

**HOLMEN**

# **PRESS RELEASE**

1 February 2007

## **Holmen to invest MSEK 435 at Braviken paper mill to raise quality and reduce energy consumption**

Holmen's Board decided on Thursday to invest MSEK 435 in the Braviken paper mill in Norrköping, Sweden. The funds will be invested in a new, energy-efficient line for the production of thermo-mechanical pulp for use in the production of newsprint and telephone directory paper. The new line will replace a line from 1977, the year when Braviken first came into production.

A further aim of the investment, apart from raising pulp quality and thus improving the conditions for the further development of low grammage paper, is to reduce electricity consumption and increase heat recovery per tonne of pulp produced. The electricity consumption is estimated to be reduced by 25%, and the quantity of heat recovered by 30% in relation to the existing installation.

The Swedish Energy Agency has approved up to MSEK 45 for the project as it involves several untried electricity-saving techniques.

The new line, which is expected to come into production in June 2008, will also permit the annual production of pulp to be increased by 100,000 tonnes. This in turn will make possible a phased increase in paper production capacity at the mill from the present level of 780,000 tonnes per year.

"This investment is an important phase in Holmen's strategy to develop its products; it will also reduce the amount of electricity required to make each tonne of paper," says Magnus Hall, Holmen's President and CEO, who adds: "The ability to gradually raise production will enable us to fully utilise the potential of other parts of the mill. This means that the total consumption of electricity is then expected to remain unchanged."

Holmen's Board also decided to invest MSEK 55 in a new, more efficient installation for sorting recovered paper at the mill in Madrid. The new facility will replace an existing one and raise sorting capacity to 120,000 tonnes per year. The unit is expected to go into operation in November 2007.

The Braviken and Madrid mills belong to the Holmen Paper business area.

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