

Press release

14 October 2010

Reduced workforce in Madrid

29 people will be made redundant at Holmen Paper's mill in Madrid as part of an ongoing efficiency drive. This drive also includes looking into alternative options for PM 61.

The smaller of the mill's two paper machines, PM 61, is operating at a loss and has done so for some time, despite active improvement measures. These have included switching from production of newsprint to production of coated printing paper, LWC, based on 100 per cent recovered fibre. Since September employees have been temporarily laid off due to the shortage of recovered paper. The workforce reduction now being announced is part of a wider review of costs.

"The market situation for printing paper continues to be tough. The shortage of recovered fibre and the resulting cost increase means that in parallel to workforce reduction, we're looking into different courses of action for PM 61. One possible path is to switch to other product areas, which can be achieved in partnership or in their entirety by another player," comments Arne Wallin, head of Holmen Paper.

The staff cuts will be made with immediate effect and affect 29 people, of which seven work in production and 22 have administrative duties. The cuts will take place in parallel with a new organisation entering into force. After these measures have been taken, Holmen Paper Madrid will have 320 employees.

Footnote: Holmen Paper acquired the mill in Madrid and PM 61 in 2000. The machine has a capacity of 170 000 tonnes of printing paper. PM 62 was commissioned in 2005, with a capacity of 330 000 tonnes of newsprint.

Contact:

Arne Wallin, head of Holmen Paper, tel. + 46 (0)11-23 62 21

Ingela Carlsson, public relations director, Holmen, tel. + 46 (0)70-212 97 12