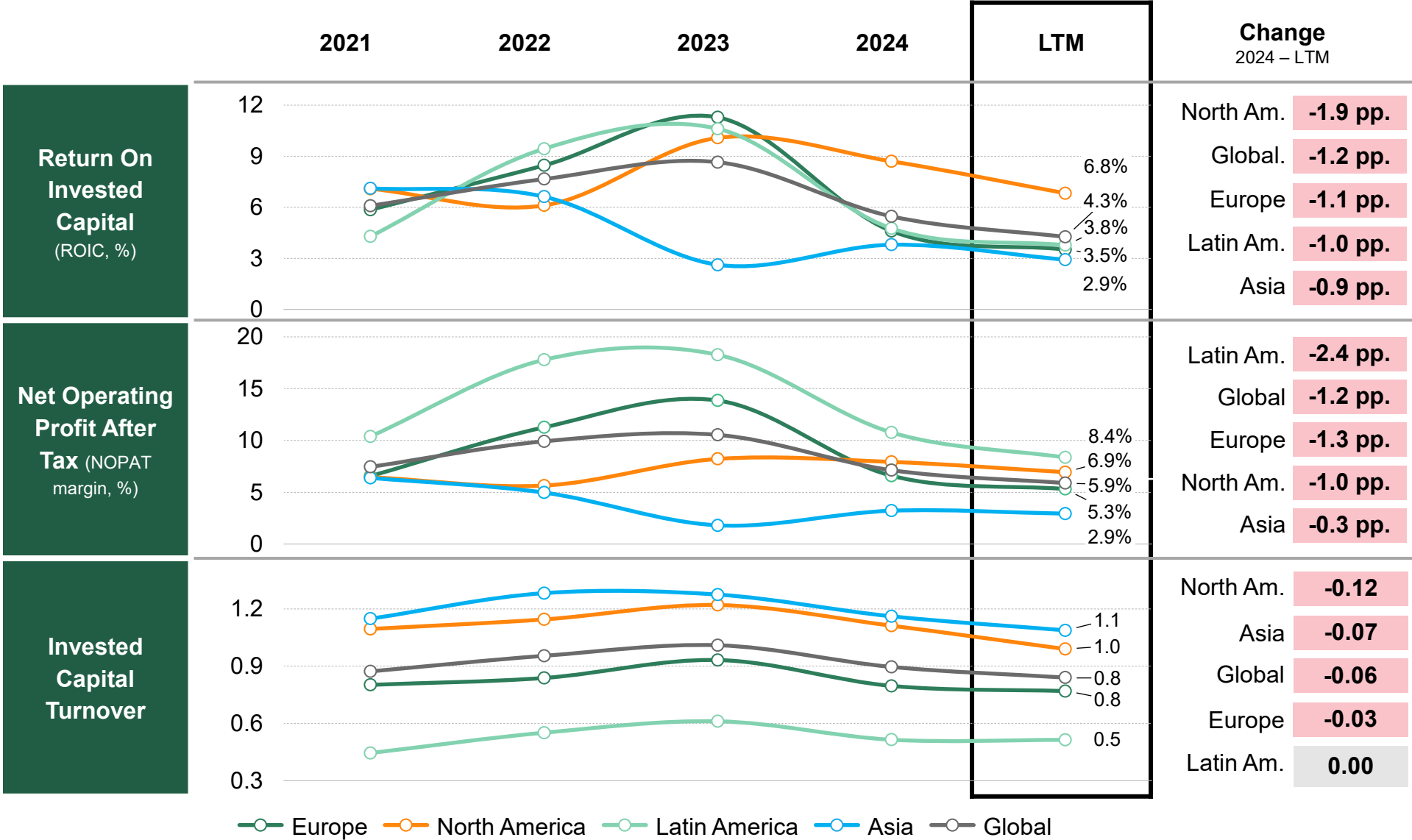
Majority of Americans and Asian players reported higher COGS ratio compared to last year, with Suzano facing the largest increase at 14%



Americans and Asian companies have seen less than 3% increase on SG&A to sales ratios, Suzano demonstrating the greatest improvement of 2.7% YoY



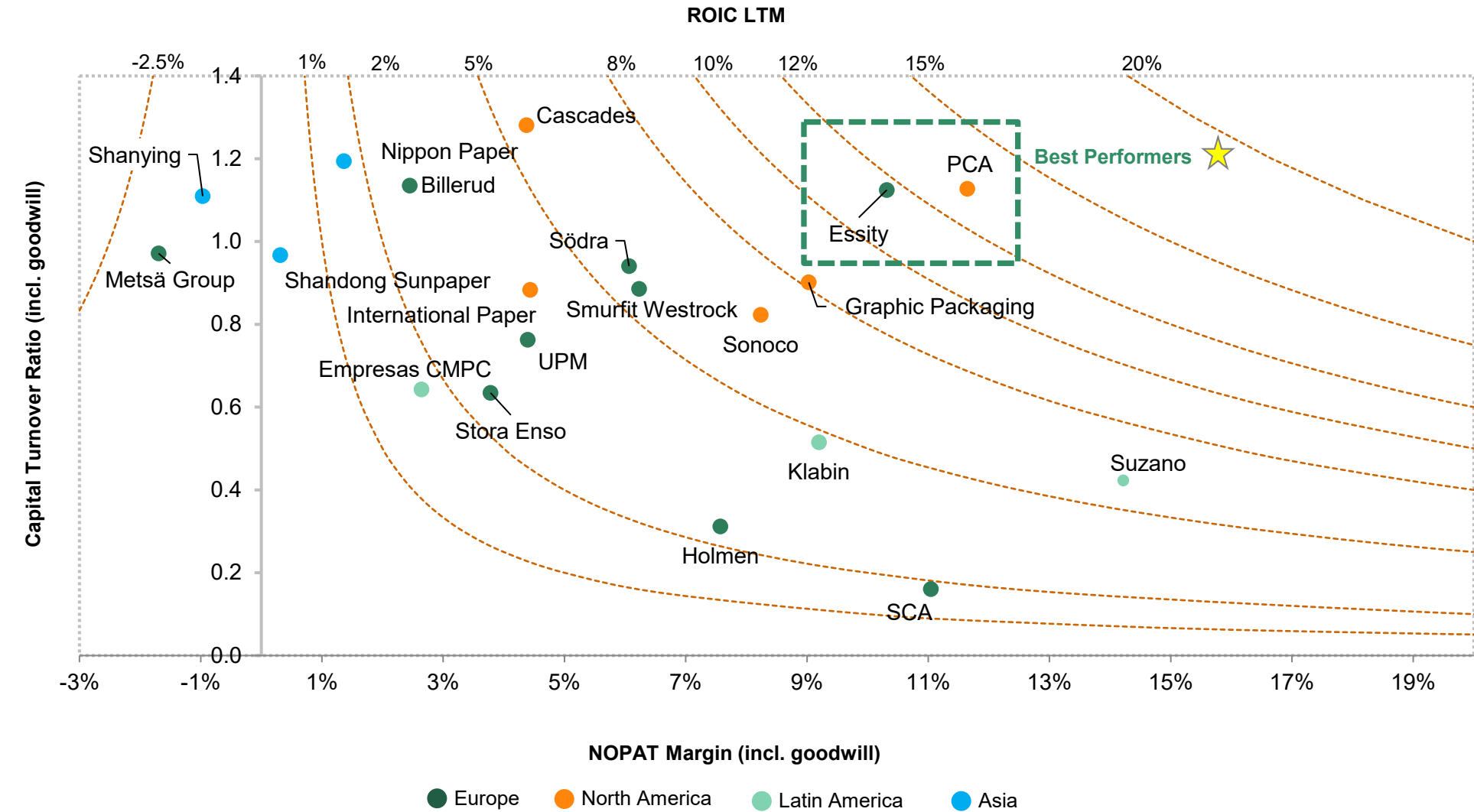
Key players experienced a consistent decline in ROIC, NOPAT, and Invested Capital Turnover across all regions from 2024 to LTM



Source: S&P Capital IQ, Interim & Annual Reports, Applied Value Analysis.



ROIC performances varied between -2% and 13% over the last 12 months with PCA and Essity being the top 2 performers



Notes: ROIC = Return on Invested Capital (actual return that the company has generated after tax).
Source: S&P Capital IQ, Interim & Annual Reports, Applied Value Analysis.



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In Q3 2025, global pulp industry growth slowed amid subdued demand and pricing pressures, reflecting weaker trade conditions and policy uncertainty

Market Trends: Highlights in Q3 2025

Key takeaways

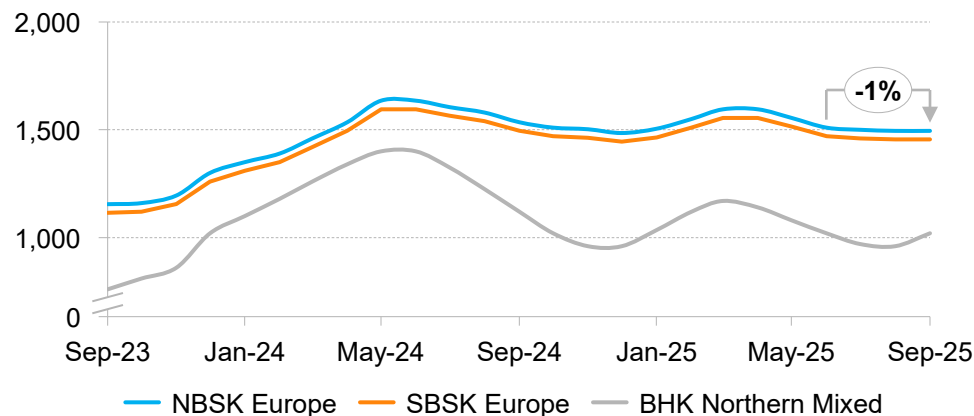
Industry News	<ul style="list-style-type: none">› In Q3'25, the global economy showed slower growth, with the U.S. supported by resilient consumption and labor markets, while Europe faced modest expansion amid weakening external demand. In Asia, growth remained positive yet somewhat constrained, with China grappled with moderate domestic demand and property sector pressures› The global pulp and paper industry remained at depressed levels throughout Q3. China's market softened amid fiber supply pressures. North America saw moderate demand in packaging and specialty segments, though margins were constrained by rising costs. Europe faced headwinds from overcapacity, regulatory and trade challenges, and weak pulp pricing
Pulp	<ul style="list-style-type: none">› Global pulp prices fell in Q3'25, with BEK down 4% due to oversupply and weak demand, while NBSK prices remained steady at a low level as the gap with BEK widened. Elevated pulp inventories, lower BHK prices, high wood costs, and ongoing uncertainties in geopolitics and global trade continued to pressure revenue margin. Market pulp demand remained soft in Europe and Asia, while the U.S. market, though somewhat stronger, also faced cost and pricing pressures› The Q4'25 market is expected to stabilize or slightly improve, but uncertainty remains, with gradual recovery demand pick up ahead of holiday season and mill downtime and maintenance reducing supply
Graphic Paper & Packaging	<ul style="list-style-type: none">› In Q3'25, graphic paper price remained stable, while newsprint saw a 2% drop in July due to weak demand and oversupply. The industry continued to face economic headwinds, with manufacturing activity contracting and elevated logistics costs. Overall demand was pressured by reduced consumption from the commercial print segment› Packaging paper price remained flat, with only kraft papers increasing by 9% QoQ due to cost inflation and tighter supply
Commodities & Currencies	<ul style="list-style-type: none">› Oil prices in Q3 fell ~2% QoQ, closing at ~\$64 due to modest demand growth, rising U.S. and OPEC+ supply, and macroeconomic uncertainties, signaling market softness without severe disruption› The EU energy market exhibited divergent trends this quarter, with electricity prices rising 23% QoQ and natural gas falling 5% QoQ, driven by stronger demand, less renewable output, and higher carbon costs, signaling tighter electricity market conditions› Major currencies, outside of BRL, demonstrated increase in value compared to the USD in Q3'25 compared to Q2'25



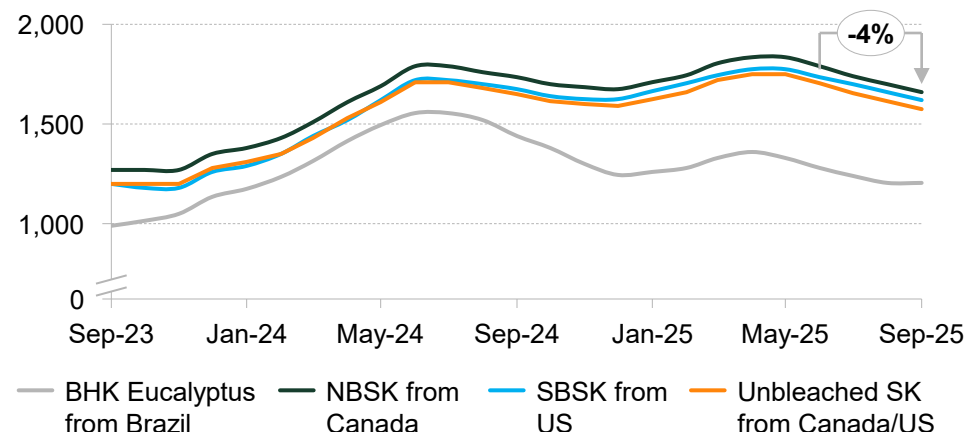
Pulp prices in all regions except China continued their downward trend in Q3, driven by oversupply and weak market sentiment

Global Pulp Price Development, Last 24 Months

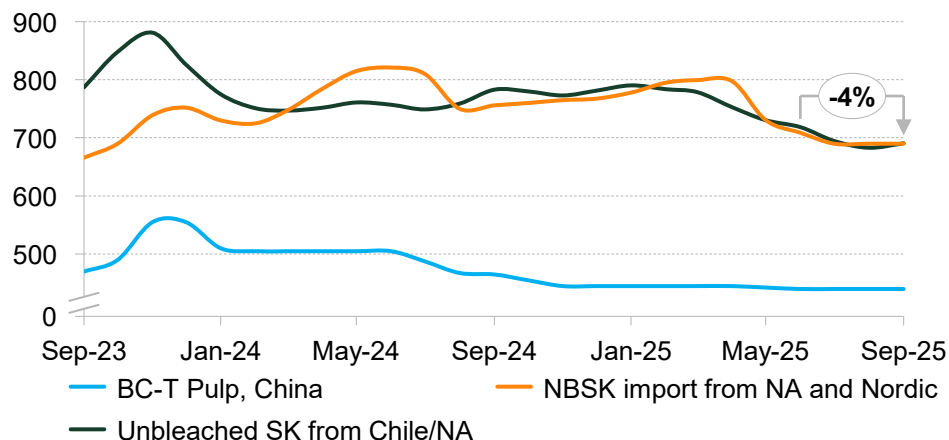
Northern Europe, USD/Tonne



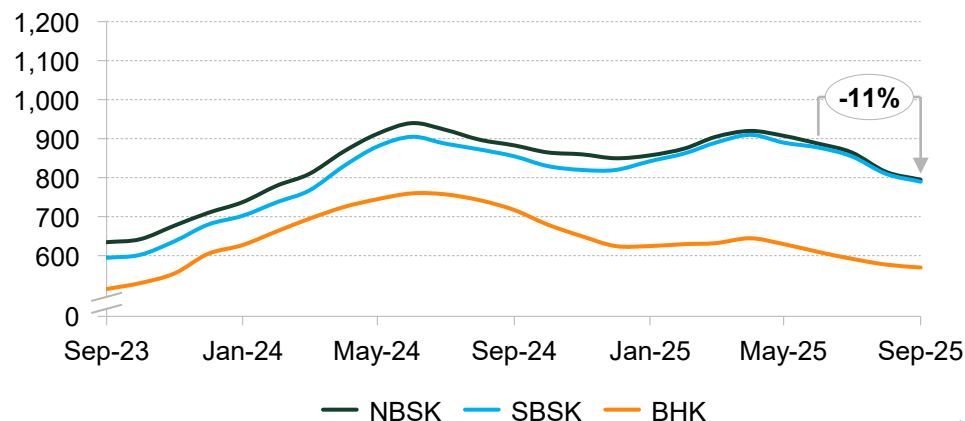
US East, USD/Tonne



Asia, USD/Tonne



US East spot prices, USD/Tonne



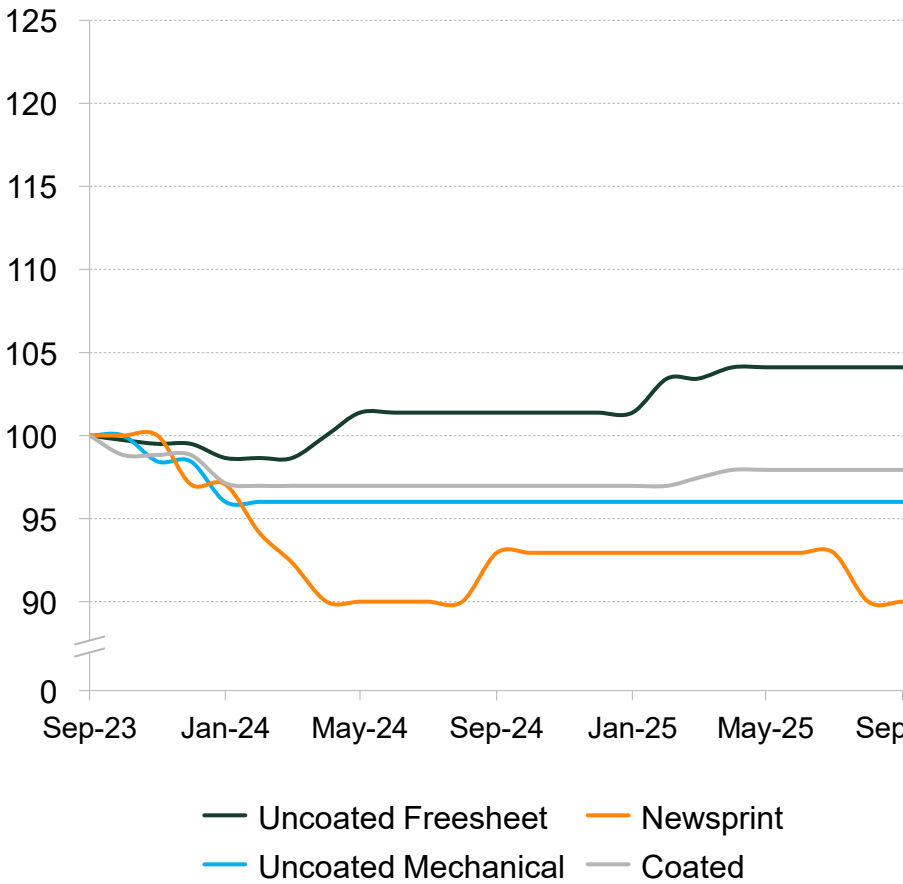
Note: Midpoint price levels.
Source: RISI PPI Pulp & Paper Week.



Price remained stable for most graphic and packaging paper grades in Q3, while kraft paper prices rose due to increased cost and reduced supply

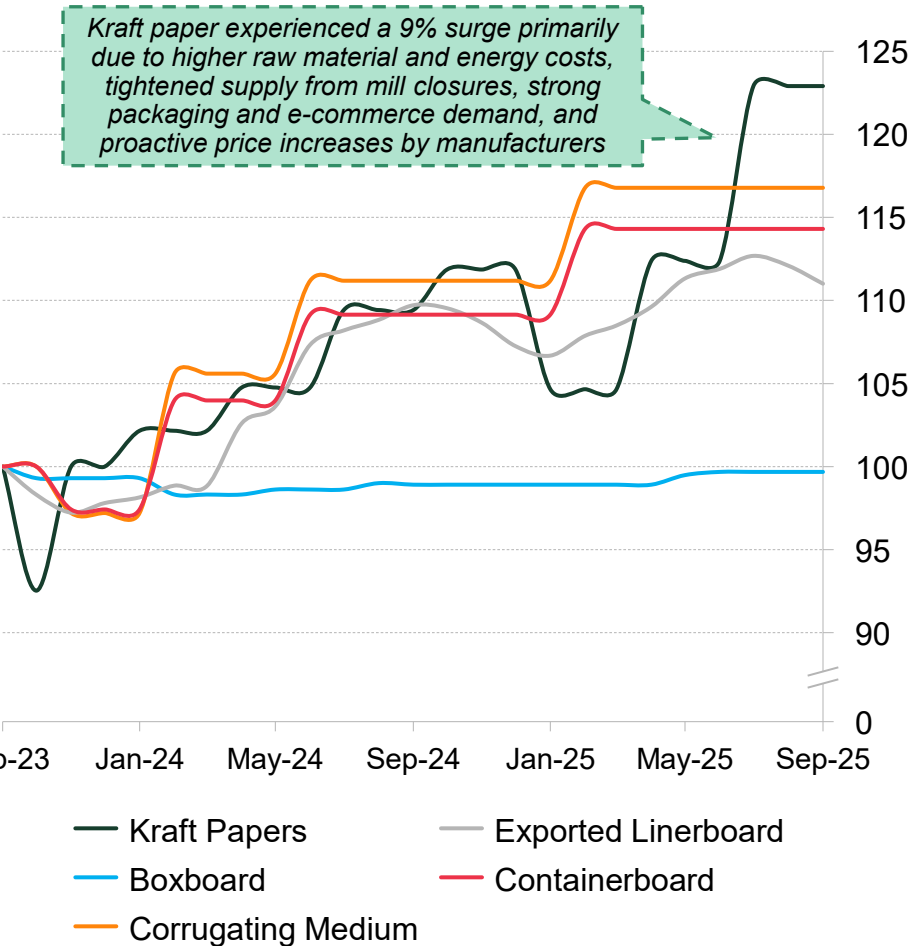
Graphic paper prices

Avg. indexed price per product segment, (index Sep'23 =100)



Packaging paper prices

Avg. indexed price per product segment, (index Sep'23 =100)



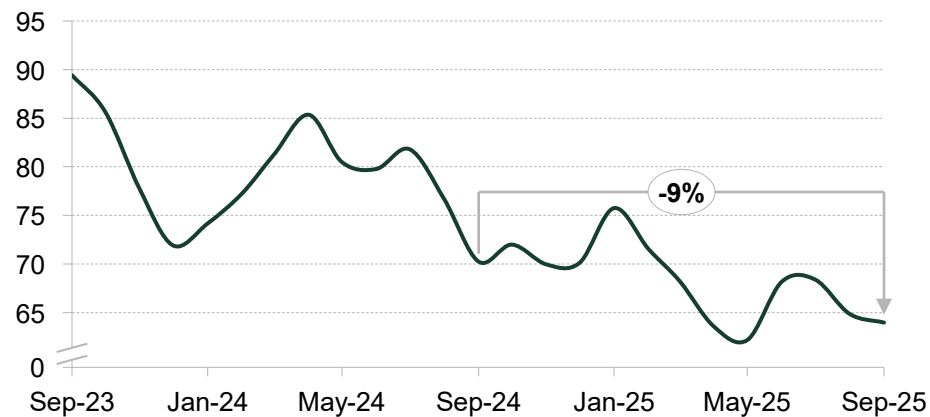
Note: Midpoint price levels.
Source: RISI PPI Pulp & Paper Week.



In Q3, EU electricity price rose, while natural gas trended downward, driven by higher power demand, weaker renewables, and rising carbon costs

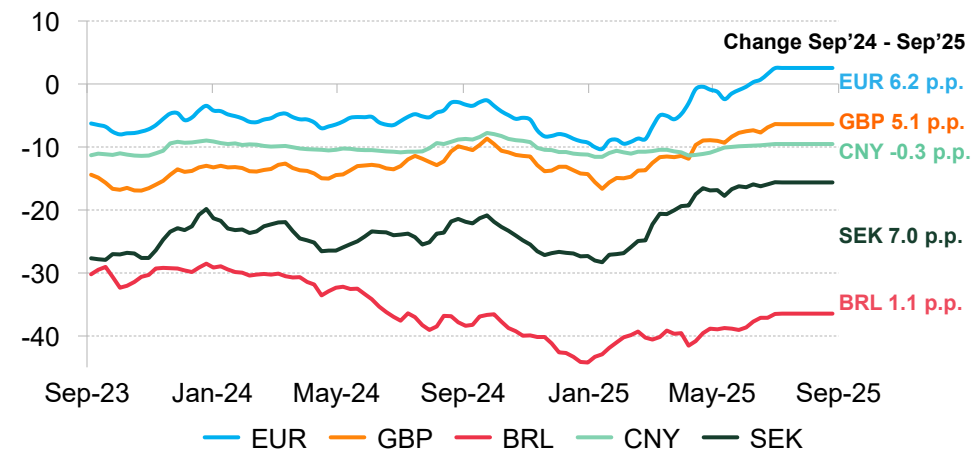
Commodity & Currency Price Development, Last 24 months

WTI Spot Crude Oil, USD/Barrel



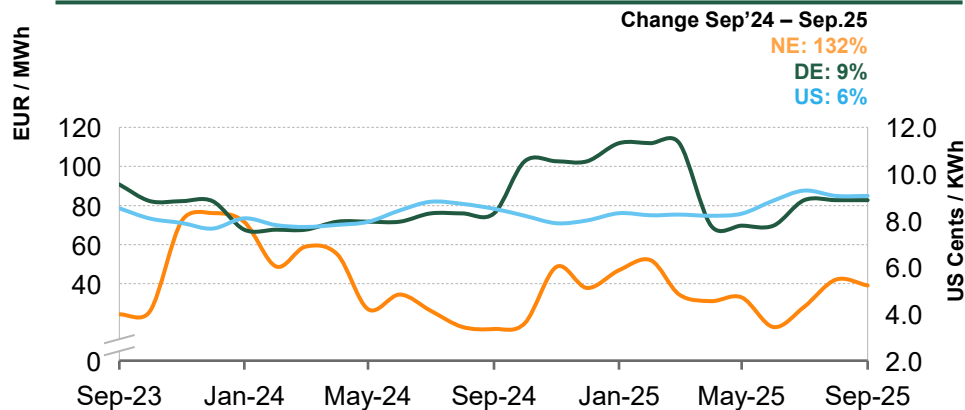
Source: US Energy Information Administration.

Currency Appreciation Against USD, %



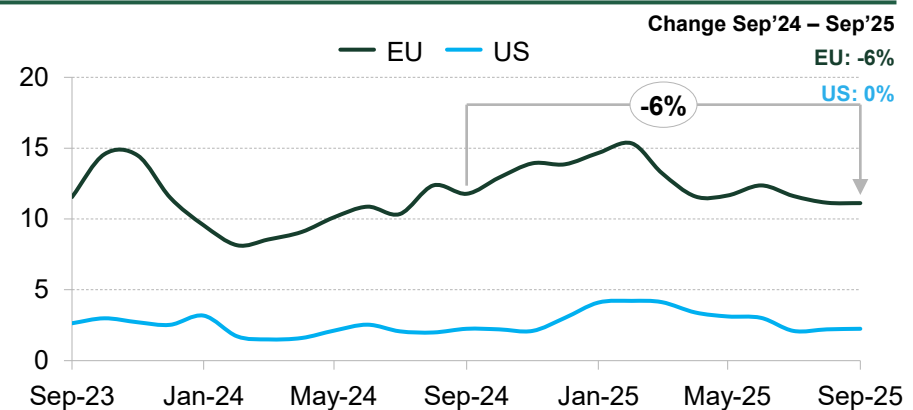
Source: S&P Capital IQ.

Electricity



Source: US Energy Information Administration (Industry retail price), Nordpool, EEX (EGIX Germany).

Natural Gas, USD/mmbtu



Source: NYMEX (Natural Gas spot price at the Henry Hub terminal in Louisiana), World Bank (EU average import border price).



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Applied Value is a management consulting & investment firm founded on the principles of Lean Growth and Entrepreneurship

1997

Background as an internal consultancy and change agent within the Swedish *Stenbeck Group*...




...today, a hands-on consultancy supporting clients **across industries**


Today

- Areas of Expertise
- Strategy & Organization
 - Commercial Excellence & Pricing
 - Supply Chain & Operations
 - Sourcing & Procurement
 - Product & Innovation
 - M&A


Applied Value Group



Investments










Management Consulting






Social Impact


Selected portfolio companies






APPLIED VALUE







ROI driven




Fact-based



Practical over theoretical



Hands-On



Global perspectives

Global Footprint



New York



Miami



Stockholm



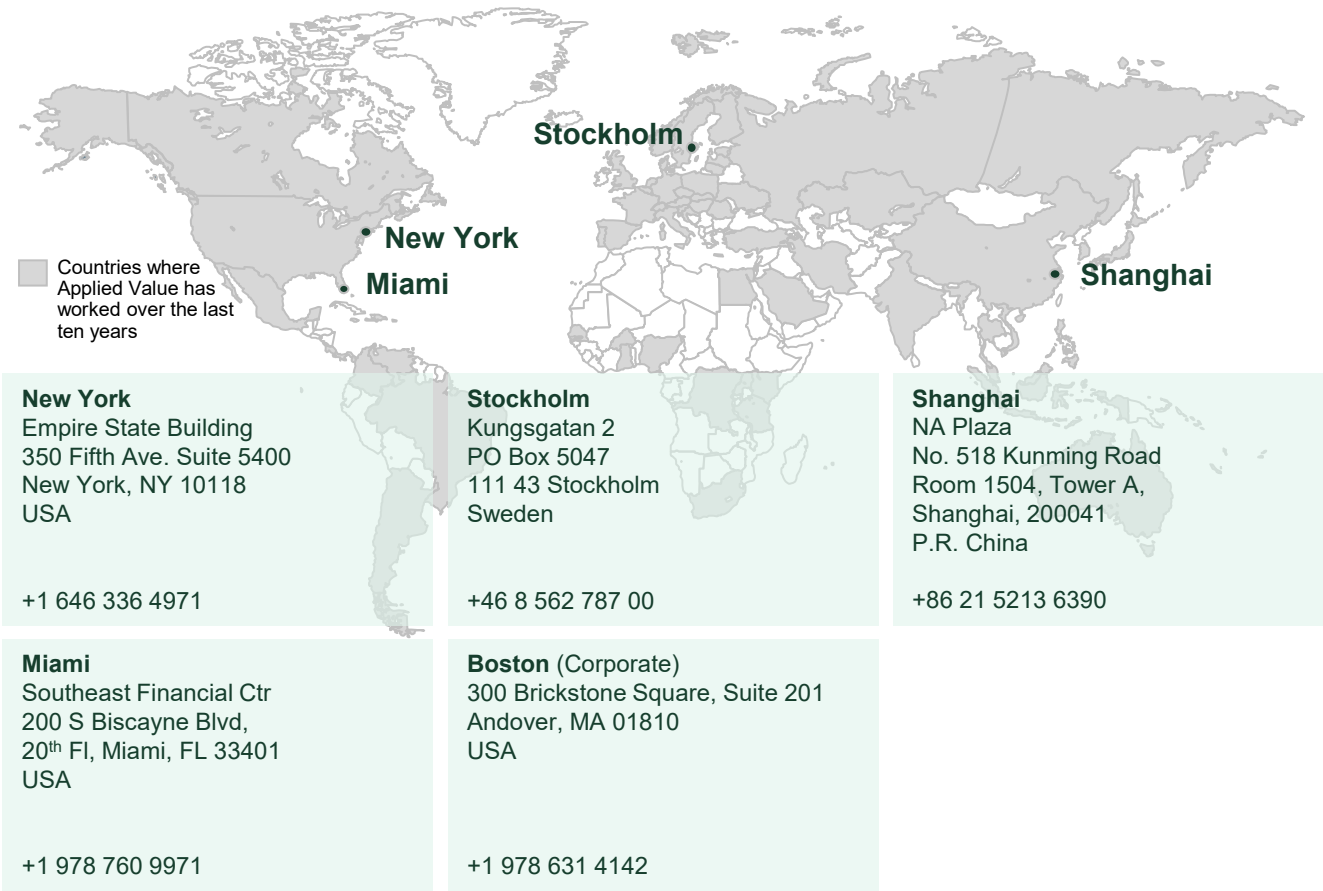
Shanghai



Applied Value challenges and supports Pulp & Paper clients across our global footprint

Selected clients

Applied Value Offices & Footprint











Our Lean Growth framework is based on Focus, Simplicity, Speed – guiding principles to raise client performance



Applied Value has extensive experience in the Pulp & Paper industry and has helped several businesses achieve tangible results

Example of client engagements

Area	Results
 Turnaround	<ul style="list-style-type: none"> › EBIT improved from 4% to 20% over a 4-year period for an Integrated Pulp & Paper company › Capital Turnover Ratio was improved from 0.55 to 0.9
 Commercial Excellence	<ul style="list-style-type: none"> › Market disruptive value prop, charging for service and complexity, developed and implemented › Potential of 350 SEK/ton identified (excluding organizational streamlining enabled by the concept)
 Sales Efficiency & Effectiveness	<ul style="list-style-type: none"> › Potential SG&A reduction of 15% identified for a global Pulp & Paper company › Service level differentiation and customer categorization were enablers
 True Profitability	<ul style="list-style-type: none"> › True profitability findings enabled EBIT improvement of 5 ppt for a leading Paper division › Actions included portfolio rationalization, new pricing model and customer segmentation
 Pricing Excellence	<ul style="list-style-type: none"> › A fact-based pricing tool was developed for a leading Packaging company › True costs and customer value were considered in the market disruptive pricing concept
 Production Efficiency	<ul style="list-style-type: none"> › Sheeting capacity increased by 15% over a 3-month period › Key actions were related to engagement and discipline, planning and material flows
 Supply Chain Optimization	<ul style="list-style-type: none"> › Variable cost reduction of 500 SEK / ton achieved by supply chain optimization › Addressing sub-optimizations and optimizing the production cycle were key initiatives
 Working Capital Efficiency	<ul style="list-style-type: none"> › Potential gross margin improvement of ~5% for a Global Wood Supply company › Inventory reduction potential of 40% identified and concrete action plan handed over



Our Pulp & Paper practice has been serving world leading organizations since our founding

Overview of Applied Value's Pulp & Paper Experience

Applied Value has continuously advised global market leaders in the Pulp & Paper industry:

- › Key advisor to top executives during several successful turnarounds using our lean growth framework
- › Improving business performance of Pulp & Paper and Chemicals companies, as well as equipment & services providers

We have conducted 50+ engagements improving Cost & Capital efficiency and Revenue Growth for our Pulp & Paper clients:

- › EBIT improvement program from 4% to 20% over a 4-year period for an Integrated Pulp & Paper Company
- › Sourcing Improvement Program covering Services / Chemicals / Logistics / MRO for a Global Packaging Company
- › External Distribution System Optimization for European Manufacturer of Liquid Paperboard and Sack Paper
- › Product Strategy for an Integrated Pulp & Paper Company
- › Operations Improvement Program to improve Unit Output and Labor Efficiency for an Integrated Pulp & Paper Company
- › SG&A efficiency for an Integrated Pulp & Paper Company

We are known for **driving change** and **creating immediate impact** for our clients





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