

Press release

2 February 2011

Holmen to close paper machine in Madrid

Holmen Paper will be shutting down production of printing paper at the smaller paper machine in Madrid. This equates to almost 10 per cent of the business area's production capacity. Approximately 170 employees will be affected.

"We've been working to make PM 61 profitable for a long time now, both through cost savings and the development of new products. Our employees have made an excellent job, but we've been forced to concede that it's not enough," comments Magnus Hall, President and CEO of Holmen. "The machine is not sufficiently competitive to justify continued operation either in the short or long term. The decision is part of a strategy to focus our business on printing paper segments where Holmen Paper has high competitiveness."

PM 61 has a capacity of 170 000 tonnes per year and produces coated magazine paper (LWC) as well as improved newsprint to a lesser extent. In recent years, the machine has seen low capacity utilisation.

Holmen acquired the mill in Madrid in 2000, by which time PM 61 had been operating for two years. In 2005 the mill expanded with the addition of PM 62, a new paper machine for large-scale production of newsprint. Paper manufacture in Madrid is based 100 per cent on recovered paper as the raw material and the plant has its own energy supply in the form of a gas-fired CHP. After the closure, PM 62 will give the mill a capacity of 330 000 tonnes.

The financial consequences of the closure are outlined in the year-end report for 2010.

For further information please contact:

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

Jonas Lindell, Manager public communications Holmen Paper, tel. +46 (0)70- 323 20 13