



# Applied Value Pulp & Paper Report

Quarterly Analysis

Financial Data as of  
Q3, 2025

**Applied Value**  
Empire State Building  
350 Fifth Ave. Suite 6920  
New York, NY 10118  
Phone: +1 646 336 4971

[www.appliedvaluegroup.com](http://www.appliedvaluegroup.com)

# Agenda

---

## Executive Summary & Introduction

Financial Benchmarking

Market Trends

Applied Value Introduction



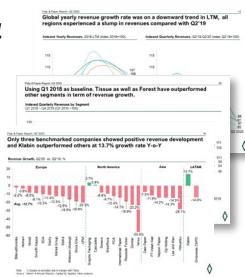
# Applied Value's quarterly Pulp & Paper Report is focused on financial benchmarking and market trends impacting the industry

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.

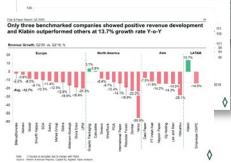
The report provides a clear, understandable, and useful analysis of the relative performance of a selection of global Pulp & Paper companies. It also provides an overview of the industry and relevant market trends that occurred during the quarter.

## Growth

Industry growth latest 4 quarters and LTM



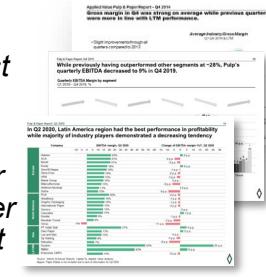
Growth in the latest quarter per company segment, and region



## EBITDA Margins

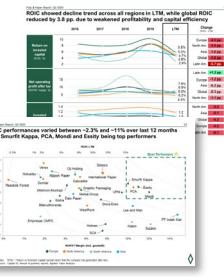
Average Industry EBITDA margin latest 4 quarters and LTM

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



## ROIC

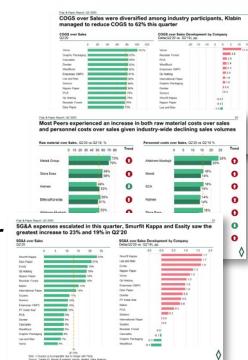
ROIC per region for the last 5 years



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

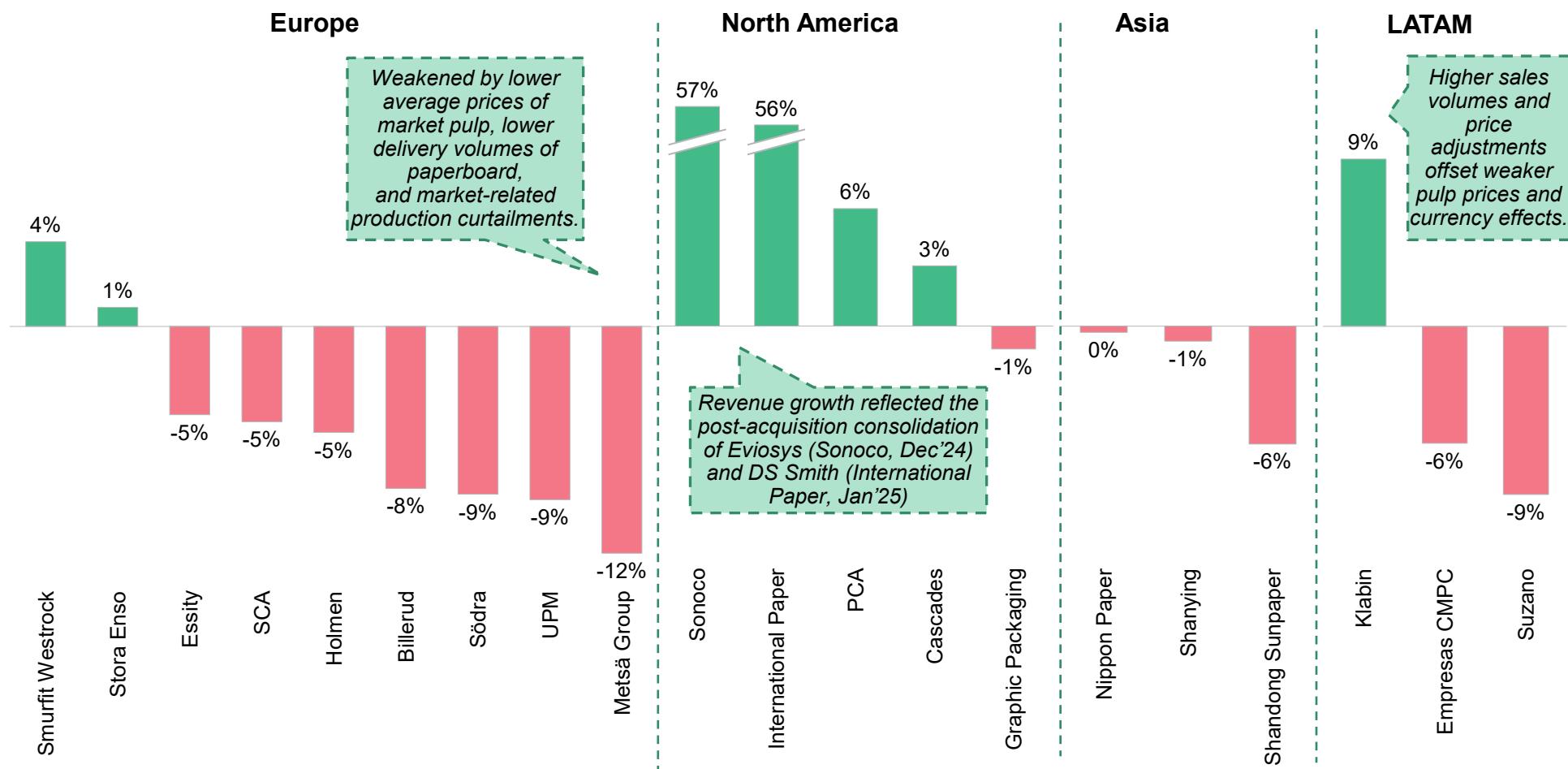
Companies included in Financial Benchmarking in the Q3 2025 report

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, %



# 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

- 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

B

### Profitability & Cost

- 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

C

### Return on Invested Capital (ROIC)

- 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



# 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



- › 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

- › 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

- › 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

- › 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



# Agenda

---

Executive Summary & Introduction

**Financial Benchmarking**

Market Trends

Applied Value Introduction



# 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

- 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

B

### Profitability & Cost

- 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

C

### Return on Invested Capital (ROIC)

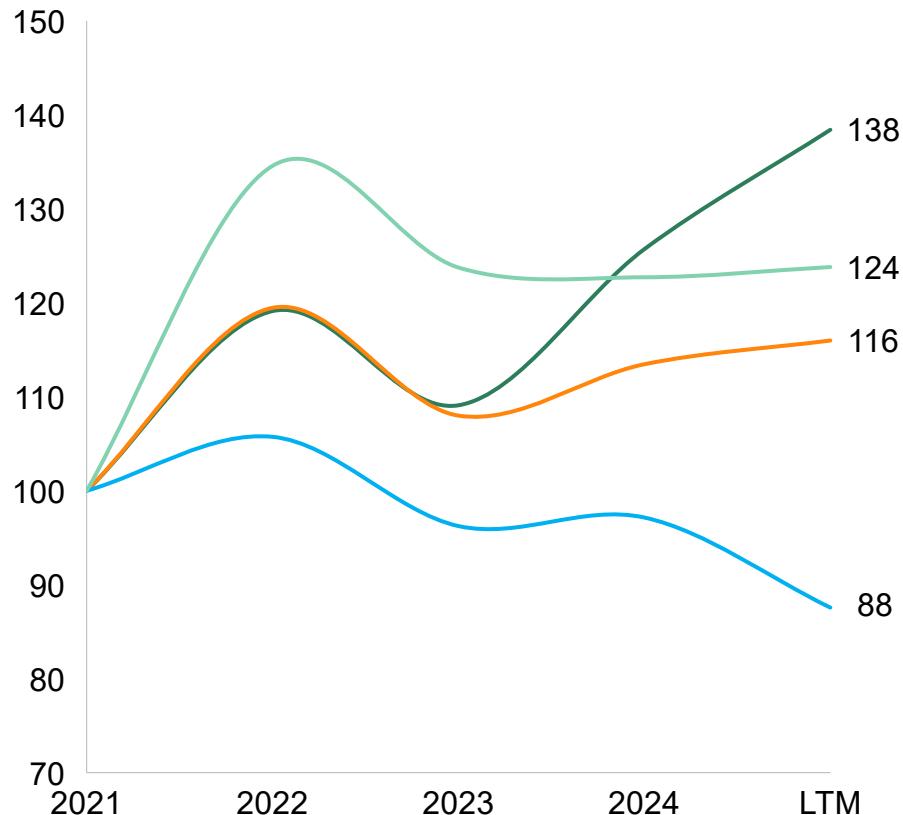
- The global average LTM ROIC decreased by 0.6% to 4.2% YoY, regional variations were kept within 2% - NA saw the largest drop (-1.2%) while LATAM achieved the highest gain (+0.1%)
- Essity and PCA were the top industry performers in 2024 ROIC >10%

## Top Performers

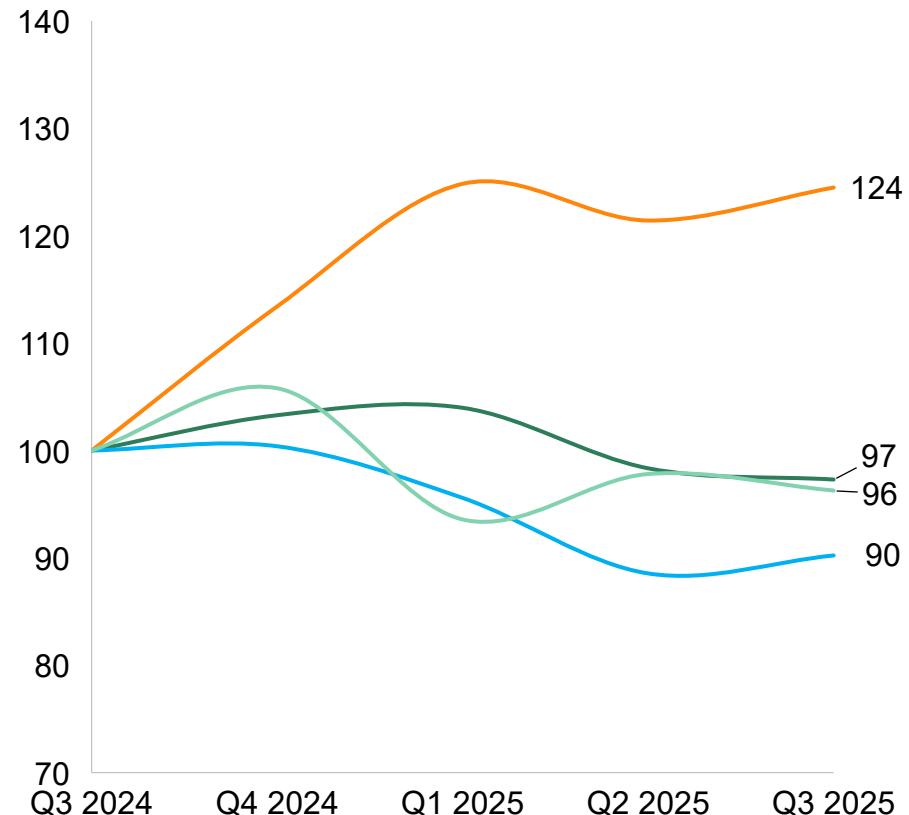


# Top players in EU markets achieved YoY growth due to strategic M&A, while Asia had the largest decline due to weak demand and high inventory

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

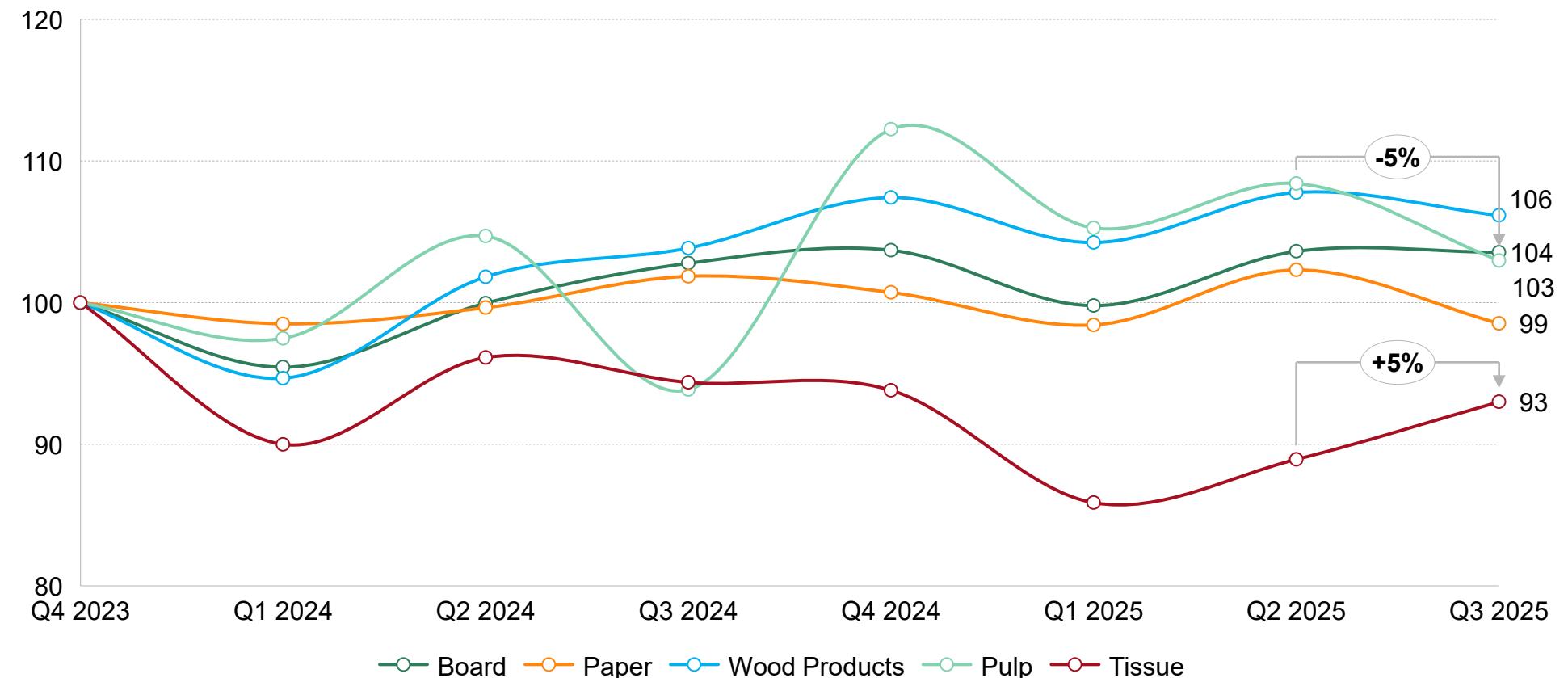


Indexed Quarterly Revenues, Q3'24-Q3'25 (index Q3'24=100)



**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)**



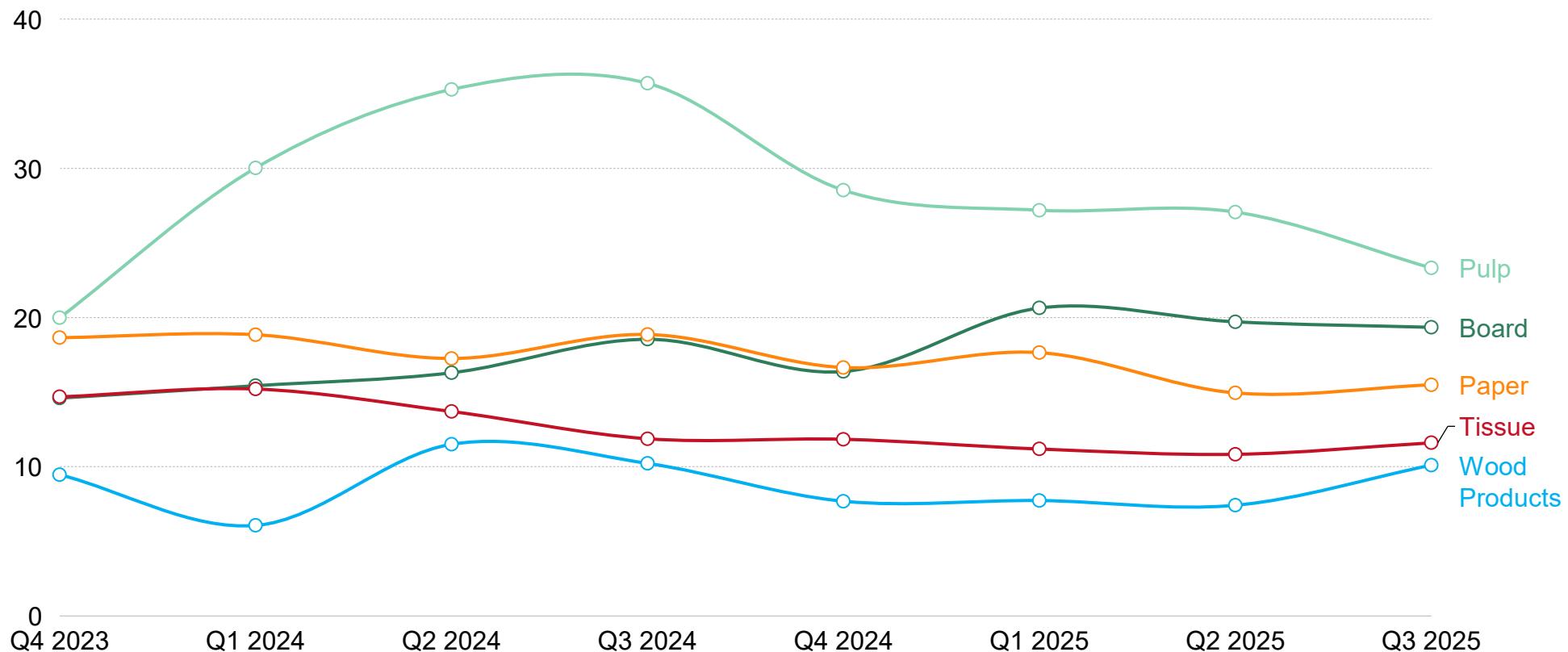
**Pulp:** -5% QoQ decreased primarily due to a decline in market prices and sales volumes

**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, %



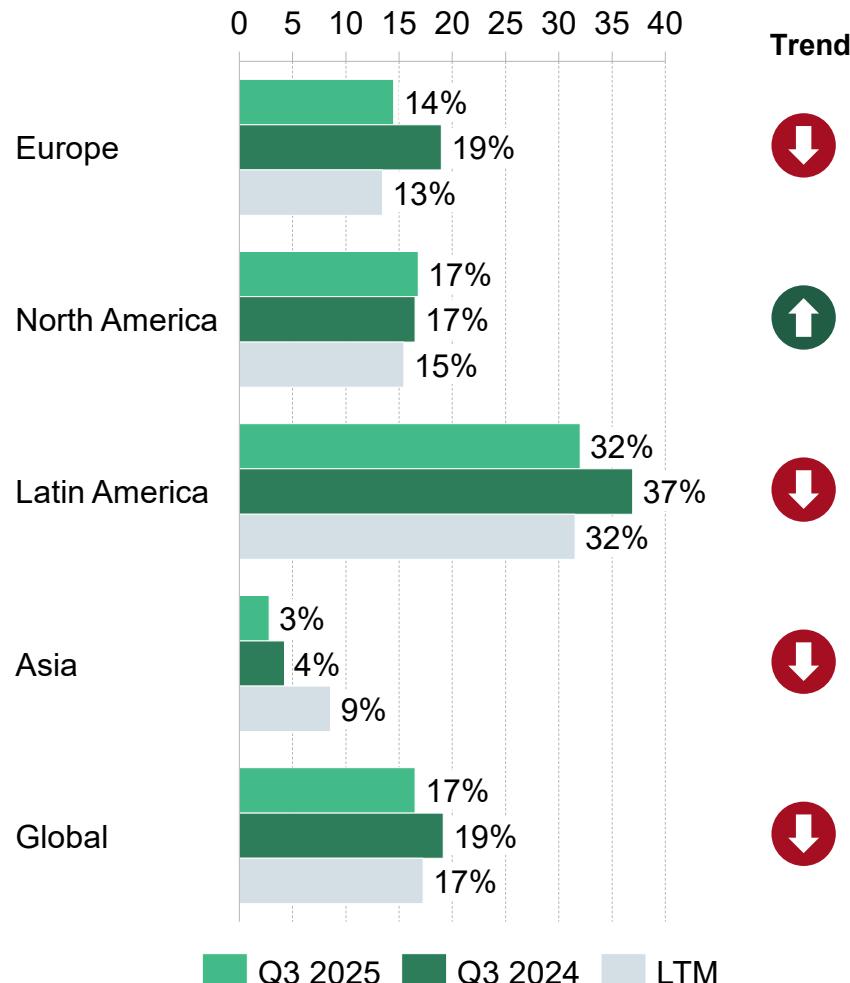
**Pulp:** -4% QoQ and -12% YoY EBITDA margin decline, driven by lower pulp price and high inventory, further pressuring revenue margins

**Wood Products:** 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

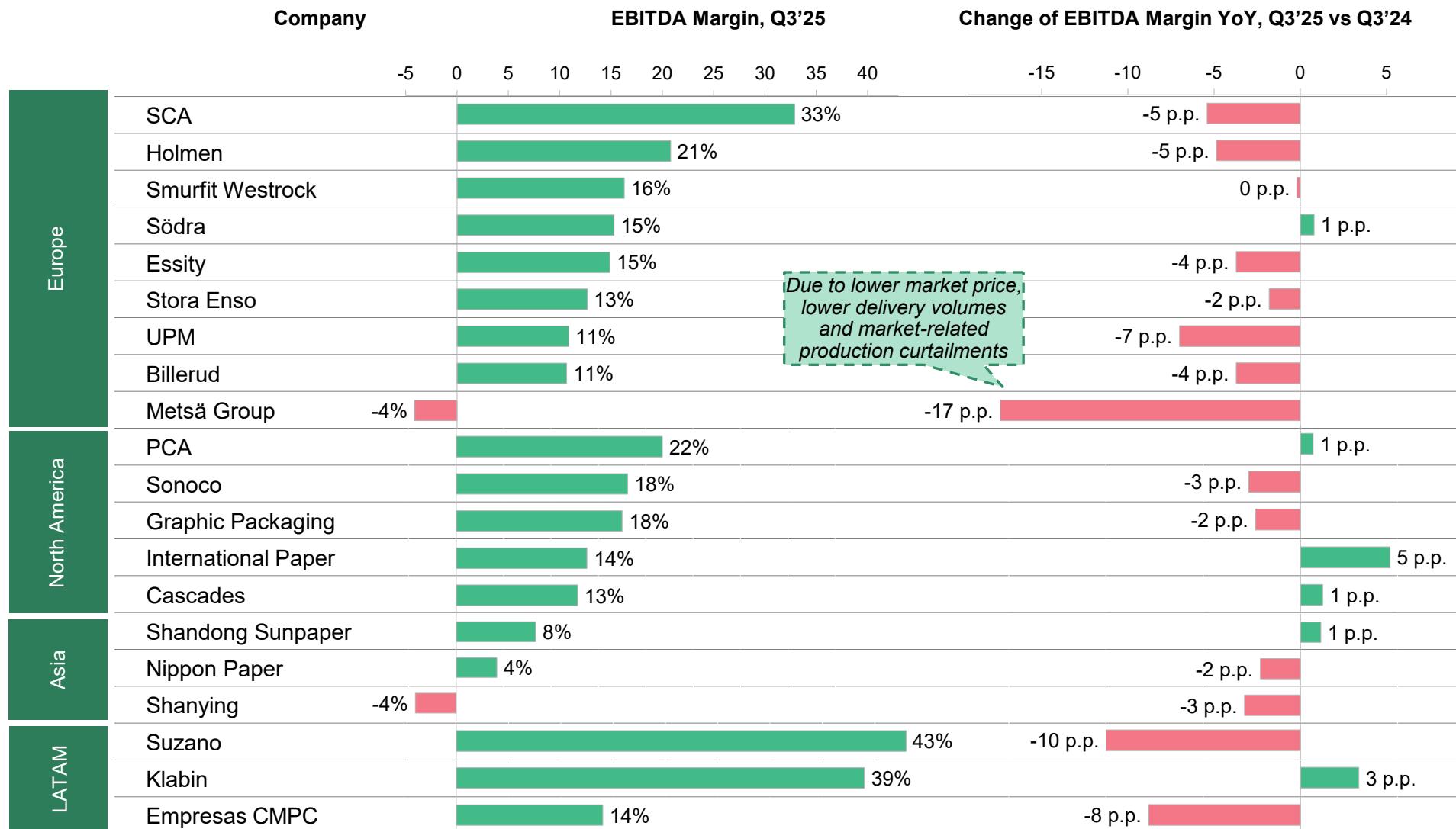
## EBITDA Margin by Region, YoY



## Recent Industry News

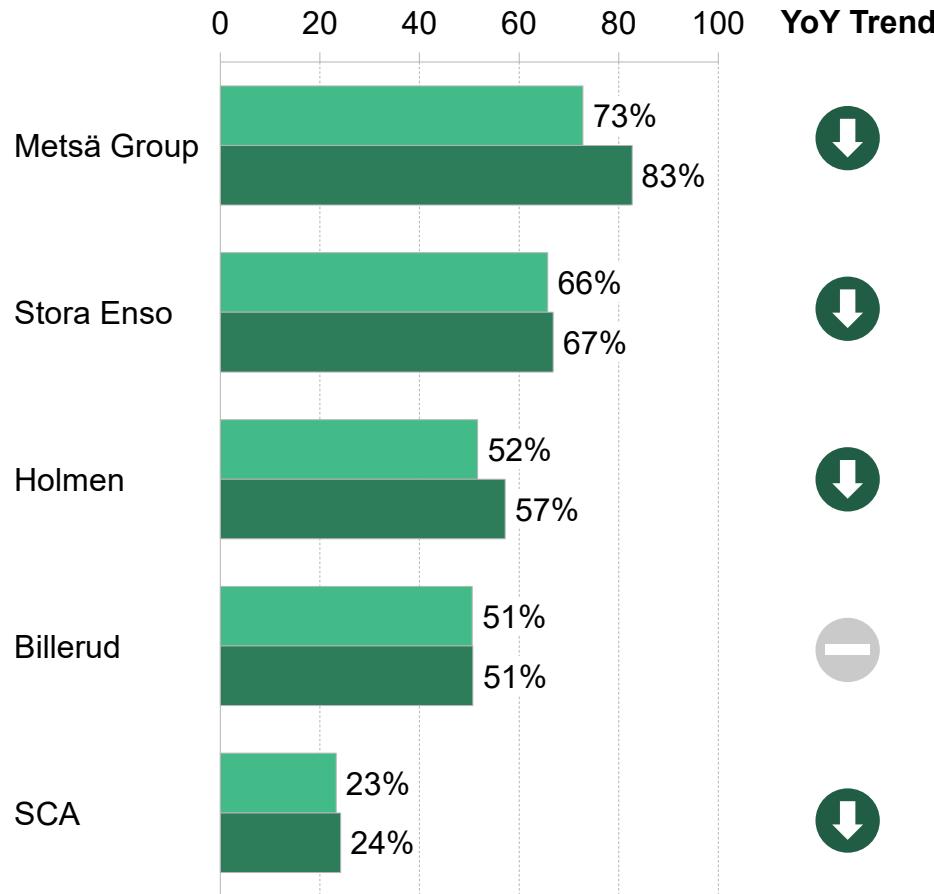
- › **International Paper** announced plans in Aug'25 to close its two Georgia mills (Savannah and Riceboro), cutting **1,100 jobs** and **1.4 MT** of containerboard capacity, divest its pulp division to American Industrial Partners for **1.5 BUSD**, and invest **250 MUSD** to expand cardboard production at its Selma, Alabama facility
- › **Stora Enso** completed the divestment of about 1,750 km<sup>2</sup>, 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+ m<sup>3</sup>**
- › **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

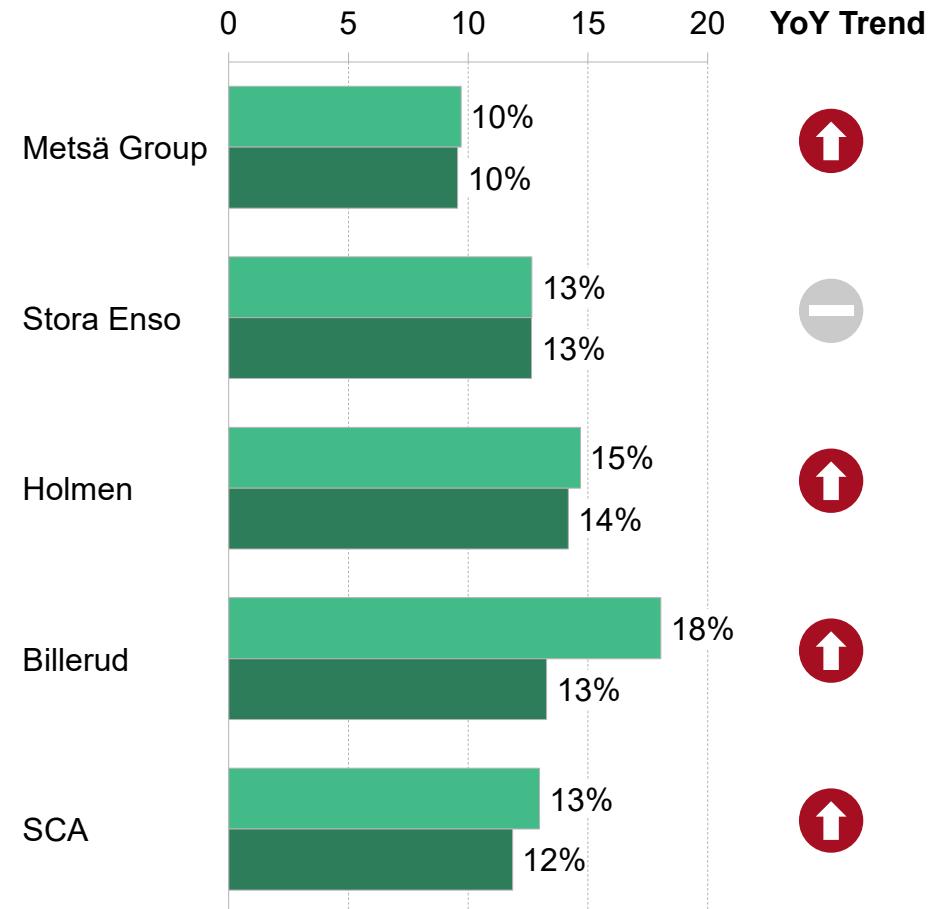


# EU players' raw material-to-sales ratio 3.5% YoY, while rising personnel costs (+1.3%) pressure margins despite improved material efficiency

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



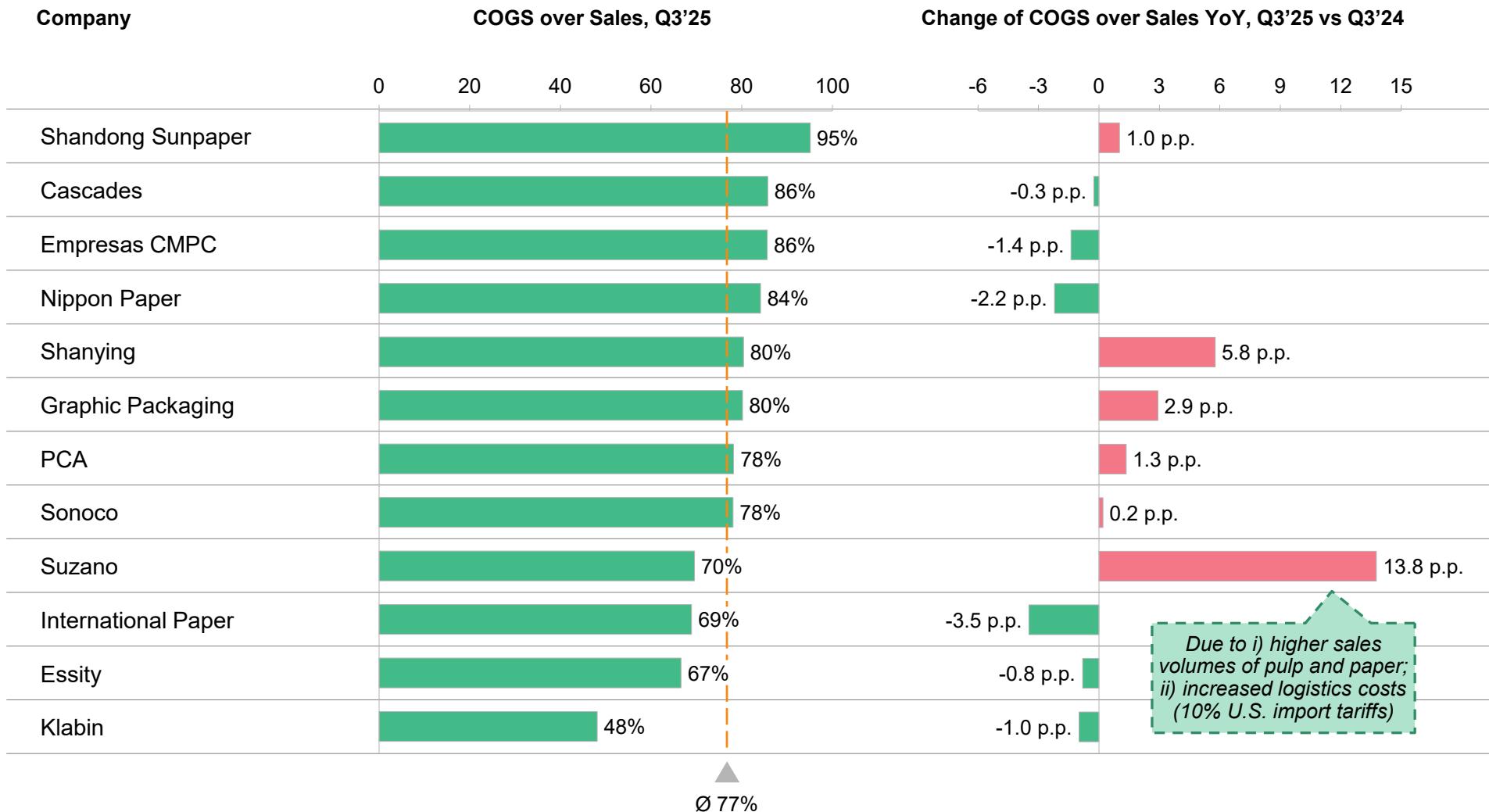
Personnel Costs over Sales, Q3'25 vs Q3'24, %



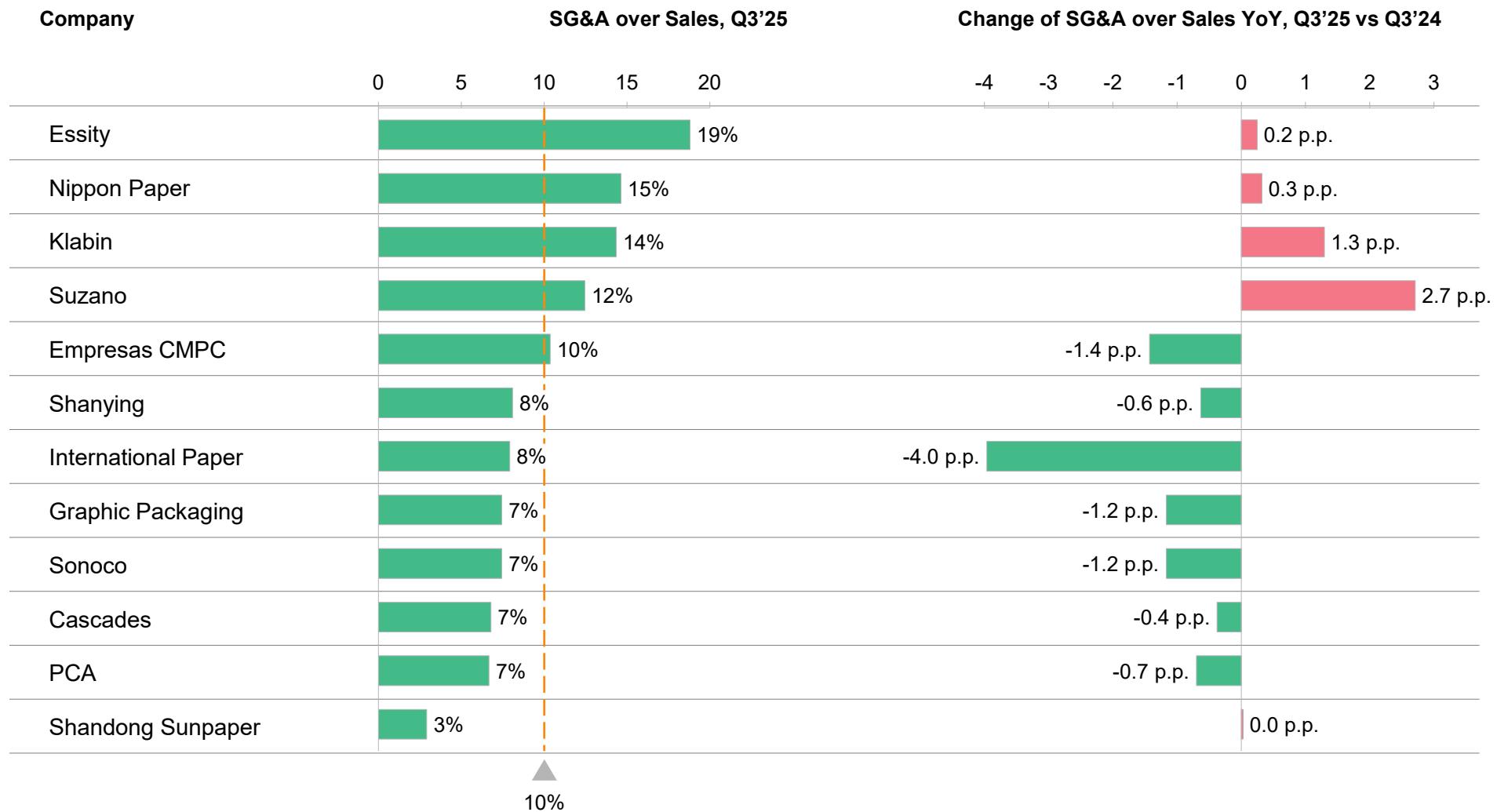
Q3 2025    Q3 2024



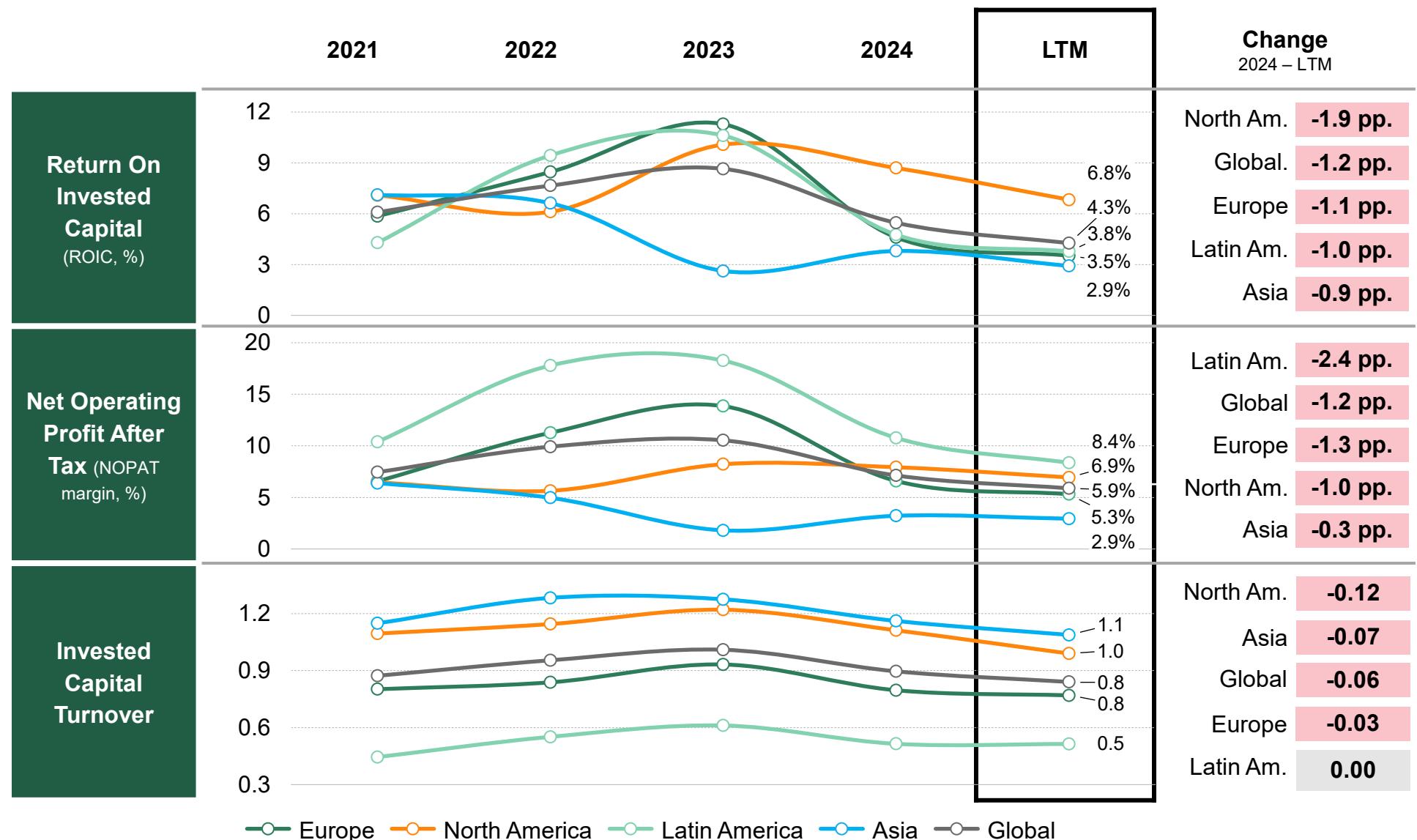
# Majority of Americans and Asian players reported higher COGS ratio compared to last year, with Suzano facing the largest increase at 14%



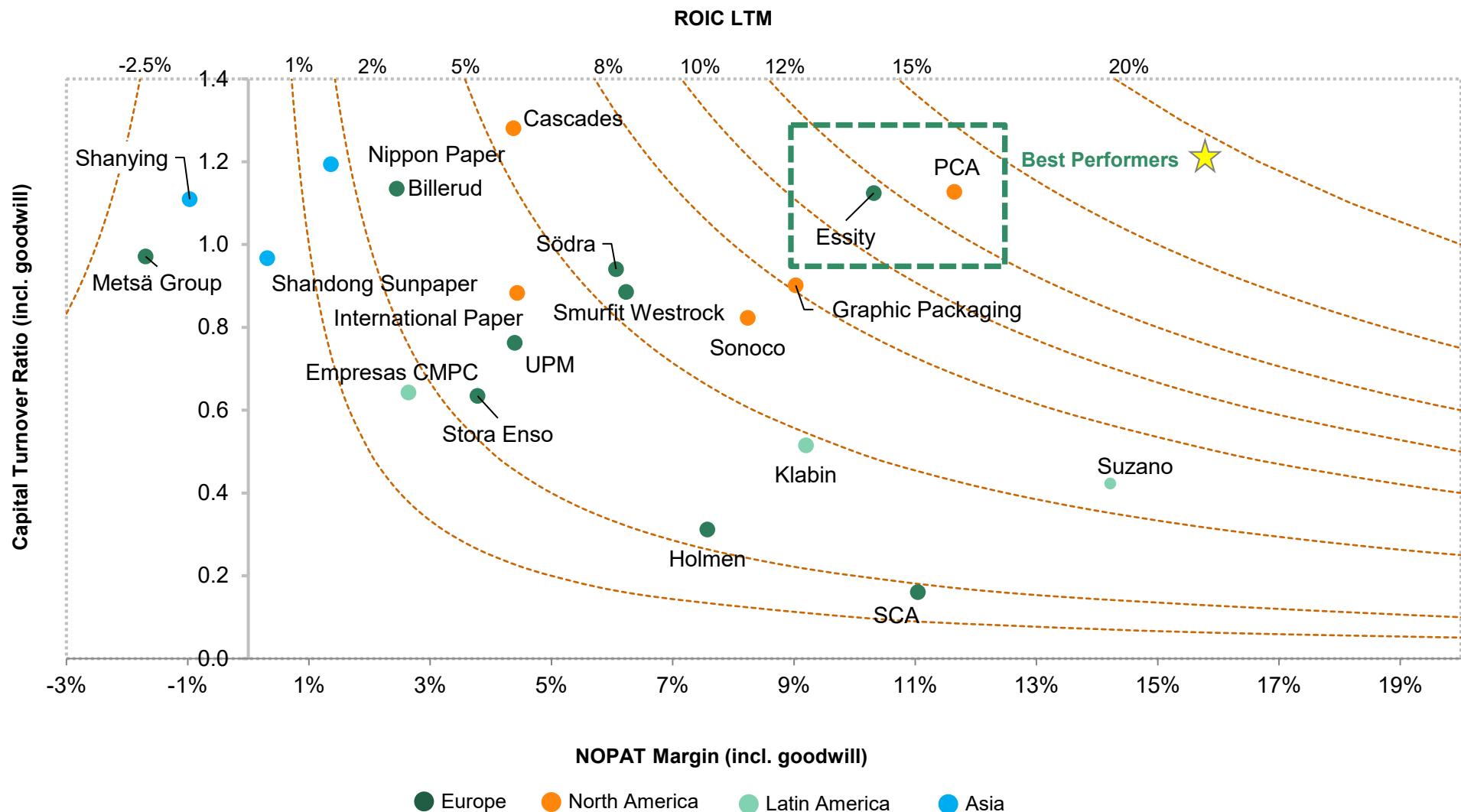
# Americans and Asian companies have seen less than 3% increase on SG&A to sales ratios, Suzano demonstrating the greatest improvement of 2.7% YoY



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



# 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.



# Agenda

---

Executive Summary & Introduction

Financial Benchmarking

**Market Trends**

Applied Value Introduction



# 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

- › 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

- › 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

- › 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

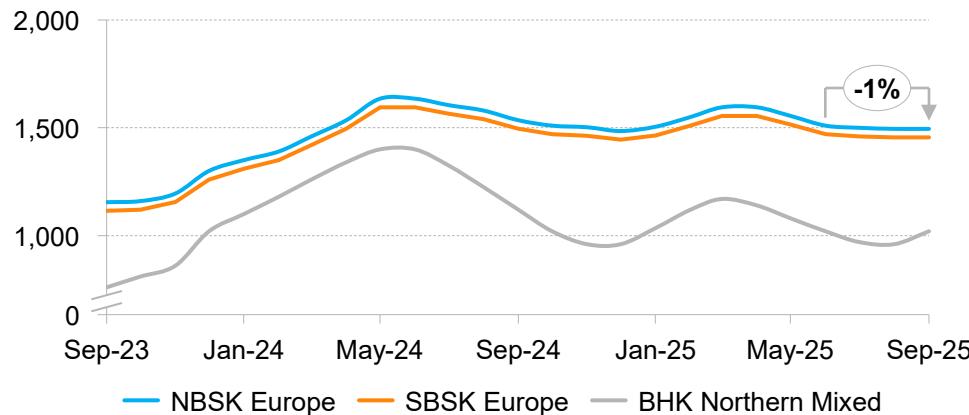
- › Oil prices in Q3 fell ~2% QoQ, closing at ~\$64 due to modest demand growth, rising U.S. and OPEC+ supply, and macroeconomic uncertainties, signaling market softness without severe disruption
- › The EU energy market exhibited divergent trends this quarter, with electricity prices rising 23% QoQ 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



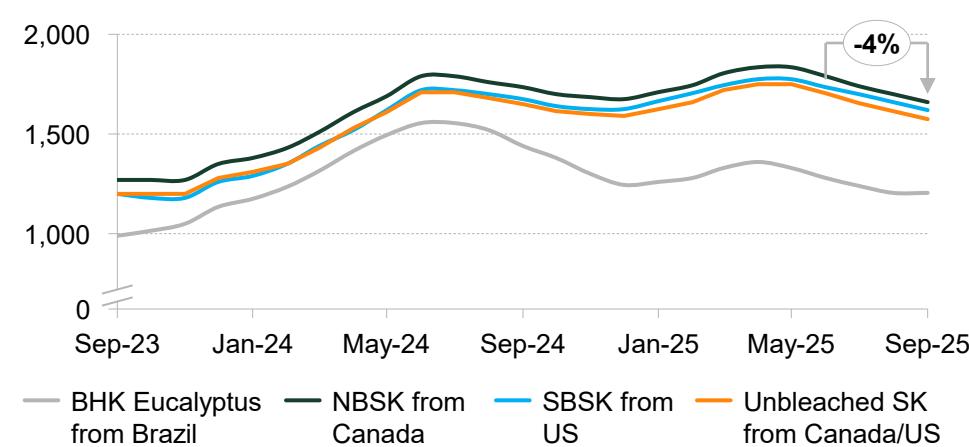
# Pulp prices in all regions except China continued their downward trend in Q3, driven by oversupply and weak market sentiment

Global Pulp Price Development, Last 24 Months

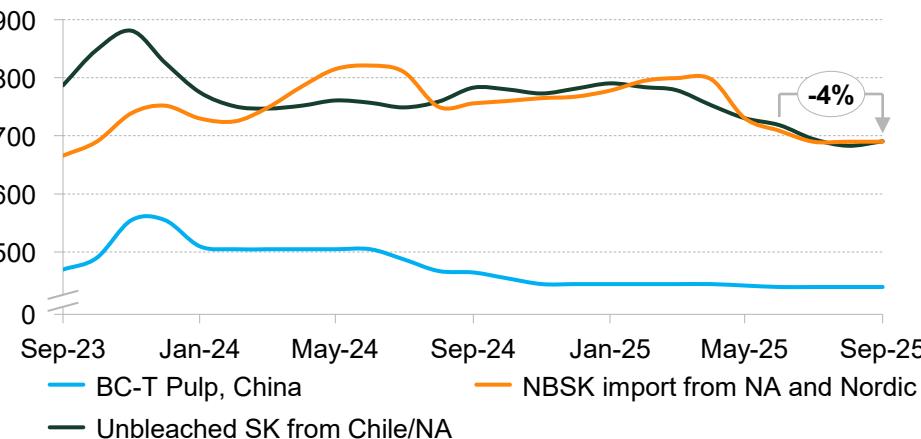
## Northern Europe, USD/Tonne



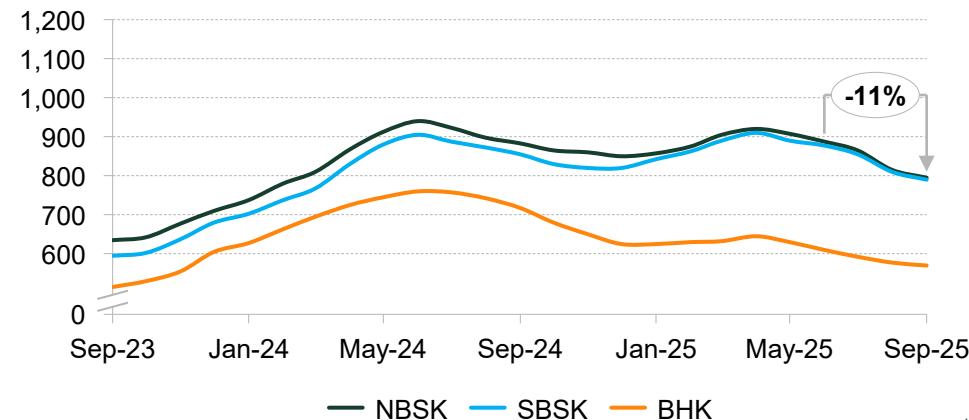
## US East, USD/Tonne



## Asia, USD/Tonne



## US East spot prices, USD/Tonne



Note: Midpoint price levels.

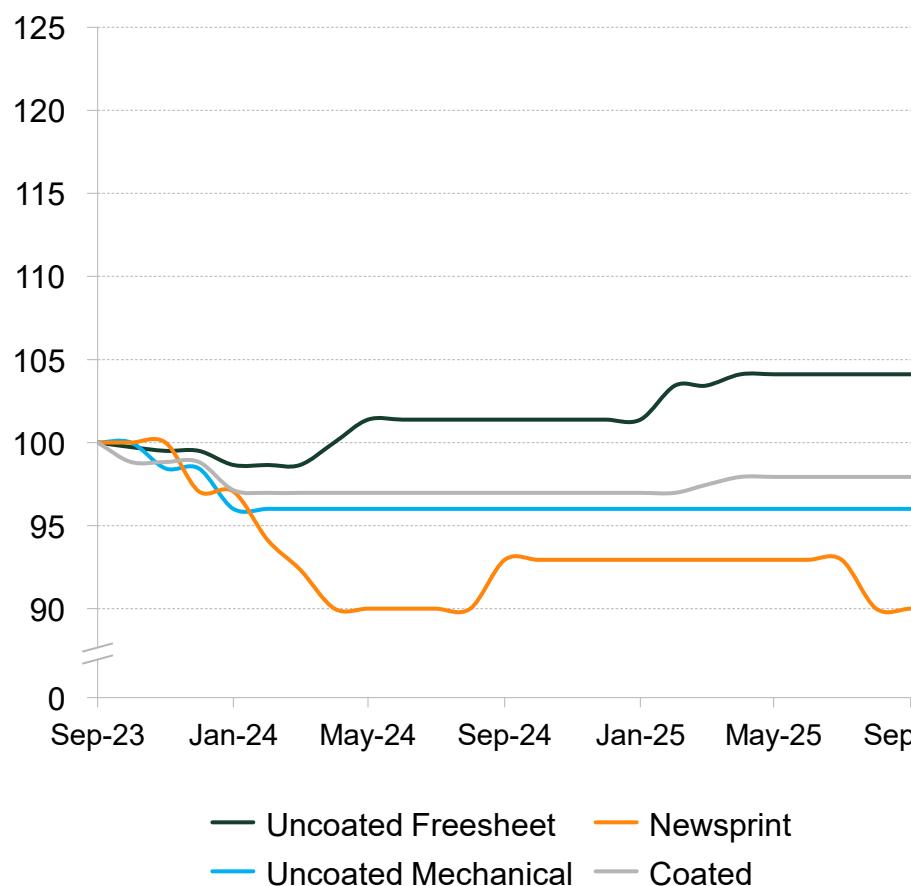
Source: RISI PPI Pulp & Paper Week.



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

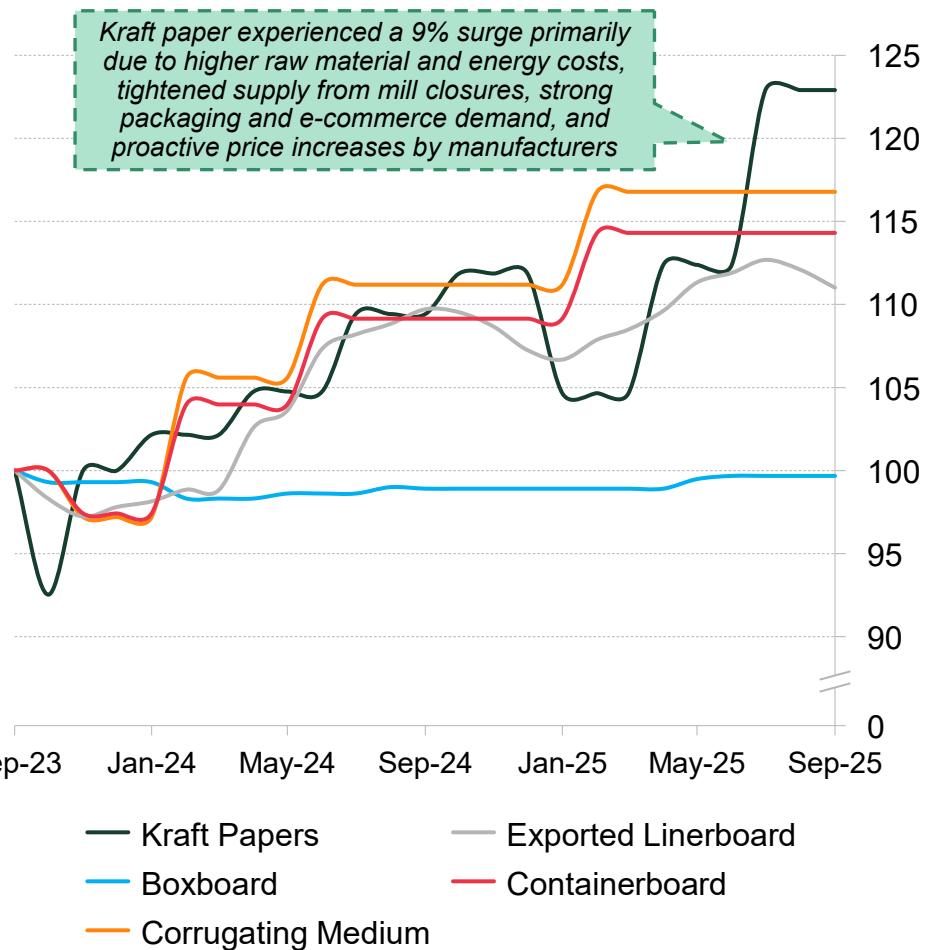
## Graphic paper prices

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.

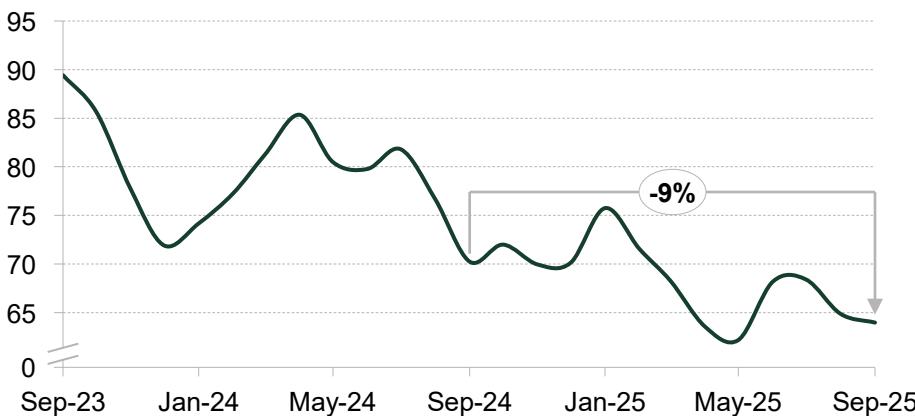
Source: RISI PPI Pulp & Paper Week.



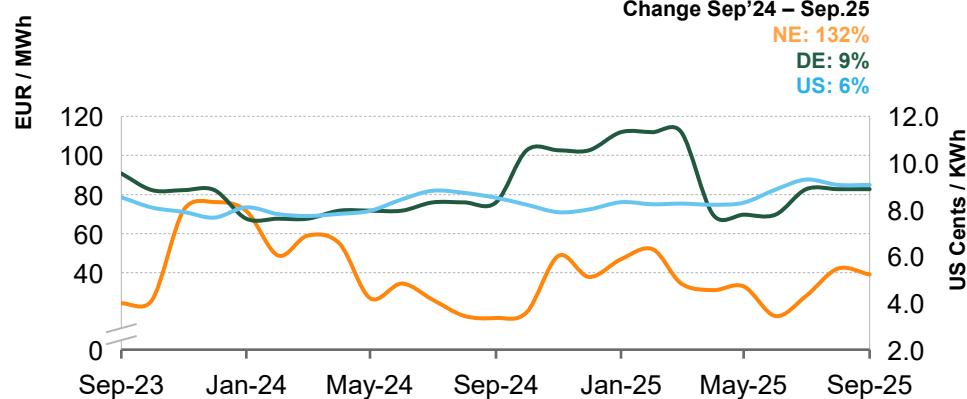
# In Q3, EU electricity price rose, while natural gas trended downward, driven by higher power demand, weaker renewables, and rising carbon costs

Commodity & Currency Price Development, Last 24 months

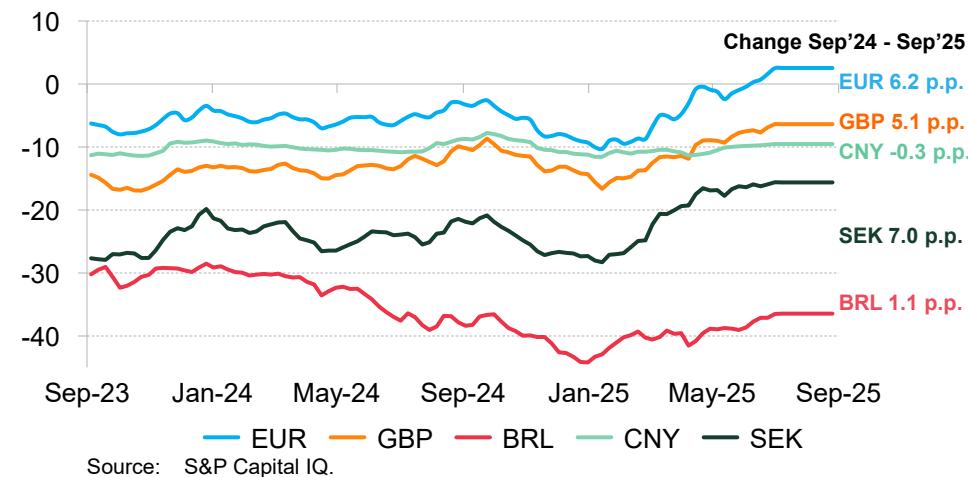
## WTI Spot Crude Oil, USD/Barrel



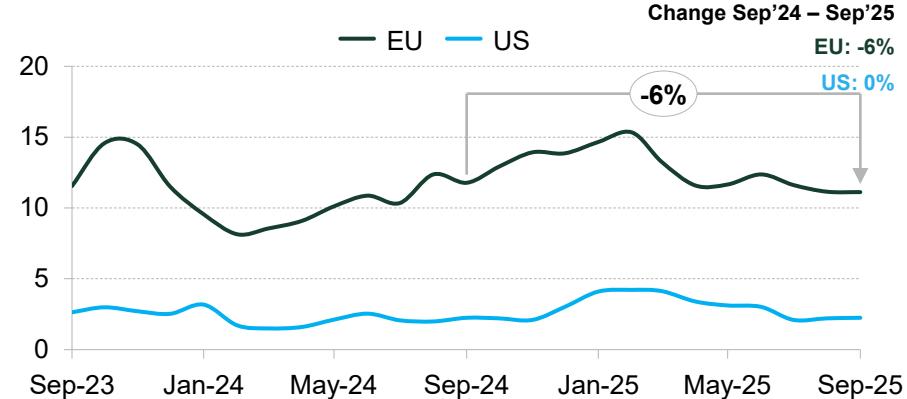
## Electricity



## Currency Appreciation Against USD, %



## Natural Gas, USD/mmbtu



# Agenda

---

Executive Summary & Introduction

Financial Benchmarking

Market Trends

**Applied Value Introduction**



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

## Areas of Expertise

Strategy & Organization

Commercial Excellence & Pricing

Supply Chain & Operations

Sourcing & Procurement

Product & Innovation

M&A



## Selected portfolio companies



SÖDERFORS  
STEEL



Division 5 Inc  
STEEL FABRICATION



APPLIED VALUE



Exodus



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



<p><b>New York</b>            Empire State Building            350 Fifth Ave. Suite 5400            New York, NY 10118            USA</p> <p>+1 646 336 4971</p>	<p><b>Stockholm</b>            Kungsgatan 2            PO Box 5047            111 43 Stockholm            Sweden</p> <p>+46 8 562 787 00</p>	<p><b>Shanghai</b>            NA Plaza            No. 518 Kunming Road            Room 1504, Tower A,            Shanghai, 200041            P.R. China</p> <p>+86 21 5213 6390</p>
<p><b>Miami</b>            Southeast Financial Ctr            200 S Biscayne Blvd,            20<sup>th</sup> Fl, Miami, FL 33401            USA</p> <p>+1 978 760 9971</p>	<p><b>Boston (Corporate)</b>            300 Brickstone Square, Suite 201            Andover, MA 01810            USA</p> <p>+1 978 631 4142</p>	

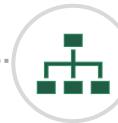


# Our Lean Growth framework is based on Focus, Simplicity, Speed – guiding principles to raise client performance

## Lean Growth



&gt;&gt;&gt;



&gt;&gt;&gt;



### Focus

- ✓ Define strategic focus
- ✓ Excel in key capabilities
- ✓ Use partners for non-core activities

### Simplicity

- ✓ Reduce complexity
- ✓ Simplify and standardize processes, organization and supply chain

### Speed

- ✓ Set targets
- ✓ Measure and improve
- ✓ Reduce Market-Customer-Cash Time

## Example Offerings

**Strategy & Organization** - Go-to-Market Strategy, G&A Productivity, Capital Management, Digitalization & IT

**Commercial Excellence & Pricing** - True Profitability, Portfolio Optimization, Sales Efficiency, Pricing Model, Governance

**Sourcing & Procurement** - Sourcing Strategy, Negotiations, Risk Management, SRM, Competence Development

**Supply Chain & Operations** - Supply Chain Strategy, Inventory Management, Operational Excellence

**Product & Innovation** - Portfolio Profitability, VA/VE, R&D Strategy & Efficiency, Product Lifecycle Management

**Mergers & Acquisitions** - Commercial Due Diligence, Operational Due Diligence, Post-Merger Integration



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

*Example of client engagements*

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



# 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





**Jack Troller**

**Senior Manager**

---

+1 (847) 302 6083

[Jack.troller@appliedvalue.com](mailto:Jack.troller@appliedvalue.com)



**APPLIED VALUE GROUP**