

## Stora Enso Invested 1.6 Billion Euros to Construct Pulp & Paperboard Mill in China

On March 12<sup>th</sup>, Stora Enso announced that it would build a pulp-paper integration project in Beihai, Guangxi. The project will construct a pulp production line with annual capacity of 900,000 tons, a high-grade paperboard machine with annual capacity of 450,000 tons (to be expanded to 900,000 tons in the future), an electric power plant and other ancillary facilities. The wood needed as raw material for the pulp and paperboard lines will come from its own 120,000 hectares of Eucalyptus plantation. The total investment for the first phase is about 1.6 billion Euros, excluding the approximately 200 million Euros that has already been invested in the construction of the forest plantation. A joint venture co-funded by Stora Enso Group and Guangxi Forestry Group (which is owned by the Guangxi government) will be responsible for the operation of the project. The share of the joint venture is 85% for Stora Enso Group and 15% for Guangxi Forestry

Group. The joint venture company will produce and supply liquor packaging board and other high-grade paper board products to meet the rapidly growing market demand.

After the project receives final approval from relevant state authorities, its site preparation is expected to commence in the second half of this year, and the pulp and paperboard production line is expected to start operations in the fourth quarter of 2014. The investment will strongly support Stora Enso Group to achieve its long-term strategic goals and obtain sustainable return.

Debt and equity are the funding sources of the project and their ratio is about 60:40. The debt financing source is a mixed one which includes export credit agencies, multilateral debts, and commercial bank debt, etc. 