

Pulp #34 Focus

The **Rottneros** customer newsletter



New European agents



Meet Carl-Johan Jonsson



Boosted capacity in Vallvik





Keijo Törmänen, Maintenance Manager, and Sofia Strandvall, Production Manager, look forward to among other things increased capacity and improved working environment in the baling process.

Strong increase in baling capacity at Vallvik

A completely remodelled baling process at Vallvik Mill is close to completion. This will lead to higher capacity, fewer disruptions and even more consistent quality parameters than today.

The new Rottneros board was quick of the mark and approved a Vallvik investment of SEK 29 million almost immediately after its appointment. This will enable the mill to completely remodel its current baling line. The line is going to be split into two, one for each flash dryer. A second bale press and wrapping unit will be added, together with other equipment needed to set up the second line. The capacity in this part of the mill will increase by over 40 per cent.

New opportunities

“This also opens up development possibilities for the future,” says Sofia Strandvall, Production Manager at Vallvik Mill. “The pulp goes through one of our two flash dryers and the properties can sometimes differ marginally depending on the

dryer. Previously, there was no way of separating the pulp after the dryers since the baling line was the same. Now, however, we can do that. This means that we can deliver pulp from one specific flash dryer with its properties to customers that require extraordinary small variations in parameter values.

“It also means that we can work with the drying process to develop pulps where a desired property has been enhanced. I hope that in the not too distant future we will be able to offer some new opportunities to customers who have very specific demands on, for instance, porosity.

“This investment will also affect the whole mill since the baling line was something of a bottleneck before,” Sofia Strandvall continues. “This capacity

increase was necessary if we want to increase the mill’s production capacity as a whole.

“Availability and reliability will of course be improved. If anything happens in the baling, we can continue to produce through the other line.”

Ready by May

Ann-Louise Johansson is the Project Manager for the building of the new line. She is planning to have everything in full swing shortly:

“Right now, we are getting the machinery in place,” she says. “If everything goes according to plan, we will start the test runs in April. A successful outcome of these would mean that the line can be in full operation by the end of May.”

“There has been some discussion regarding whether or not each bale should be marked,” she continues. “Perhaps it is unnecessary to mark every bale in the unit. However, at this point we have decided to continue to mark each bale. We will of course have to find out whether our customers have any views about this. We welcome any input from them on this matter.”

Availability

Keijo Törmänen (Maintenance Manager) is looking forward to a somewhat easier life once the new line is in operation:

“It will be much easier to plan maintenance, and some measures that we previously would have to wait with until the annual maintenance shutdown can now be done at a time of our choosing,” he comments. ■



Ann-Louise Johansson, Project Manager, with the additional press that will be installed.

Dear Reader,

The year 2014 has gotten off to a fast start for us pulp peddlers and our associates. We have seen markets trend upward and others such as newsprint continue their trend downward. We have seen a snowy winter step away only to return with more snow and cold. But much like the seasons, we know better times are coming.

At Rottneros, we have been aggressively making changes to better serve our customers and further improve our performance. We are very optimistic that despite global challenges we, including our partners, will see the silver lining in these sometimes ominous clouds.

Firstly, we all knew the information age was going to bring change in the demand for printing and writing papers. We knew that the newspapers could not keep up with the timeliness of internet news and that change was coming. Anyone remember talk of the paperless office? I do not know about you, but we are moving in that direction but have a long way to go. As I mentioned last time, Warren Buffet has purchased many local and regional newspapers in the US, and, is in fact remaking them. Also, we are pleased that some of our partners in this area have adapted. So, the trend down in this area is real but has been met by some that are adapting and thriving while others may not fare so well.

In a more macro sense, we also look at the big and long-term trends and while paperless is the direction for the office, we frankly do not see that possibility when it comes to tissue! Please let me know if anyone sees it otherwise, all joking aside, it is difficult to imagine. So we are excited about the prospects for growth in tissue. Think about the fact that in many western countries such as the US, the use of tissue is approximately 230 kilograms per person annually, yet in other countries such as India, the annual usage is approximately 9 kilograms per person. The last time I looked, there were over one billion people in India alone. We enjoy thinking about the

increased demand as people in India progressively make more use of tissue papers.

We at Rottneros, have not been simply waiting for the better times to come but as outlined recently, we have made many changes. Most recently, we have made changes in our European representation. We bid farewell and many thanks to Ekman and John Claes Agency and welcome Northern Pulp for France and Benelux, Conrad Jacobson in Germany, Austria and Switzerland, and Papcel in Italy. We again must thank our previous agents for many years of service and partnership and welcome our new agents with great expectations.

Thanks to everyone for your support and we look forward to seeing many of you in Chicago in May and or at your places during the year.

Magnus Persson
Sales Manager



Rottneros' Year-end Report: Negative impact from strong Swedish krona

Rottneros' loss after net financial items for the full year 2013 amounted to SEK -66 (6) million before impairment losses (write-downs) and one-off costs, which amounted to SEK -92 (0) million. Cash flow from operating activities amounted to SEK SEK 62 (41) for the full year.

In his CEO statement accompanying the year-end report, Carl-Johan Jonsson commented among other things that: "In many ways 2013 was a year of change, review and fresh ideas for Rottneros. We have been conducting extensive and necessary work with change since the summer of 2013. Our objective is to strengthen our competitiveness and generate the profitability that is ultimately decisive for the long-term survival of the Group. ■

Strengthened technical customer service

Louise Johansson will from now on be working full time with technical customer service at Vallvik Mill.

Louise, an MSc in chemical engineering and also Wood Processing Engineer, will therefore now focus even more on making sure that customer requirements are met with the right product in each case.

Louise's previous tasks within process development will be covered through a new recruitment.



Louise Johansson

Renewed agent network in Europe

Rottneros has conducted an extensive restructuring of its agent organisation in Europe. New partners will handle Rottneros' products in a number of European countries.

New Rottneros agents have been appointed in France, Benelux, Germany, Austria, Switzerland and Italy, with effect 1 March. Other countries are not affected.

"The change, decided upon by the Rottneros board, is expected to bring us even closer to our various markets and

customers in Europe," explains sales manager Magnus Persson.

All customers have already received a letter describing the change. During the coming months, the newly appointed agents will contact as many customers as possible to introduce themselves where needed.

"We are very happy to have secured a very experienced team of agents," Magnus Persson continues. "I am convinced that our customers will find that they will be valuable discussion partners and that they will facilitate contact with Rottneros in an excellent way."

The new agents are presented below.

Germany, Austria, Switzerland: Conrad Jacobson Zellstoff GmbH, Hamburg

The German-speaking countries will be served by a company with a long history in the industry: Conrad Jacobson Zellstoff in Hamburg.

It was already in 1897 that Conrad Jacobson started trading in pulp and paper. Currently, the company employs 12 people, of whom six are working in the pulp sector. The Rottneros business will be handled mainly by Folkert Waller and Leif A. Larsson.

"We are looking forward with enthusiasm to the new cooperation with Rottneros," states Mr Larsson.

"Rottneros' product range fits perfectly with the other pulp products we currently market," he continues. "We can now offer our customers a complete range of all main pulp qualities on the market."

"Another positive factor is that Rottneros has always been in the technical forefront quality wise. Everyone wants to work with such products, and the fact that Rottneros are developing new products on their own is both impressive and an opportunity for us to find new customers."

Conrad Jacobson Zellstoff GmbH knows many German paper mills through exporting their papers and the company imports on the other hand also paper from Swedish mills on a routine basis.

"We are consequently acquainted with virtually all customers in the German-speaking countries we are active in," comments Mr Larsson. "This gives

us an insight into the industry that is very valuable. We know about the market, and customers know that we know about the market. Customers therefore find it worthwhile to spend some time meeting with us."

What will be the new agent's initial actions?

"The first step is to study the requirements and conditions of each existing customer and to acquaint us with the various pulp grades of the mills in Rottneros and Vallvik, which are in part highly specialised," says Mr Waller. "We are looking forward to the new cooperation and will soon introduce ourselves to all customers in our territory as the new agents for Rottneros.

Our aim is to visit the existing and potential customers in the near future. We target the whole market, with all customers being valued."

"Our company philosophy has always been to serve all customers and suppliers with the same appreciation, regardless of their size. That is probably one of the aspects that makes us an attractive partner for Rottneros."

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Leif A. Larsson



Folkert Waller

Italy: PAPCEL s.r.l., Milan

Logistic solutions will be among the first things that the new Italian agent focuses on.

Rottneros' long history in the Italian market now enters a new phase with Mauro Bruno and his company Papcel as new agents.

"One of my first tasks will be to refresh the industry's knowledge about Rottneros," says Mauro Bruno. "The company has been present on this market for many years, but not everyone is up to date with how the company looks today and what it can offer."

"Another key task will be to work with Rottneros to develop some attractive logistic solutions. Sweden and Italy are not exactly neighbours so we need to find ways to make the distance less important."

Papcel is in many ways a typical agent company, with a small staff and a number of suppliers and customers within and outside Italy.

"Business is becoming more and more regional," explains Mr Bruno. "The qualities that are produced in Rottneros and Vallvik can be best sold from Europe to Europe. That is one of the reasons that Rottneros fits very well with our current product portfolio."

Mr Bruno has a broad experience from working with pulp and paper for many years. From his perspective, what makes Rottneros an interesting supplier?

"In short, it is the quality of the company," he replies. "By this, I mean several things: That the products are of high quality; that Rottneros offers good service, for instance in logistics; that it is reliable and will serve its customers

no matter how the market varies; and that the company is commercially competitive.

“In addition, Scandinavian producers, and Rottneros in particular, are keener on environmental technology than many others. This means, for instance, that they can provide products with certificates that many of our customers ask for.

“Rottneros possesses all these qualities. It is now up to us as agents to turn them into sales and volumes. Something that I am very optimistic about, I am convinced that we can do a good job.”



Mauro Bruno

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**Spain, Portugal, France, Benelux:
Northern Pulp Cellulose
Sales, S.A.**

France and Benelux will be handled by an existing agent, Northern Pulp, which has successfully worked with Rottneros’ products on the Spanish and Portuguese markets for many years.

Northern Pulp is another company with a heritage. It was founded in 1928 by the Swede Folke Pehrson to trade primarily with Swedish forest products.

The company has represented Rottneros in Spain and Portugal for many years; in the case of Vallvik all the way back to the 1970s.

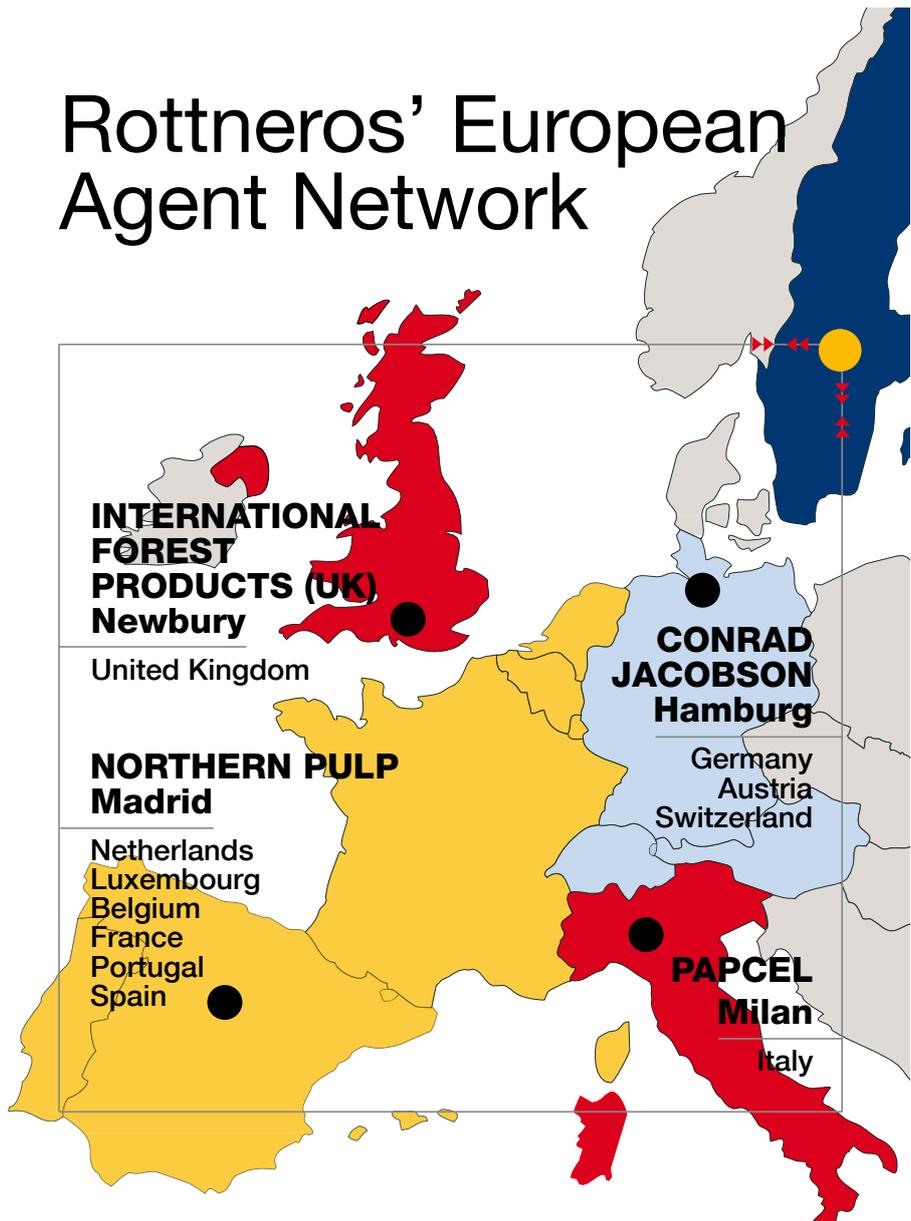
Now, Northern Pulp will represent Rottneros also in France, Belgium, the Netherlands and Luxembourg.

“To us, it is a positive and logical step to represent Rottneros in more markets,” says Peter Schmidt, Northern Pulp. “Many of our existing customers have mills in several countries. Now that we can serve more than their operations in Spain and Portugal, synergies can be



Peter Schmidt

Rottneros’ European Agent Network



achieved both for us, Rottneros and the customers.”

“It is important, however, to have an understanding that different markets should be handled in different ways, Peter Schmidt continues. “In the case of France, for instance, we have a Frenchman with more than 30 years of experience selling pulp in that market. He will now introduce Rottneros’ products to new customers as well as retain and serve the present ones.”

Mr Schmidt is looking forward to the extended cooperation:

“Of course, we already know Rottneros well,” he says. “We work well together and our respective staffs understand each other well, allowing for a smooth operation without unnecessary

and lengthy discussions. I am also convinced that our customers will notice this streamlined cooperation through being able to give them swift and professional service with minimum bureaucracy.

“It is also satisfying to work with products like Rottneros’. The company has a strong niche in Spain and Portugal with, above all, its Flash and UKP speciality products. It will be a pleasure to market these and the other Rottneros qualities in more markets. I have a feeling that we will be able to deliver substantial volumes very soon, especially in France.”

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“It’s all about the people”

Carl-Johan Jonsson, Rottneros’ new CEO

Outlining Rottneros Group’s future, the new CEO Carl-Johan Jonsson emphasises that technology and investment play a secondary role, while having empowerment, core values and corporate culture play a primary role in reaching sustainable profitability.

It has now been nine months since Carl-Johan Jonsson took over as president and CEO of the Rottneros Group. Promptly after taking office, Carl-Johan Jonsson set in motion the winds of change, initiating a turn-around process, moving the Group’s head office to Vallviks Bruk and taking the rudder of Vallviks Bruk as its new Managing Director.

Having shown unsatisfactory profitability for a number of years, we are naturally curious about what the new CEO’s plans look like. Early one morning, we sat down in Vallviks Bruk to ask him.

Getting closer to operations

First of all, what has Carl-Johan Jonsson focused on so far?

“Well, I spent the first month in Stockholm asking questions,” he answers. “After that, I had a passably clear view of the actions that needed to be taken. One was to move headquarters closer to actual operations; as I also assumed the position of Managing Director of Vallviks Bruk, it was natural to relocate the head office to Vallviks Bruk. A contributing factor for this decision was of course that a company of our limited size and requirements hardly needs a separate Group headquarters. The most important task, however, was to initiate the turn-around process,” Carl-Johan Jonsson continues. “We need to reach a higher level of productivity. This naturally involves utilising both mills’ full production capacity. However, we also need to look at how we work internally, for instance, with logistics, administration and raw material utilisation. The entire Group, at all levels, is taking part in the turn-around process.”

Customer participation

Carl-Johan Jonsson stresses that he would very much like the Group’s customers to be a part of the turn-around process. Ideally, this would involve cre-



Carl-Johan Jonsson, CEO of Rottneros since July 2013, welcomes customers’ input in the turn-around process the company is currently conducting.

ating a mutual understanding of where Rottneros stands today, in terms of its products and services, and the direction in which the Group should proceed.

“I have been able to meet with only a few customers so far, having had to focus on internal processes, but from now on I will visit many more of our custom-

ers to get their input,” says Carl-Johan Jonsson.

So how will Rottneros succeed? What are the fundamentals of this process?

“I firmly believe that true change can only come from change in the mind-set of the people involved,” says Carl-Johan Jonsson.

“Basically, we all need to think about why we go to work every day. Is it to earn a salary or is it to make a difference? Everyone, in his or her role, contributes to the overall result of the company. Therefore we need to have a common ground to stand on – this ground being our new company culture. We need common goals and a change in attitudes.

“There is no point adding new investments to the previous until we have learned how to get the most out of what we already have. It is all about people and values and about doing things differently than before.

Leadership

“My own contribution at this stage is leadership. Generally speaking, our industry has impressive technology and skilful business people but in order to reach real success, you have to add leadership. Leadership is the lubricant that makes the wheels turn as they should. That is what I intend to deliver to Rottneros.”

Naturally, the turn-around process involves both Rottneros Bruk and Vallviks Bruk though, initially, much of the focus has been on Vallviks Bruk.

“We have initiated the work to turn Vallviks Bruk around,” says Carl-Johan Jonsson. “Among other activities, we have held large meetings with all the personnel to initiate and inspire. I believe we have been met with a positive response. It will, however, take some time before the results can be fully appreciated. After all, a cultural shift does not happen overnight.”

Carl-Johan Jonsson’s appointment followed Arctic Paper acquiring 54 percent of the shares in Rottneros. This has led to some speculation, but Carl-Johan Jonsson stresses that from his perspective Arctic Paper is a customer no different from any other and therefore receives no preferential treatment.

Looking to the future, what will Rottneros look like five years from now? “I am convinced that we will have a profitable company,” Carl-Johan Jonsson answers. “I am also convinced that everyone that works here will believe that we made the right choice in focusing on the way we work before undertaking new investments.” ■



Vallviks Bruk characteristic century-old office building is now also housing the Group’s headquarters.

Carl-Johan Jonsson up close

Carl-Johan Jonsson is born and raised in Sundsvall. He has had a long career in the forest industry over twenty years.

“Among other responsibilities, I was the head of marketing at the Östrand pulp mill,” he tells us. “I find it rewarding that I now meet a lot of people who were my customers back then.”

What sparked the interest for the forest industry in the first place?

“Well, if you come from Sundsvall and want to work with management in an industrial context and at an international level that is the natural choice. Furthermore, it is not a choice I have regretted; working in the forest industry can be challenging but most of the time also fun and rewarding.”

Rottneros is not the first turn-around mission Carl-Johan Jonsson has undertaken. A few years ago Carl-Johan Jonsson did similar work at craft paper manufacturer Mondi Dynäs AB.

Did he ever hesitate in accepting the Rottneros case?

“No, I did not hesitate but perhaps weighed and assessed the task accord-

ing to what I knew then,” Carl-Johan Jonsson says. “It is clearly a challenge that could not be taken lightly, but at the same time this role fits my personality. I like to do work that involves renewal; pure administration is not my cup of tea.”

What characterises him as a leader?

“I am clear and distinct, optimistic, probably demanding, and focused on value-based management. People around me sometimes call me inspiring.”

Heading Rottneros at this time in its history probably does not leave much time for leisure, but what does he do when he is not working?

“I enjoy spending time with my two daughters, who are 11 and 15. Regrettably, I don’t spend time with them nearly as much as I would like to.

I am passionate about downhill skiing - I was practically born with a pair of ski boots on. I also enjoy hunting and golf. Not that there has been any time for such activities lately but once Rottneros is profitable, I will enjoy these activities again!” ■



TEXT: L-O Mattsson

A Famous Failure

Andrée's Arctic Fiasco

There is more than one way of becoming famous. So far, this series has featured Swedes who have achieved great things and great success. This time, however, we are going to meet a Swede who became famous for a failure of epic proportions.

Sweden had not been prominent in polar exploration in any way during the 19th century. This hurt patriotic feelings that were at a high. Even worse, neighbouring Norway had produced world famous explorers such as Fridtjof Nansen.

Enter Salomon August Andrée, an engineer at the Royal Patent Office. He proposed a plan, of which the key elements involved flying with a balloon from the island of Svalbard, over the North Pole, and landing in Alaska, Canada or Russia, depending on the winds.

One might expect such a vague plan to be met with a certain amount of scepticism, but this was an era where engineers were celebrated heroes and the belief in man's ability to achieve great things was strong. He managed thus to secure the backing needed.

Where the wind blows

Andrée claimed that the steering would be achieved by trailing large ropes after the balloon. This was, however, meant only for fine-tuning. Basically, Andrée relied on something that must be one of the most optimistic assumptions ever made by man; that the winds would be carrying him to where he wanted to go.

In 1896, a French balloon was acquired and two companions recruited. The crewmembers had very little experience of outdoor life, and certainly no physical training. They are best described as skilful theorists.

Leakage

Measurements, however, showed that the balloon leaked much more than had been anticipated. Here arises one of the first mysteries surrounding the expedition. Not only did Andrée ignore the leaks, he secretly ordered, according to a witness, that the figures for the balloon's hydrogen be added in a way to make the leakage seem less than it

really was. No one has been able to fully explain why Andrée risked both his own and others lives in this way.

Impossible to steer

In 1897, the balloon finally got airborne. Everything else went wrong. The drag ropes were so heavy that the basket dipped down onto the sea surface. The crew immediately started to throw out ballast to make the balloon rise. At the same time, a safety mechanism made most of the drag ropes detach. The result was that the balloon now was impossible to steer, even a little. Also, it was now too light which meant that it rose much higher than anyone had imagined and the low air pressure made it lose hydrogen even faster. And all this within minutes from the start.

Over the following days, a few optimistic messages were received from the expedition. After that, it was not heard of again.

The faith of the Andrée expedition was a mystery, intriguing both the public and the press. But as with all things, after a number of years it got more or less forgotten.

Last camp found

In 1930, however, a media frenzy broke out all over Europe and the U.S. The remains of the Andrée expedition had been found, 33 years after its disappearance. A ship's crew had landed and found the expedition's last camp on the Kvitøya (also known as Vitön or White Island). Among the findings were diaries and photos, well preserved in the dry and frozen climate. From these, we know what happened during the expedition's last months.

The balloon crashed after being airborne for little more than two days. The three expedition members had set

off to reach land. After struggling with heavy loaded and impractical sledges for months over ice, where the obstacles could be over five meters high, they realised that they would have to spend the winter on the ice. A hut was built on a slab of ice, which the set adrift.

But the relief was temporary. The ice broke directly under the hut and the men were forced ashore on Kvitøya. From the last entries in the diaries, it seems that the men all died within a few days after this.

Cause of death

The mysteries around the Andrée expedition continued even after the recovery and the subsequent grandiose funeral in Sweden. One question is still debated, namely what ultimately killed the men. One popular theory is that they died from trichinosis after eating undercooked meat from polar bears. Lead poisoning from the canned food and carbon monoxide poisoning from the stove are other theories. But perhaps never having dry clothes, poor diet, the cold, and exhaustion are explanation enough for their tragic end. ■



Cover: The new Rottneros agents in Europe with Vallvik pulp. From left: Leif A. Larsson and Folkert Waller (Conrad Jacobson); Peter Schmidt (Northern Pulp); and Mauro Bruno (Papcel).

Photo: L-O Mattsson/Strato Information

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