

Pulp #32 Focus

The **Rottneros** customer newsletter

A visit at the pulp hub of the Baltics



Vallvik ready for the next step



Famous Swedes: To Africa



Dear Reader,

The time has come for me to write another insightful piece for our newsletter. Would you believe that all my predictions have come true and I am now one of the most sought after advisors in the industry. Well, I don't blame you if you are a little skeptical. In all honesty, we are pleased that many of our themes expressed last time have in fact proven to be solid. Mainly, we talked about focusing on doing what we do well and leaving the predicting to the experts that have the sophisticated models and are paid for their opinions and are not typically right any more or less than we are.

In keeping with taking our own advice, we focused on our customers, our products, and service. All have improved over the past year. We have strengthened our customer relationships in many cases significantly by formalizing them with long-term commitments often referred to as contracts. We have set production records at our Vallvik mill all while maintaining top quality our customers and partners expect. In addition, we have added new agents and resources that have proven positive with sales growth and higher levels of service. Not bad for what was thought by many to be a potentially bad year.

It is worth noting that while it has been a period where pricing has not been strong and many mills have suffered and closed, we have had some very positive developments. It seems the old adage, "It is not always what you say but often how you

say it that matters." Well for us, it has not necessarily been only what we do but also how we do it that has helped us. Our focus on quality, production, service and our customers has been greatly received by you, our partners, with the emphasis that we maintain an image of integrity and being straight forward. For us there is no greater compliment and you have, in this year of elections, voted with your business, partnership and loyalty to us. We commit to keep doing what we have been doing, always trying to be a little better, in hopes that you will too!

Thanks for your ongoing support. We are very appreciative and look forward to seeing you all soon. In the meantime, please treasure your time with loved ones, including your favorite suppliers of Robur pulp, over the holidays and be safe.



Magnus Persson
Sales Manager



Positive result for Q1–Q3

Rottneros reported a positive 9-month result after net financial items of SEK 6 million for the year.

Income after net financial items amounted to SEK 6 (-76) million for the period January to September 2012. The result for the previous year incurred total write-downs and one-off costs of SEK -148 million.

Income after net financial items amounted to SEK -26 million for the third quarter of 2012 compared to a profit of SEK 16 million for the same quarter of the previous year, excluding write-downs and one-off costs. There was a vacation and maintenance shutdown respectively at Rottneros Mill and Vallvik Mill during the third quarter of 2012. The maintenance shutdown at Vallvik, which in previous

year took place during the fourth quarter, had a negative effect on the result of SEK 25 million.

The Group's pulp mills at Rottneros and Vallvik have a combined annual production capacity of almost 400,000 tonnes. Production amounted to 244,200 (253,700) tonnes for January to September 2012. Production at Vallvik Mill was 5,000 tonnes lower for the period January to September compared with the same period in 2011. This decrease in production is largely explained by the maintenance shutdown, which was held in September instead of in October as in previous years. Vallvik Mill produced well over 20,000 tonnes

in June, thereby achieving the highest ever monthly production figure for the mill. Rottneros Mill's production of CTMP increased by 2,500 tonnes compared with the period January to September 2011. However, production of groundwood pulp at the mill fell significantly as a consequence of market-related production restrictions.

Deliveries amounted to 252,100 (238,700) tonnes for January to September 2012. Deliveries from Vallvik Mill increased by 14,500 tonnes during January to September 2012 compared with the same period of the previous year. ■

Vallvik prepares for the next leap

The first investment package is giving clear results at Vallvik Mill. Preparations are now starting for the next step towards reaching the final goal; production of 300,000 tonnes.

TEXT & PHOTO: L-O Mattsson

During 2010 and early 2012, several new installations and upgrades were put into operation. This involved increased the capacity of the recovery boiler, rebuilding of the evaporation plant, and increasing chip screening capacity. The bleaching plant was upgraded and a new biological wastewater treatment plant was constructed.

“All in all, we now have the capacity to produce 240,000 tonnes per year,” says Robert Jensen, MD of Vallvik Mill AB. “This is an important step in our work to reach 300,000 tonnes. We also have carried out environmental investments that will enable us to reduce the COD usage to 15 kg/tonne pulp.”

Production record

“As always, some fine-tuning has been needed, but since April/May the mill runs at a completely different pace than before,” Robert Jensen continues. “This

was underlined in June when we produced a record 20,400 tonnes.”

Capacity, however, is a somewhat theoretical figure if the production is not running as efficiently as it could. Therefore, the mill has been focusing on availability during 2012, and this work will continue by looking into new equipment needed in this field. So far, the work has for example led to a new approach when it comes to maintenance.

Flying switches

“We used to do maintenance during the switch in production from one pulp quality to another,” says Robert Jensen. “Now, we have introduced ‘flying switches’, which means that we change production in a very short time. Maintenance is done when needed, instead of waiting for a production gap.

“The result has been very positive, both for product quality and production.



▲ Vallvik Mill produced 20,400 tonnes in June, proving that the capacity of 240,000 tonnes/year has been achieved.

We are now producing significantly higher volumes at each switch. And we can run the mill at full pace between maintenance.”

With availability developing favourably, the mill is now preparing for the final step to reach the desired 300,000 tonnes.

Preparing for investments

“We have started to identify which investments will be needed to achieve our production goal,” says Robert Jensen. “I am counting on this being completed during the first half of 2013. If we get the financing needed, we can then start the new investment programme on very short notice.”

Production volume is, however, not the only thing in focus at Vallvik. New product innovations are also underway. In early December, the mill ran a trial aimed at producing a pulp with 50% higher porosity while maintaining strength properties. The end-users are filter manufacturers with stringent demands.

“The trial went as we had hoped,” says Robert Jensen. “There is still some development to be done, but we hope to introduce this premium product to parts of the filter market shortly.” ■



▲ Robert Jensen, MD of Vallvik Mill, is happy about the capacity increases and is now preparing for the next step. In the background parts of the new wastewater treatment plant.

Vallvik Mill strengthens customer tech support

In February, a new position as Process Engineer, Technical Customer Support, will be established at Vallvik Mill AB. The aim is, among other things, to improve further the exchange of information and cooperation between customers and production. This will enable the route from customer requirements to adaptation and development of new products to be shortened.

The position will be filled by Louise Johansson, currently at GL&V in Karlstad, Sweden, a provider of equipment and systems for all areas of pulp production and treatment, where, she works as a process engineer with responsibility in customer projects for, among other things, dimensioning and mass & heat balances. She has an MSc in chemical engineering and is also a Wood Processing Engineer. Earlier, Louise also worked at Dockstavarvet (which produces e.g. combat boats) as a technical writer.

But Louise's most important qualification may be that she knew Vallvik Mill from inside and out already at the age of four:

"My father was Quality and Laboratory Manager at Vallvik when I was a child, and I used to follow him to work all the time," Louise tells us. "It was here that my love for this industry came to be. I was sure already from the age of four or five that this was what I would work with in the future."

When Louise's father got a new job, the family moved from Vallvik and lost most of their connection with the place. When many years later Louise got a call from a recruiter she could hardly believe her ears when she heard that the job was at Vallvik Mill.

"I did not have to think long before I decided that this was a chance I could not turn down," Louise says. "It really feels like coming home."

"I am looking forward tremendously to going back to Vallvik Mill with its interesting processes and very skilled people. Equally, I'm looking forward to meeting the customers, and their often exciting products and processes." ■



▲ Louise Johansson is new Process Engineer Technical Customer Support at Vallvik Mill. Soon, she and her family will make the move from Karlstad.



A photograph of two men walking through a long, narrow aisle in a warehouse. The aisle is lined with tall stacks of large, white, rectangular rolls of paper or pulp. The ceiling is high with industrial lighting fixtures. The man on the left is wearing a dark jacket, a patterned scarf, and blue jeans. The man on the right is wearing a dark suit and tie. They are both looking towards the camera.

Serving the pulp world from Lübeck

TEXT: L-O Mattsson PHOTO: Joanna Bziuk

Few cities have the history of Lübeck. And few business relationships have the history of the one between Vallvik Mill and FMS of Lübeck, which goes back almost half a century.



► It was in the late 1960s that Fr. Meyer's Sohn, or FMS Logistics for short, started providing logistics services for Vallvik Mill. This means that the co-operation has survived many business cycles and several owner changes of the mill. It also says something about the quality of the work FMS delivers. Pulp Focus decided to visit this specialist forwarding company to find out more about this crucial link between Vallvik Mill and its customers.

FMS was founded already in 1897 in Hamburg. The Lübeck office is, however, a stylish modern building of glass and steel. Here we meet Bernd Müller who is Branch Manager and Corporate Manager Import Forestry Products, and Jörg Behnke who is responsible for all the Vallvik shipments. Both have been a long time in the company, Bernd Müller for 40 years and Jörg Behnke for 30 years. This is not unusual for FMS, indeed it is company policy to keep employees and provide training and a career within the company.

Well-trained people

"I am convinced this is one of the main reasons for FMS's success over the years," says Bernd Müller. "By keeping our staff we have well-trained people and can meet the customer with one face all the time. Knowledge is not built overnight, and neither are the contacts and networks needed to provide the best solutions in each individual case."

Forestry products are the core and heart of FMS's business. The company handles approximately 8.5 million tonnes of paper and pulp globally each year. This makes FMS Europe's largest independent logistics specialist for paper and pulp. In addition, 2.5 million tonnes of other goods is handled.

Lübeck is an important hub for the countries around the Baltic Sea when it comes to forestry products. Almost all the big producers are present here in one way or another. FMS handles around 500,000 tonnes of paper and pulp in Lübeck, of which some 80,000 tonnes is Vallvik pulp. A smaller volume from Vallvik is also handled by FMS in Velsen in the Netherlands.

It is when the pulp arrives in Lübeck that FMS's expertise is put to work:

"Our task is to arrange the handling as efficiently as possible when the ship has arrived," says Bernd Müller. "This means swift unloading, and arranging the onward transportation to different customers in an optimal way. For this, we can use rail, lorry, barge or container shipment. Or keep a consignment stock here, when that is the agreement.



▲ "We may be a mid-size company, but in forestry we are large with substantial buying power, to the benefit of our clients," says Bernd Müller, Branch Manager and Corporate Manager Import Forestry Products at Fr. Meyer's Sohn (FMS).

"One reason for Lübeck's importance as a hub is that Hamburg with its container port is only 65 km away," Bernd Müller continues. "In many cases, it is a good solution to ship the goods to Lübeck, load it in containers here, transport to Hamburg and from there ship the goods to anywhere in the world."

FMS is apparently providing a good product, since the company has grown to over 30 locations around the world and some 500 employees. What is the recipe for this success?

Flat hierarchy

"I have already mentioned our staff policy," says Bernd Müller. "In addition to this we have our flexibility. We are able to build tailor-made concepts that a large company would be unable to do. We have a flat hierarchy, which means a quick decision-making process.

"On the other hand, we are a large player in our own sector. This gives us

buying power that our customers in turn benefit from when it comes to rates. Being a large player in this industry also means that we know very well most of the paper mills and other receivers. We know their individual requirements and demands which of course is good for both them and our customers."

Vallvik

One customer of which is Vallvik Mill, as already mentioned. How is that co-operation running?

"It runs very well," says Jörg Behnke. "We have very good relationships with the people there.

"The information exchange is excellent," he continues. "We get information in good time which makes everything run smoothly. This is facilitated by the fact that we have an EDI connection with Vallvik. For example, each unit is scanned and with that data, Vallvik knows where each shipment is. And the system automatically gives an alarm if

the wrong unit is loaded, ensuring that it is always the right quality that is delivered to the customer.

“This is an area where Vallvik and the Rottneros Group are forerunners, I am a little surprised that not more of our clients have connected with us through EDI systems.”

As everyone knows, there are large structural challenges in the forestry industry today. What about the logistics sector, what trends are around the corner?

“Well, for one thing freight rates for lorry transport will increase more than other means of transport,” says Bernd Müller. “We must together with our customers find logistics concepts away from the highways. But this must be done with some strategic thinking.

Choose transport with care

“For example, in southern Germany, you can often conduct 100 per cent of your transports by barge. This is also the cheapest mode of transport. And here is the trap: It may look favourable in the short run to concentrate all your transports on barges. But suddenly there is an accident that blocks a canal, or there is too little water. You will not be able to use rail, because that is too expensive when you have not negotiated a contract

for regular transports. You are left with the still expensive lorry transports – if you can find the capacity when everyone else also wants transportation due to the closed canal.

“This is why you should never limit your transports to one method. In the example above, transports should have been split between rail and barge from the beginning. In other circumstances, there may be other solutions.”

Higher harbour standards

“When it comes to pulp and paper specifically,” Bernd Müller continues, “we see more and more volume coming out of South America. These ships can be very large with as much as 30,000 tonnes in one shipment. This could put new demands on harbour capacity. From the Nordic side, we do not expect any volume increases but rather more and more specialised pulp. This could mean that the harbours will need higher standards to avoid damage to the more sensitive products.”

The well-being of its customers is clearly close at heart at FMS. We cannot keep a very distinct example of this from our readers:

“It was a logistic manager of one of our Swedish customers (not Vallvik!) who was driving on an icy road in Sweden in

a hurry to catch a plane,” says Bernd Müller. “He happened to be driving behind one of our lorries and could not overtake it. The manager called us in Lübeck and explained the situation. We called the driver of the lorry and told him to pull over. He did, and our customer could pass him and catch his plane.”

Surely an example of the customer care and short contact routes that have kept FMS in business for 115 years.



▲ Jörg Behnke keeps an eye on Vallvik pulp awaiting transport.



▲ From the Lehman Terminal in Lübeck harbour, pulp from Vallvik is transported to a large number of destinations.



TEXT: L-O Mattsson

Carl Gustaf von Rosen:

Help from the sky

Whatever the reputation of Swedes may be, words like 'heroic' and 'fiery' are seldom associated with our somewhat stoic people. Now and then, however, there emerges a character that embodies the old Viking spirit. One of these was Carl Gustaf von Rosen.

Carl Gustaf von Rosen was born 1909 in Helgesta, in central Sweden. He came from a family of nobility, his parents were Count Eric and Countess Mary von Rosen. Eric was in his time a rather famous explorer, and had travelled extensively in Africa. He had, to the young Carl Gustaf's misfortune, brought from Africa a whip made of hippopotamus skin that he used to punish the boy with when he had been up to one of his many mischiefs.

Nothing that von Rosen did in his life was ordinary. While others may become interested in flying after visiting an air show, Carl Gustaf's interest was evoked by being invited into a cockpit by Hermann Goering. This was in the early 1920s. Goering was at this time known as a famous World War One fighter ace, but was now working for a Swedish aviation company.

Swedish Red Cross

Carl Gustaf got his flying certificate in 1929. In the mid-30s, his humanitarian side came to be seen. At this time the conflict between Italy and Abyssinia (Ethiopia) raged. Carl Gustaf volunteered both himself and his aeroplane to the Swedish Red Cross as a liaison airplane and air ambulance. He remained in Abyssinia until 1936 and was among other things in charge of the Emperor Haile Selassie's personal airplane. When World War Two broke loose, Carl Gustaf could of course not keep

away. He volunteered for the Winter War in Finland, which was under attack from the Soviet Union. Not much material help reached the besieged Finns. Carl Gustaf, however, managed to acquire aircrafts from KLM and with one of them he carried out at least one known bombing mission against the Soviet Union.

Imperial Ethiopian Air Force

After the war, von Rosen was contacted by his old friend Haile Selassie. The Emperor wanted to build an Ethiopian Air Force. Carl Gustaf got to work, as a colonel in the Imperial Ethiopian Air Force between 1946 and 1956. In the years after this, von Rosen worked as a civilian pilot again. However, it did not take many years before he was back in Africa. The Congo Crisis had broken out and Carl Gustaf flew Swedish UN troops into and out of the country.

Then came the period for which von Rosen is most well remembered, at least in Sweden. In 1967, the eastern region of Nigeria tried to achieve independence as the Republic of Biafra. This led to war between Nigeria and Biafra. The new country had no regular army, no artillery and no air force. A Nigerian blockade led to famine. Again, von Rosen wanted to help and again he was unlike most people not satisfied by for example just making a charitable donation. Instead, he put together a small Biafran air force! It consisted of five small aircraft and a number of volunteers.

When von Rosen's squadron was first put into operation, it took the Nigerian air force with complete surprise. Within a few days, a number of MIG-17 fighters and Ilyushin bombers were destroyed on the ground. This prevented many bombings of targets in Biafra and saved a large number of lives.

In addition to the fighting, von Rosen's force also flew relief missions with food and medicine throughout the war.

Of course, in the long run, the small air force could not change the course of the war. In early 1970, it was all over.

In 1975, von Rosen was back in Ethiopia. Now, he flew 'food bombings' which meant that food was dropped to starving people in remote areas of the country. Two years later, he stayed in a house in Gode in the province of Ogaden where he had carried out food drops. The city was attacked by Somali forces and during the battle von Rosen was killed. According to Somali accounts, von Rosen died a hero's death after a long and hard battle.

So ended the life of one of the most colourful Swedes of the 20th century. ■



Cover:

Jörg Behnke (left) and Bernd Müller of FMS Logistics in the gigantic pulp warehouse at the Lehman Terminal in Lübeck.

Photo: Joanna Bziuk

Published by: Rottneros AB,
Box 70 370, SE-107 24 Stockholm, Sweden
Tel + 46 8 590 010 00, info@rottneros.com
www.rottneros.com

Production: Strato Information & Event AB