eco prensa ici

24 marzo 2011

pwc

http://www.pwc.com/fpp

Forest, paper and packaging deals

Branching out – 2010 annual review

Materiales que importan

Instituto de Ciencia e Investigación

URUGUAY ici@ici.edu.uy

http://www.pwc.com/fpp

Forest, paper and packaging deals

Branching out – 2010 annual review

Global deal activity in the forest, paper and packaging industry

pwc

Acknowledgments

Data analysis for this industry summary was provided by Eleanor McKie and Linsey Jordan in the PwC (UK) Corporate Finance Group. Special thanks are due to Dominic Byrne (Bigger Picture Consultancy) and Erica McEvoy for the writing and project management of this report.

Thanks also go to Alexandre Gomes, Alexandre Pierantoni, Frederic Bouchard, Koji Yamasaki, Osamu Miyake, Peter Munns, Todd Stroup, Victor Huang, and Waikay Eik in the Global FPP practice for their input on regional sections of the report, and to Ali Yasar for the design and production of this paper.

Contents

Methodology

Forest, paper and packaging deals is based on published transactions from the Dealogic 'M&A Global' database, January 2011. In a few cases, notably in the forestland sector, we have supplemented Dealogics' data with additional publicly announced deals. Deals are included on an announced basis, adjusted to include only accepted offers. Deal values are the consideration value announced or reported including any assumption of debt and liabilities. Figures relate to actual stake purchased and are not multiplied up to 100%. The geographical split of the deals refers to the location of the target company or assets. The analysis relates to the forestry, paper and paper based packaging sector and therefore excludes related sectors such as printing and plastic, glass and metal packaging. The sector and subsectors analysed include: forestland/forestry (e.g. standing timber, nurseries, harvesting and logging operators), wood products (e.g. sawn timber, wood-based building materials), pulp & paper (e.g. pulp, primary paper producers) and converting (including distribution) (e.g. packaging and tissue product producers, paper converters, paper merchants).

This report was written prior to the earthquake and tsunami of March 2011.

Introduction

A high for deal numbers but a low for deal value. This dichotomy in forest, paper and packaging (FPP) deal-making in 2010 echoed the contrasts evident in the sector. Distress continues to affect many non-integrated pulp and paper companies in mature markets who remain caught between high input prices and low demand. In contrast, integrated producers are coming out of the downturn well placed and with relatively healthy balance sheets. Economic growth in Asia and South America continues to reward companies with good fibre footprints, particularly in Latin America. Downstream, private equity is playing a major role with a mix of outcomes, but success is coming to companies who have focused on specialist product areas and growth markets.

Forest, paper and packaging deals 2010 reviews deal activity in the FPP sector. It was a busy year for deals but, as we predicted in last year's report, they were largely confined to small transactions. The report is the latest edition in our annual series on deal-making in the sector. It is one of a range of PwC deals publications covering sectors including aerospace & defence, mining, metals, renewable energy and power as well as FPP. Together the family of deals reports provide a comprehensive analysis of M&A activity across industries worldwide. Our FPP deals analysis is also complemented by a number of other publications – our CEO Perspectives report, which analyses the viewpoints of many of the FPP industry leaders worldwide and explores some of the pressing imperatives facing the sector, our annual survey which looks at the financial performance of the industry, and Growing the Future, released earlier this year, which looks at the long-term growth potential of the industry.

We examine the rationale behind the overall trends and look at the key individual deals. This year we also continue our discussion of the evolution and growth of timberland as a global asset class. We look at the year under review, the context of the preceding years, and ahead to the future direction of deal-making in the sector. Drawing on our global experience as an adviser to FPP M&A players, and on our experience in assisting in restructuring programmes, our commentary addresses the key markets in the sector.

Looking ahead into 2011 and 2012, we believe the prospects are good for a sustained upturn in FPP deal value from the floor reached in 2009 and 2010. Confidence is returning to those markets that have been hit hardest by the downturn while the outlook for growth markets, and the need to secure and grow fibre supply, remains very strong. The contrasting balance sheet strength and weakness between companies in the pulp and paper sector will present deal opportunities and, in Europe, a round of much-needed consolidation appears finally to have begun. We also expect deal momentum to flow from moves by companies to diversify into new, growth markets, reposition product and operational portfolios and from a continuing flow of institutional money into timberlands.

Clive Suckling
Global Leader, Forest, Paper and Packaging, PwC

Report highlights

A busy deal year but values plummet

There were more FPP deals in 2010 than in any other year since our current data series began, in 2003. The total of 385 announced deals was 4.6% up on the previous year and trumped an earlier peak of 370 in 2007. But average deal value plummeted 29% to just US$68.2million – less than half of the peak average value recorded in the mid-2000s and the lowest in all of our time series. Distress lay behind many of the 2010 deals. In North America, a number of deals involved pulp and paper companies in or coming out of bankruptcy protection. In Europe, the largest deal stemmed from private equity failure while the travails of many Nordic upstream companies continued.

European consolidation trigger pulled

UPM-Kymmene pulled the trigger on what could be a long-awaited round of consolidation in the European pulp and paper sector. Its US$1.1bn acquisition of debt-laden Nordic rival Myllykoski at the end of 2010 may set the scene for other moves in 2011 or beyond. Experience of the industry in North America shows that it is possible to stabilise markets by consolidating and managing down capacity. This will be the goal of consolidators like UPM and others that may follow their lead.

Private equity waves the downstream baton

Private equity was the orchestrator behind US$2.8bn worth of FPP deals in 2010, up 56% from a US$1.8bn low point in 2009. Private equity accounted for 22% of total FPP deal value in 2010 and more than half (56%) of converter deal value (US$1.9bn out of US$3.4bn). The main geographic focus for private equity activity was Europe with US$2bn of the US$2.8bn PE total coming from European deals. The remaining PE deal value was split fairly evenly between North America and Asia Pacific.

Deal momentum set to move upward in 2011

Deal momentum is returning to the FPP sector and we expect to see an upturn in deal value in 2011. A number of important themes are underpinning deal momentum – consolidation, particularly long-awaited consolidation in Europe, security of fibre supply, geographical diversification into new growth markets, repositioning of product and operational portfolios and a continuing flow of institutional money into timberlands.

Deal totals

A high level of deal activity but low deal value characterised deal-making in the forest, paper and packaging sector in 2010. There were more deals than in any other year since our current data series began, in 2003. The total of 385 announced deals was 4.6% up on the previous year and trumped an earlier peak of 370 in 2007. But activity was largely confined to smaller deals. Average deal value plummeted 29% to just US$68.2million – less than half of the peak average value recorded in the mid-2000s and the lowest in all of our time series.

The focus on smaller deals pushed total deal value in the sector down 32% to just US$12.7bn in 2010 from US$18.7bn in 2009. However, the previous year's total included US$8bn from one exceptional deal – the creation of Fibria in Brazil. Excluding that deal, the floor of the downturn can be seen to straddle 2009 and 2010. Uncertain economic conditions continued to cloud many developed country markets and the depressed state of the deal market held back those sellers who could afford to wait for more buoyant conditions to return. Distressed sales characterised many of the larger deals that did take place.

The downturn in deal value was not uniform across all segments of the sector. It was largely attributable to fewer deals and smaller deal sizes in the pulp and paper production sector. Total pulp and paper deal value fell two thirds (64%) from US$13.8bn to US$4.8bn year-on-year with the number of deals down from 80 to 72. Average deal value (of deals with disclosed values) in this sector was just US$124million in 2010 compared with US$270million the year before. But, while this appears like a big shift, in reality it was little different from a similarly subdued underlying deal market in this sector in 2009. As noted above, the previous year's values had been significantly boosted by the US$8bn Fibria deal.

In contrast, total deal value in the converter and distributor sector bounced back from a low of US$1.1bn in 2009 to US$3.8bn in 2010. Average deal size rose substantially in this sector, from US$16million to US$96million and the number of deals was also up – from 143 to 161. Much of the deal value arose from distress-related deals in mature markets and growth acquisition deals in emerging markets.

Timberland deal value revived slightly from a low of US$2.1bn in 2009 to US$2.8bn in 2010 on the back of fewer deals – 42 compared to 46 the previous year. Timberland values were buoyed by a large divestment by AbitibiBowater in Canada and an Australian privatisation of forestry assets. However, some two thirds of the AbitibiBowater deal value was energy assets, mainly hydro, leaving underlying year-on-year timberland deal value only slightly up. Deals involving wood products companies moved in the opposite direction with the number of deals up, from 100 to 110, but their total value down – from US$1.7bn to US$1.25bn.

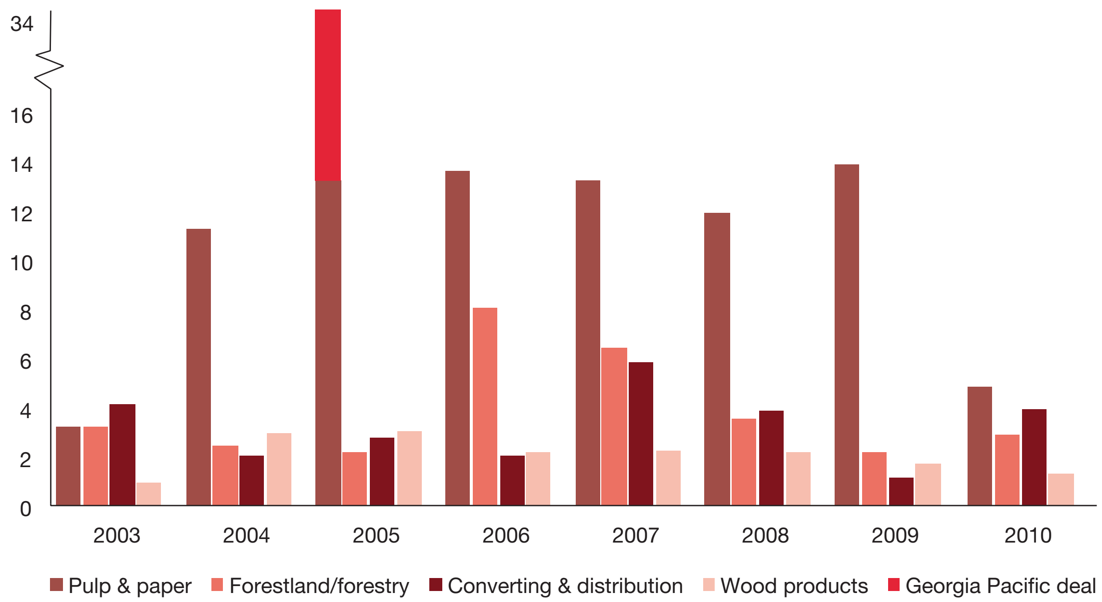
For the first time ever since the start of our current data series, Europe delivered the largest share of deal value, with US$4.6bn, or 36%, of the total US$12.7bn FPP deal value. While worldwide deal value fell 32%, European deal value nearly trebled, from US$1.7bn to US$4.6bn. In a year when total deal value was low, the contribution of a few big European deals pushed up Europe's share. But the upturn in European deal value may also be a signal of a period of heightened European M&A activity. The continent's second largest deal – UPM-Kymmene's US$1.1bn purchase of Myllykoski and Rhein Papier – could be the trigger for much overdue consolidation of the paper sector in Europe.

Figure 1: Total FPP deals, 2003-2010 (inc. year on year % change)

	2003	2004	2005	2006	2007	2008	2009	2010
Total deal value (US$bn)	11.4	18.5 (63%)	21.0 (13%)	25.7 (23%)	27.6 (7%)	21.3 (-23%)	18.7 (-12%)	12.7 (-32%)
Total deal number	224	254 (13%)	295 (16%)	280 (-5%)	370 (32%)	350 (-5%)	369 (5%)	385 (4%)
Average value (based on deals where value reported)	90.2	132.3 (47%)	128.0 (-3%)	169.4 (32%)	134.6 (-21%)	111.0 (-18%)	95.6 (-14%)	68.2 (-29%)

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Figure 2: Sector deal value trends (US$bn), 2003-2010



Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Deal makers

Small rather than big deal moves were the main focus of FPP deal activity in 2010. Mega deals of US$1bn plus continue to dwindle. Only two featured in the top ten deals of 2010 compared to three in each of the previous two years and eight in the peak year of 2007. The fall in total value of FPP deals was wholly attributable to the top ten. The combined value of the 2010 top ten was just US$7bn compared with US$13.7bn in 2009. The total value of deals outside the top ten rose – from US$5bn in 2009 to US$5.7bn.

Distress in various guises lay behind the largest deals of 2010. The major theme continued to be the travails faced by the North American and European pulp and paper industry in the face of long-term decline in consumption of newsprint as well as the decline in printing and writing grades in key product markets. Many US and Canadian pulp and paper producers have had to seek bankruptcy protection – a striking example has been AbitibiBowater, North America's largest newsprint producer. Its divestment of US$940million of non-core assets and land was its last sale before emerging from creditor protection in December 2010.

North American companies are further advanced than their European counterparts in taking steps to consolidate, reduce capacity and restructure in the face of declining demand. But the move by UPM-Kymmene to buy debt-laden rival Myllykoski in a US$1.1bn deal at the end of 2010 could be the trigger for a succession of deals. Myllykoski is Europe's fourth-biggest producer of newsprint and magazine paper after UPM, Stora Enso and Norske Skog. The all-Finnish deal represents significant consolidation at the top of the European pulp and paper industry (see deal spotlight in Europe section).

The largest 2010 deal also came in Europe with private equity firm Candover Investments' US$1.5bn sale of Europe's largest private label producer of baby diapers, Ontex, to TPG Capital and GS Capital Partners. The deal came at a time of distress for Candover which had suffered considerably as a result of the credit crisis. It had bought Ontex in 2002 in a highly leveraged transaction as part of its 2001 fund.

Figure 3: The global top ten – FPP deals 2010

No.	Month announced	Deal value (US$m)	Target	Target nationality	Acquirer	Acquirer nationality
1	Jul-10	1,527	Ontex SA/NV	Belgium	TPG Capital LP; GS Capital Partners LP	Belgium
2	Dec-10	1,131	Myllykoski Oy	Finland	UPM-Kymmene Oyj	Finland
3	Dec-01	940	AbitibiBowater Inc (Non-Core Assets & Land Holdings)	Canada	Undisclosed Acquiror	Canada
4	Dec-10	848	Conpacel – Consorcio Paulista de Papel e Celulose (50%)	Brazil	Suzano Papel e Celulose SA	Brazil
5	May-10	529	Forestry Plantations Queensland	Australia	Hancock Queensland Plantations	Australia
6	Sep-10	525	Cellu Tissue Holdings Inc	United States	Clearwater Paper Corp	United States
7	Jun-10	457	Lee & Man Paper Manufacturing Ltd (12%)	Hong Kong	Nippon Paper Group Inc	Japan
8	Jan-10	400	Grant Forest Products Inc (2 Canadian Plants & 2 U.S. Facilities)	Canada	Georgia-Pacific Corp	United States
9	Sep-10	374	Tiger Forest & Paper Group Co Ltd (55.92%)	China	China Chengtong Holdings Group Ltd	China
10	Jul-10	311	Otor SA (95%)	France	DS Smith plc	United Kingdom

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

We discuss the remaining top ten FPP deals in the regional sections of this report. The purchase of Ontex by two private equity firms was the largest deal involving private equity investors. But, in an opposite trend to FPP deals as a whole, the number of private equity deals was far less than in 2009 – down to 56 from 107 – while the value of private equity deals bounced back from a US$1.8bn low point in 2009 to reach US$2.8bn in 2010, buoyed by a number of larger transactions.

Private equity accounted for 22% of total FPP deal value in 2010 and more than half (56%) of converter deal value (US$1.9bn out of the US$3.4bn total value of converter (excluding distributors) deals). In turn, the US$1.9bn value of converter deals involving private equity accounted for more than two thirds (68%) of total private equity deal value. Purchases of timberlands by institutional investors via Timber Investment Management Organisations (TIMOs) and similar investment vehicles stayed at US$1bn – the same level as 2009 and significantly lower than in the earlier TIMO growth years when annual investment was typically around the US$2-3bn mark.

Figure 4: Private equity and TIMO deal value

	2010	2009	2008
PE	US$2.8bn (22%)	US$1.8bn (10%)	US$4.2bn (20%)
TIMO	US$1bn (7%)	US$1bn (5%)	US$3bn (14%)
Total FPP deal value	**US$12.7bn**	**US$18.8bn**	**US$21.3bn**

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Deal places

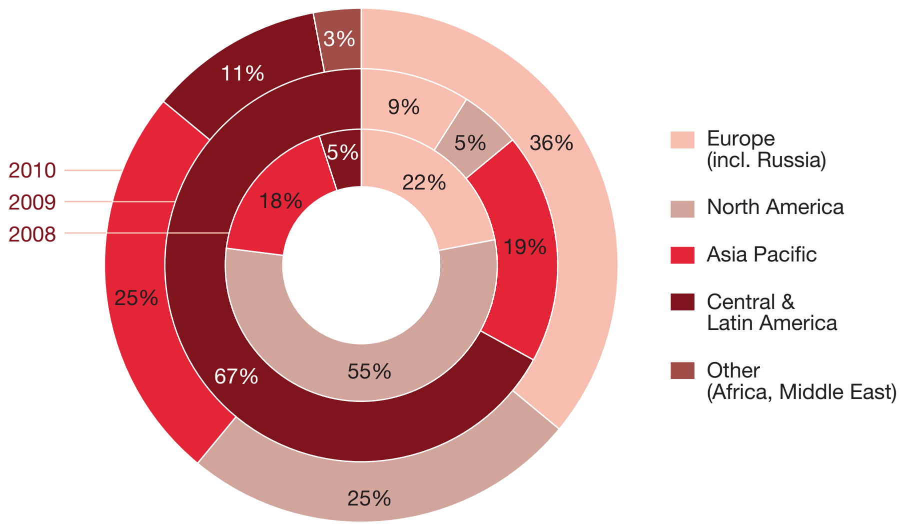
Europe accounted for the largest share (36%) of worldwide FPP deal value for the first time ever in our current data series, which has run from 2003. Europe was the only continent with any US$1bn plus deals and well over half of Europe's US$4.6bn total value came from the two such deals that took place – the purchases of Ontex and Myllykoski, which together totalled US$2.7bn.

Deal activity in North America revived after a virtual collapse the previous year. North American deal numbers rose 47% from a very low base with total deal value trebling, from US$1bn in 2009 to US$3.2bn in 2010. But this is a far cry from the US$17bn per annum worth of deals that were transacted in North America in each of 2006 and 2007 and the US$30bn in 2005, which included the exceptional US$22bn acquisition of Georgia-Pacific (GP) by Koch Industries. In contrast, Europe's US$4.6bn in 2010 compares with a US$6.1bn peak for European FPP deals reached in 2007.

While North America deal value revived from a virtual collapse, Latin American deal value fell dramatically. In 2009, Latin America had accounted for around two-thirds of overall deal value. In 2010, the share had shrunk to 11% with total deal value down from US$12.5bn to US$1.4bn. In part this was because 2009 had been an exceptional year for Latin American deals with three US$1bn plus transactions. To put things in context, the much lower 2010 total value still surpassed the annual totals recorded in the region before 2009.

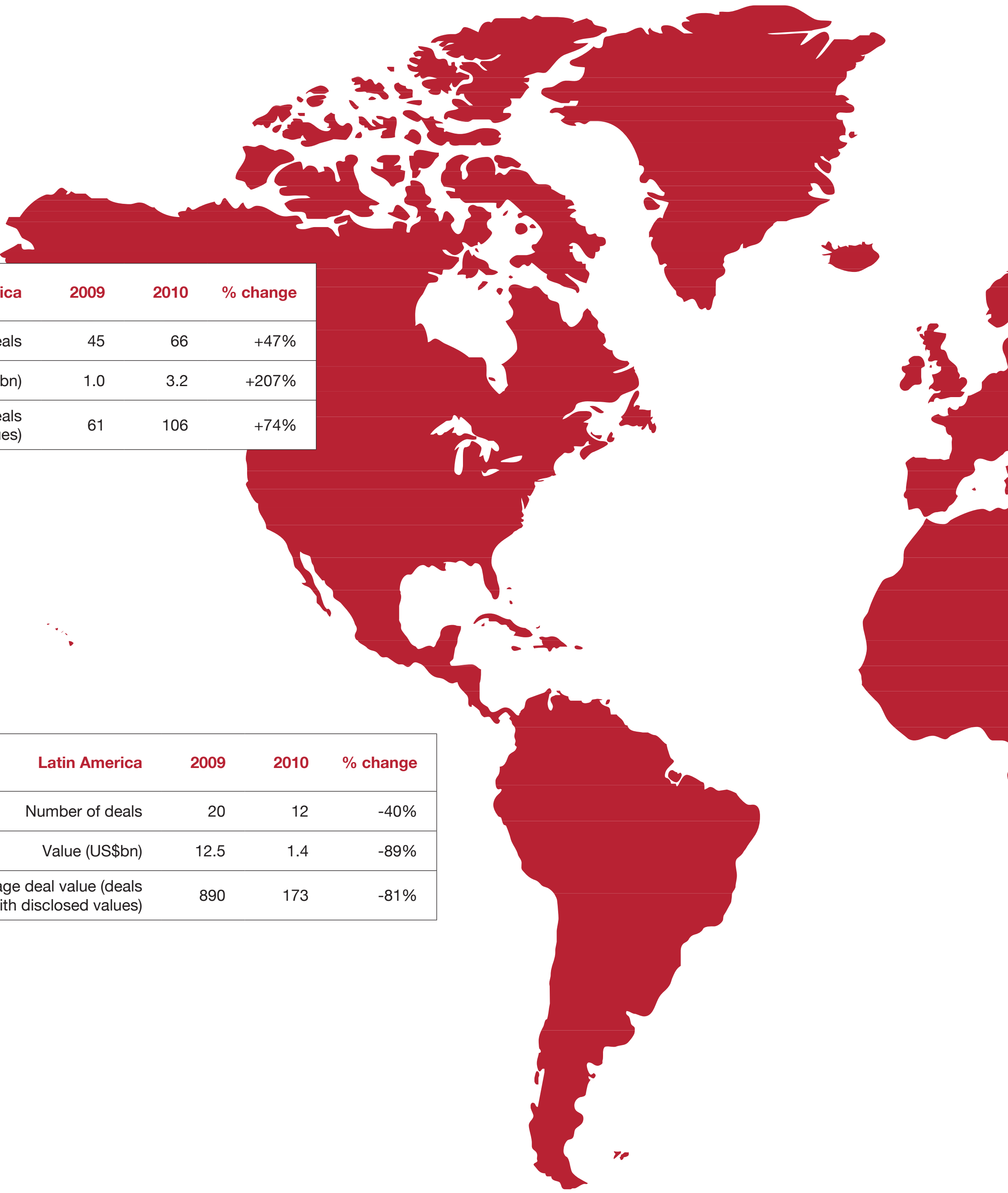
Deals in Asia Pacific accounted for a 25% share of worldwide FPP deal value. The region saw the least year-on-year change. The number of deals fell by 6% with total deal value in the region down 8%, from US$3.5bn to US$3.2bn. However, there was an upturn in the number of larger deals above US$200million and average deal values (of deals with disclosed values) rose by 21%.

Figure 5: Value share of all deals by continent



Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

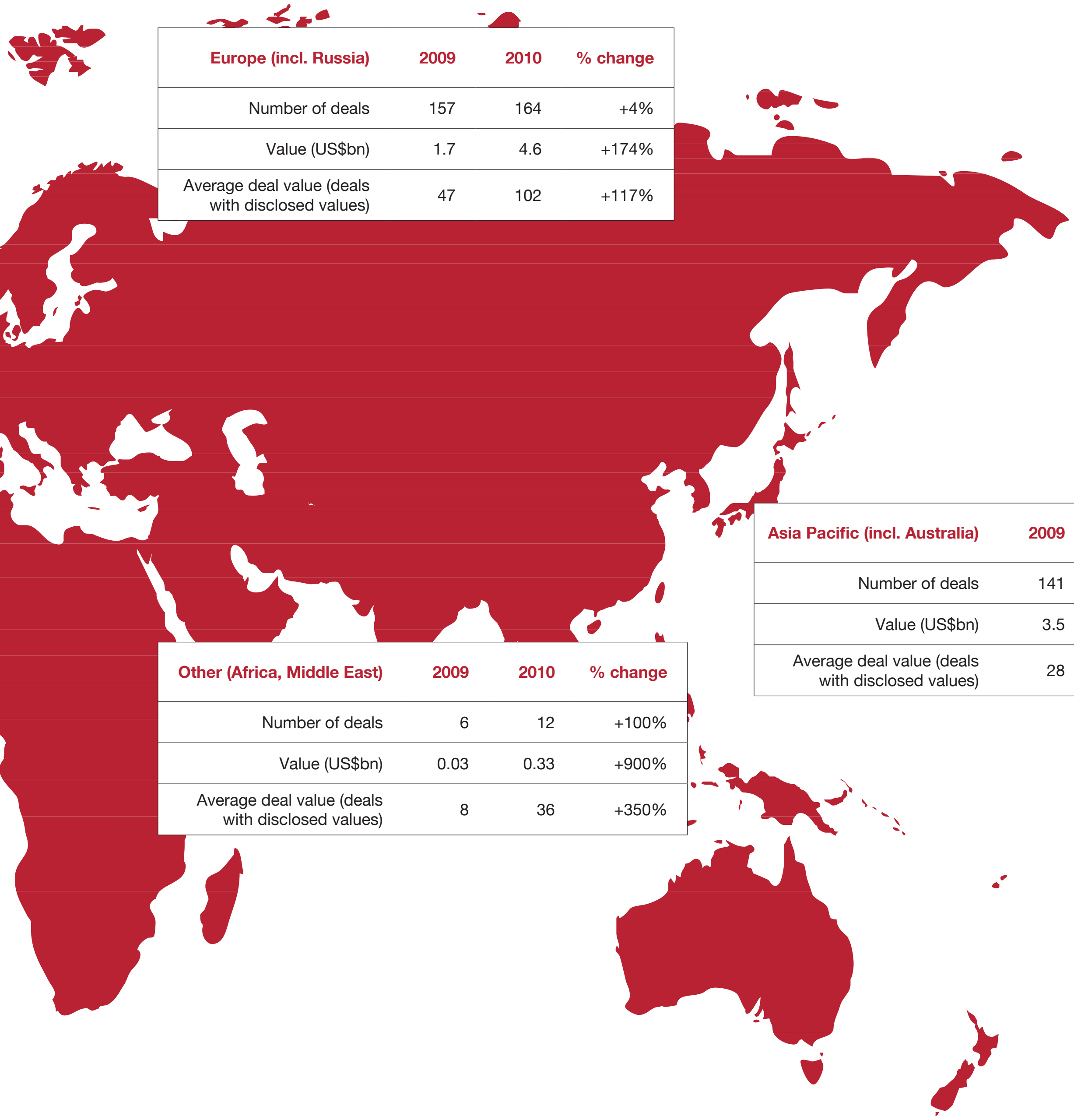
Figure 6: Deal numbers and value by continent, 2007-2010



North America	2009	2010	% change
Number of deals	45	66	+47%
Value (US$bn)	1.0	3.2	+207%
Average deal value (deals with disclosed values)	61	106	+74%

Latin America	2009	2010	% change
Number of deals	20	12	-40%
Value (US$bn)	12.5	1.4	-89%
Average deal value (deals with disclosed values)	890	173	-81%

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review



Europe (incl. Russia)	2009	2010	% change
Number of deals	157	164	+4%
Value (US$bn)	1.7	4.6	+174%
Average deal value (deals with disclosed values)	47	102	+117%

Asia Pacific (incl. Australia)	2009	2010	% change
Number of deals	141	132	-6%
Value (US$bn)	3.5	3.2	-8%
Average deal value (deals with disclosed values)	28	34	+21%

Other (Africa, Middle East)	2009	2010	% change
Number of deals	6	12	+100%
Value (US$bn)	0.03	0.33	+900%
Average deal value (deals with disclosed values)	8	36	+350%

North America

North American FPP deal-making revived slowly in 2010 after a year when the sector was focused on debt and operational restructuring. Bankruptcy proceedings continued to occupy many companies, including newsprint companies AbitibiBowater and White Birch. The end of the year saw AbitibiBowater divest US$940million of non-core land and assets before emerging from creditor protection. This was the largest deal in 2010. But it was quickly eclipsed in early 2011 when RockTenn announced it would buy Smurfit-Stone for US$5bn, including assumed debt.

Smurfit-Stone had come out of Chapter 11 bankruptcy proceedings at the end of June 2010. The RockTenn/Smurfit-Stone deal immediately pushed 2011 deal value above the total value transacted in 2009 and 2010 put together, highlighting the paucity of larger deal-making in the period. We examine the deal in more detail in the 'deal spotlight' panel on page 17. The three next biggest 2010 North American deals, behind the AbitibiBowater divestment, were also deals that were conducted on the back of debt or bankruptcy difficulties.

In a US$525million transaction, Clearwater Paper Corporation bought debt-heavy Cellu Tissue Holdings. The deal delivered a lot of market synergies for these two private label tissue companies. Clearwater has market strength in the western part of the US and Cellu is stronger in the east, giving the combined company a wider footprint and some opportunities for rationalisation of distribution channels. The two companies are of similar size. Cellu had gone public in January 2010 at US$13 a share but then saw its shares fall as low as US$7.32. Even with a significant premium, Clearwater's purchase was well below Cellu's flotation price.

The third biggest 2010 deal, after AbitibiBowater and Clearwater/Cellu, was forest products firm Georgia-Pacific's US$400million purchase of two oriented strand board (OSB) manufacturing facilities in Ontario, Canada and a further two similar US facilities from Grant Forest Products. The deal was the main outcome of Grant's refinancing under bankruptcy protection. The company had entered into creditor protection in June 2009 following a stalling of construction market demand for its OSB products.

Another deal that came from bankruptcy proceedings was private equity firm Goros Group's US$208million purchase of National Envelope Corporation (NEC). NEC is the largest envelope producer in the US. In choosing Goros, NEC and its creditors turned down an offer from rival envelope manufacturer Cenveo Corporation. Later in the year, Cenveo moved to acquire the envelope product business of packaging company MeadWestvaco Corporation for an undisclosed sum.

Those companies who have not been in bankruptcy proceedings have been busy rationalising their operations with closures and smaller divestments and repositioning. With companies becoming more certain about the economic outlook, we are likely to see a wave of deals as companies move to gain the right shape for their chosen market strategy. In 2010, for example in Canada, we saw Domtar, one of the largest producers of uncoated freesheet paper in North America, sell its wood products business to Eacom Timber

Deal spotlight:
RockTenn acquisition of Smurfit-Stone

RockTenn's purchase of Smurfit-Stone in early 2011 puts it among the ranks of the largest deals in recent years in the North American FPP sector. It joins International Paper's US$6bn acquisition of Weyerhaeuser's containerboard, packaging and recycling business in 2007 and Koch Industries' massive US$22bn purchase of Georgia-Pacific in 2005 as a key deal in the changing North American sector landscape.

Despite being the acquirer, RockTenn is the smaller company in the transaction by some margin. Smurfit-Stone will become a wholly owned subsidiary of RockTenn. Once mainly a player in the recycled boxboard market, RockTenn grew into a more diversified, low-cost paperboard packaging producer in the second half of the last decade.

During that period, the acquisitions of two low cost mills – Gulf States Paper's solid bleached sulfate board mill in Demopolis, AL, in 2005 and Southern Container's Solvay recycled containerboard mill in Syracuse in 2008 – helped the company expand and diversify its product offering. The company has proved adept at reducing debt following acquisitions.

The Southern Container acquisition in 2008 enabled RockTenn to vault into seventh place at the time among North American containerboard producers from being a relatively marginal-sized player. The combined RockTenn and Smurfit-Stone will become the number two producer of North American containerboard as well as number two in coated recycled board production.

The timing of the deal enables RockTenn to buy a company that is much slimmer than when it first filed for Chapter 11 reorganisation in January 2009. As well as financial restructuring and merging its Smurfit-Stone Container Enterprises subsidiary, Smurfit-Stone closed mills in Missoula, Montana, and Ontonagon, Michigan. The purchase gives RockTenn an opportunity to significantly broaden its franchise across North American paper packaging, extract synergies from a cross-grade combination and secure a lot more virgin fibre capacity. At the time this report was prepared, shareholder approval and regulatory clearance were pending.

Corporation. The two companies are moving in different directions with Eacom seeking to become a major softwood lumber producer and Domtar choosing to major in uncoated paper.

Further afield, US company International Paper made a significant acquisition in China which we discuss in the Asia Pacific section. Domestically, International Paper continued its repositioning away from vertical integration to focus on being an uncoated paper and packaging specialist with an increasingly global reach. As part of this, it sold a further 163,000 acres of its residual forestland estate to private equity company Rock Creek Capital. In another private equity deal, White Birch was bought by an investor consortium led by private equity firm Black Diamond Capital Management in a bankruptcy auction sale. White Birch is the second largest newsprint manufacturer in North America, with operations in both Canada and the United States.

Figure 7: North America: Beyond the global top ten – the three next largest deals

Month announced	Deal value (US$m)	Target	Target nationality	Acquirer	Acquirer nationality
July 2010	208	National Envelope Corp	United States	NEV Holdings LLC	United States
Oct 2010	199	International Paper (timberland properties in the US)	United States	Rock Creek Capital	United States
Aug 2010	178	White Birch Paper Co (Assets) (Bid No 1)	United States	Black Diamond Capital Management LLC and fellow investors.	United States

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Europe

The FPP sector in Europe comes out of the downturn in mixed shape. Companies have all had to focus hard on cashflow management. Integrated paper and pulp companies have emerged with fairly strong balance sheets, benefiting not just from internal cost and cashflow control but also from higher commodity prices. In contrast, non-integrated companies have suffered because of raw material price increases. Although paper prices are strengthening, they are unlikely to compensate for input price rises, leaving paper makers in a continuing squeeze.

In this scenario, conditions look set for a further driving out of high cost capacity and a wave of sector consolidation. Expectations of consolidation, though, have been the mantra in the European pulp and paper industry for many years and companies have, in general, remained resistant to its logic. Demand recovery due to restocking and a weaker euro offered companies a lifeline in 2010. But this is temporary – long-term demand for newsprint, as well as the major printing and writing grades, remains on a downward trajectory with a consequent impact on pricing.

2010 was a year in which a lot of consolidation deals were talked about, again a recurring theme in the European FPP sector. Stora Enso and Holmen each denied rumours that they were involved in talks with Norske Skog about merging their newsprint operations. Norske Skog's chief executive, though, was very public about the need for consolidation and capacity closures in order to restore a better balance between supply and demand in the sector.

However, one big consolidation deal was done and this was a signature deal which could fire the starting gun for the long anticipated wave of consolidation. UPM-Kymmene made the move to buy debt-laden rival Myllykoski in a US$1.1bn deal at the end of 2010 (see panel), perhaps setting the scene for other moves in 2011 and beyond.

The largest FPP deal in Europe came in the converting sector with the US$1.5bn sale of Ontex by Candover to other private equity firms, TPG and Goldman Sachs Private Equity Group. Ontex is Europe's private label market leader in hygienic disposable products – baby diaper, feminine hygiene and incontinence products. The sale was prompted primarily by the problems faced by Candover which was badly hit by the credit crisis and was forced to unwind its assets in autumn 2010.

In Europe's third largest FPP deal of 2010, private equity was on the sell side with Carlyle Group's US$311million sale of French corrugated packaging maker Otor. UK firm DS Smith was the buyer. It is the largest integrated corrugated producer in the UK and already had a presence in France but limited to box conversion. The deal gives them wider entry into the French market with greater integration along the value chain in higher value packaging applications.

In Europe and elsewhere there were a number of significant deals where values were not disclosed. Among them was an asset exchange between UK-based Mondi and Dublin-headquartered Smurfit Kappa. They are two of the largest producers of packaging boards and corrugated packaging in Europe. The asset exchange allowed Mondi to increase its share of the kraft paper and bag markets in which Mondi is a dominant producer. The deal also enables Mondi to refine its geographical footprint around its core corrugated positions in central Europe and Turkey. In turn, Smurfit Kappa gained Mondi's corrugated box business in the UK, strengthening its positions in its core corrugated packaging grade and enhancing its UK presence.

There were three other FPP deals with values reported above US$100million. The largest was the US$298million sale of three forest companies to Norwegian state forest company Statskog. The sale covers approximately 110,000 hectares, of which around 75 000 hectares are productive forest land. The seller, Orkla, is a Norwegian company with multiple holdings and the sale is part of a move to focus on fewer areas.

Elsewhere, Canadian forest products company Tembec sold two French subsidiaries to Paper Excellence for US$135million. Asia Pulp and Paper (APP) is the company behind Paper Excellence and the deal gives it options for European market access. It was an acquisitive year for APP as it also bought two aging pulp mills in Western Canada at undisclosed values. Finally, Sweden's private equity-backed Munksjo acquired the specialty paper unit of ArjoWiggins, owned by French group Sequana. The deal continues ArjoWiggins' rationalisation of its paper making portfolio, as it concentrates on a more limited range of speciality papers. For Munksjo, it boosts the company's capacity in decorative and abrasive papers.

Figure 8: Europe: Beyond the global top ten – the three next largest deals

Month announced	Deal value (US$m)	Target	Target nationality	Acquirer	Acquirer nationality
Dec 2010	298	Borregaard Skoger AS; Borregaard Vafos AS; Borresen AS	Norway	Statskog SF	Norway
Apr 2010	135	Tembec Saint Gaudens SAS; Tembec Tarascon SAS	France	Paper Excellence BV	Netherlands
Dec 2010	126	ArjoWiggins SAS (ArjoWiggins activities in Arches, France and Dettingen, Germany)	France	Munksjo AB	Sweden

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Deal spotlight: UPM-Kymmene acquisition of Myllykoski

UPM-Kymmene's US$1.1bn acquisition of Myllykoski Group and Rhein Papier marks a watershed moment in the evolution of Europe's pulp and paper sector. For Myllykoski the deal marks the end of a long era of family-ownership with the Finnish roots of the parent company going back to 1892. Recent tough market conditions had seen an accumulation of debt and the necessity for a sale.

The big question was which leading integrated producer would step up. Unlike the non-integrated companies, integrated producers have healthier balance sheets on the back of concerted cost control during the downturn and the benefit of higher commodity prices for their upstream output. In December 2010 it was UPM that made the move.

Myllykoski has some capacity in Finland and in North America but its main capacity is in Germany. The deal will lead to a greater concentration in magazine grade paper and newsprint in western Europe and remains subject to clearance by the EU competition authorities. The deal will also trigger more closures with UPM set to rationalise operations by ending unprofitable production capacity.

The experience of the industry in North America shows that it is possible to stabilise markets by consolidating and managing down capacity. This will be the goal of consolidators like UPM. The deal gives UPM the opportunity to take a lead in managing capacity in line with market demand.

Until the Myllykoski deal, consolidation has not happened in Europe in the same way as in North America. The main barrier has been price. The strategy means that acquirers cannot afford to pay too much for the assets. In the past, talks have fallen down on price with potential targets feeling that they can hold out longer. The long tradition of companies such as Myllykoski makes such a position understandable. But the continuing decline in their markets and input price squeezes on their margins may now signal the end game.

Asia Pacific

Asia Pacific continues to be a key region for FPP deals. Although deal numbers and deal value dipped year-on-year in 2010, its quarter share of total worldwide FPP deal value was the largest ever in our current data series going back to 2003. A number of factors underpinned the largest deals – Australian state forest privatisation, investment into China, Japanese paper companies seeking growth markets overseas, Chinese government-driven sector restructuring. At the other end of the deal scale, there is an awakening of potentially significant activity by Indian bidders with a number of smaller deals.

The largest deal in the region came in Australia with the US$529million sale of a 99-year licence for the timber plantation business of Forestry Plantations Queensland to Hancock Queensland Plantations. The sale was a privatisation by the state of Queensland and was the first in a series of infrastructure asset sales by the state. Like many other sales of state forestry assets, the public retains existing rights of access. Hancock Queensland Plantations is a company managed by the TIMO, Hancock Timber Resource Group, on behalf of institutional investors. It adds to Hancock's sizeable existing portfolio of Australian timberland assets

Another big investor purchase of Australian timberland, this time by Canadian public sector pension fund, Alberta Investment Management Corporation, and local forestry investment management company New Forests, was announced in January 2011. This US$425million deal was for Great Southern Plantations, which was a managed investment scheme (MIS) company through which retail investors could help fund government efforts to reduce Australia's shortage of wood products while gaining a tax break. Along with another MIS company, Timbercorp, it went into receivership in 2009, a victim of the economic meltdown and uncertainty around MIS schemes. The January 2011 sale more or less completes the ownership transfer of former MIS assets to institutional owners or to integrated timber, pulp and paper companies.

The second largest Asia Pacific FPP deal in 2010 was Japan's Nippon Paper Group taking a 12% stake in Hong Kong-listed Lee and Man Paper Manufacturing for US$457million, a leading producer of recycled containerboard in China. As well as bringing synergy benefits, the deal helps Nippon Paper gain access to growth in China. Also in 2010, Nippon Paper took a 20% stake in Taiwan-listed paper manufacturer, Yuen Foong Yu Paper Manufacturing. The company is also collaborating with SCG Paper in Thailand. We examine this in more detail in the panel on Japanese outbound deals on page 21.

The largest share of deal value was accounted for by bidders from Hong Kong and China who together were responsible for US$1.3bn or 39% of total deal value in the region. Japanese and Australian bidders accounted for US$603million (a 19% share) and US$537million (17%) respectively of Asia Pacific FPP deal value. There were eight deals involving Indian bidders, as many as from Australia, but for smaller deals totalling US$113million (3%). With a few exceptions, the vast majority of these Asia Pacific deals were purely domestic deals.

The largest deal in China was China Chengtong Group, the parent firm of China National Paper, taking control of Tiger Forest and Paper in a US$374million transaction. Because it is expected that it will only be viable for larger companies to invest in waste water treatment equipment, policy makers are encouraging consolidation in the Chinese FPP sector. One of the options that policy makers have to achieve this consolidation is by the use of the largest State Owned Enterprises ("SOEs"). China National Paper and China Metallurgical Group are the two largest SOEs which have paper businesses. The acquisition of Tiger Forest and Paper aligns the need to respond to more stringent government environmental protection objectives with China National Paper's aim to become one of the leading companies with integrated forest, pulp and paper manufacturing businesses.

Deals where Asia Pacific buyers acquired companies outside the region were rare – the largest being a US$87million purchase of Gabon timber manufacturer GEB by Chinese wood products company Jiangsu ShengYang Industrial JSC. In contrast, inbound deals into Asia Pacific by North American or European buyers, while not numerous, were more significant. Most notably, North American bidders into Asia Pacific accounted for US$358million or 11% of total FPP deal value in the region.

Figure 9: Asia Pacific: Beyond the global top ten – the three next largest deals

Month announced	Deal value (US$m)	Target	Target nationality	Acquirer	Acquirer nationality
Apr 2010	200	Svenska Cellulosa AB SCA (Asian packaging business)	China	International Paper Co	United States
Mar 2010	131	Certo Corp (61.95%)	Japan	Aeon Co Ltd	Japan
Mar 2010	110	Yuen Foong Yu Cayman Co Ltd (20.35%)	Taiwan	Nippon Paper Group Inc	Japan

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Country spotlight:
Japanese outbound deals

Japan's paper industry faces declining home market demand but a strong yen and low interest rates are giving it the competitive edge in pursuing inorganic growth opportunities overseas. Nippon Paper Group's 2009 US$460million purchase of Paper Australia from struggling paper producer and merchant PaperlinX was the first in a series of outbound transactions by Japanese paper companies that gathered pace in 2010.

Nippon Paper has followed up with purchases of minority stakes in containerboard manufacturer Lee & Man in Hong Kong and Taiwan's Yuen Foong Yu Paper Manufacturing. These moves are part of a general trend by Japanese paper companies to internationalise market penetration and secure new sources of growth. It is part of a move away from newsprint into products such as packaging board, speciality paper and consumer products which are seen to offer better growth prospects.

Another example came with a deal by Oji Paper, a Tokyo listed paper products manufacturer, to acquire the entire share capital in GS Paper & Packaging Group, a Malaysian paper packaging manufacturer, through the acquisition of its holding company Paperbox Holdings, from CVC Asia Pacific, a Hong Kong-based private equity firm. The purchase price was not disclosed.

Competition for such acquisitions is tending to come from other pulp and paper companies or from private equity bidders within the region rather than from further afield. This is a pattern that might change as European and North American companies step up their focus on fast growth markets in Asia. Their perception of risk in these markets is now rather lower than a few years back. Chinese companies, in contrast, remain largely focused on the considerable growth opportunities within their domestic market rather than competing to secure market share in other countries in the region.

The predominant preference of Japanese companies is to seek growth in south east Asian countries, although as we have seen Nippon Paper is also pursuing the Chinese market through Lee & Man and has built up its presence in Australia. The continuing low interest financing on offer from Japanese banks, as well as a strong yen, makes Japanese companies formidable buyers for Asian assets. We expect to see this trend continue in 2011, either with deals for fresh targets or, possibly, through additional stakes that build on existing minority shares. Minority shareholdings have characterised some recent deals but companies may want to secure greater influence.

Postscript: This report was written prior to the earthquake and tsunami of March 2011. The impact of these tragic events may well be to change our analysis, but it is too early to make further commentary.

The largest inbound deal into the region, and also the fourth largest deal for an Asia Pacific target, was US company International Paper's US$200million acquisition of the Asian packaging business of Svenska Cellulosa Aktiebolaget (SCA), the Sweden-based forest products to consumer goods company, for US$200 million in cash. The purchase comprises over 20 different box plants. International Paper's aim is to develop a global footprint and consumer goods packaging for China was one market where they were particularly keen to expand. At the same time, SCA was reviewing its presence in corrugated packaging and they viewed the plants as no longer core to their strategy.

If press reports of divestment plans turn into deals, there could be major change ahead in the Australian paper industry. Norske Skog in Australia supplies over 650,000 tonnes of paper to publishers and commercial printers and supplies the bulk of the country's total newspaper publishing requirements. It has three mills in Albury, Boyer and Tasman but is reported to be looking at options to withdraw from the Australian and New Zealand paper market. However, cheaper imports from Asia are putting pressure on local paper manufacturers and it may be difficult to find trade buyers.

Company spotlight: Sino-Forest Corporation

Toronto-listed Sino-Forest's US$79million transaction with Omnicorp is not a deal of table-topping size but is significant in the evolution of Sino-Forest as a leading, commercial forest plantation operator in China. The purchase gives Sino-Forest an increased and controlling 53.5% stake in the Hong Kong-listed investment company, whose main asset is a timber concession in Surinam, the smallest sovereign state in South America.

Sino-Forest has been active in the Chinese forestry sector for many years. Although it has some downstream interests in wood processing in China, its main activity is investing in Chinese plantations with a view to generating returns from improved forest management or by acquiring and trading harvest rights to standing timber. This activity has expanded rapidly as Sino-Forest has been able to leverage its deep expertise of the China forest sector. The acquisition of the Omnicorp stake, though, represents a new strategy of expansion outside China.

Sino-Forest and Omnicorp have moved quickly to add forestry assets in New Zealand to its pipeline. New Zealand is the second largest exporter of softwood into China after Russia, and China has high demand for quality radiata pine from New Zealand. In November 2010, Omnicorp announced the purchase of an intensively managed radiata pine plantation in New Zealand called the Mangakahia Forest, an area of approximately 13,000 hectares of freehold land with a plantation area of approximately 11,000 hectares.

The Surinam assets are controlled by Greenheart Resources Holdings, in which Omnicorp has a 60.4% ownership and Sino-Forest, through its wholly owned subsidiary Sino-Capital Global Inc., owns a 39.6% minority stake. Greenheart is one of the largest forest concession owners and operators in Surinam with a 178,000-hectare hardwood concession and harvesting rights.

Latin America

Latin America is the most favoured region in the world for producing low cost fibre, leading to an emphasis on greenfield investment from the major players. Brazil is a powerhouse with strong indigenous players, such as Fibria and Suzano, but other countries such as Chile and Uruguay are very important too. Fibria was formed by the US$8bn merger in 2009 between Brazil's Votorantim Celulose & Papel and Aracruz Celulose. Following that deal, 2010 deal value in the region dropped back to a much lower level. But, at US$1.4bn, the 2010 total deal value still remains above the trend established in the years before the Fibria deal.

The largest Latin American deal in 2010 came as part of the follow-up to the creation of Fibria. Fibria had inherited ambitious expansion projects from its predecessor companies and, in order to facilitate these, it wanted to restore its investment grade rating. Reducing debt in the immediate aftermath of the Aracruz acquisition has been important. Its US$848million sale of its 50% stake in Conpacel – Consorcio Paulista de Papel e Celulose (Conpacel) – to fellow-Brazilian paper and pulp group Suzano was one of the final steps in its debt reduction strategy following the merger. Conpacel, formerly a joint venture between Suzano and Fibria, has assets that include a pulp and (coated and uncoated) paper mill in Limeira, São Paulo, and significant plantation land.

The deal with Suzano was announced in December 2010. Earlier in the year Fibria signalled that it was ready to resume its planned expansion. The company, like its peers in Latin America, has had the benefit of strong cashflow and profits on the back of high pulp prices. The only real negative in the year has been the strength of the Brazilian real, making exports less competitive. The two largest FPP players in South American are Chilean – Arauco and CMPC. They were quiet on the deal front in 2010. The earthquake in Chile will have been a factor with significant disruption to pulp operations especially.

The push to secure low cost fibre in the region is also attracting foreign companies. Restrictions on foreign ownership of agricultural land in Brazil mean that this will translate into partnerships with local companies rather than outright acquisitions as the main strategy. This will add to the already existing motivations for joint ventures. For example, Stora Enso has a joint venture with Fibria in Brazil. Elsewhere, Stora Enso has a joint venture with Arauco in Uruguay with plans to build a new state-of-the-art 1.3 million tonnes per year pulp mill at Punta Pereira, and UPM has a big new mill, also in Uruguay.

The two next largest deals, after the Suzano/Fibria transaction, were acquisitions of diaper manufacturers by Brazilian consumer goods company Hypermarcas with two deals totalling US$409million. The market in hygiene goods such as this is fast growing in the region with the growth in family incomes and a burgeoning middle class. This growth is also attracting inbound bidders to the region as reflected in Swedish company SCA's US$50million purchase of the Copamex baby diaper business in Mexico and Central America.

Figure 10: Latin America: Beyond the global top ten – the three next largest deals

Month announced	Deal value (US$m)	Target	Target nationality	Acquirer	Acquirer nationality
Mar 2010	214	Sapeka Industria e Comercio de Fraldas Descartaveis Ltda	Brazil	Hypermarcas SA	Brazil
Aug 2010	195	Mabesa do Brasil SA	Brazil	Hypermarcas SA	Brazil
Jul 2010	50	Copamex SA de CV (Baby diaper business in Mexico and Central America)	Mexico	Svenska Cellulosa AB SCA	Sweden

Source: PwC Forest, paper and packaging deals. Branching out – 2010 annual review

Sector spotlight: Timberland

Following up on earlier editions of Branching Out, we continue our look at the development of timberland as an asset class, the rationale for timberland investment and its increasingly global geographic spread. In this edition, we update on some of these trends and also look at some broader demand-side factors which seem likely to sustain interest in timberlands as an asset class.

We have seen a two to three year period of subdued deal activity. In the North American market, the backlog of unsold homes and the volume of mature timber waiting to be cut once building activity picks up again have caused many analysts of the sector to question whether the appraised market values at which timberlands are carried in investment fund balance sheets reflect financial realities. There was little activity by the TIMOs, so there were few transactions to put appraised values to the test.

Because timberlands are a long-term and relatively illiquid investment category, asset pricing does not necessarily reflect short-term cycles in the markets for forest products. But, if there is a disconnect, it clearly cannot persist. Whatever other benefits can be derived from timberlands – pulpwood, energy feedstock, and perhaps, carbon, conservation or environmental services – ultimately the highest income return to timberland owners must come from saw logs, which requires a healthy residential construction market.

As timber markets internationalise, saw log markets do not have to be in North America alone. Just as West Coast sawn timber producers have been buoyed by demand from Asia, the Q1 2011 US$200 million sale of around 33,000 ha of forestland in Washington State by Weyerhaeuser to Hancock suggests that Asian demand may be a factor underpinning timberland values in the Pacific North West at least. Indeed, around 55% of timberland transaction value reported in 2010 occurred outside North America.

Demand for forest products varied widely by region, with other regional wood markets generally being much stronger than in North America. The major story continues to be the fibre deficit in the Asian region led by China. Demand from Asia continued to be the main influence on trends in the broader markets for both primary and secondary fibre. We continue to expect to see buyers of timberland assets from emerging Asia. But deals have tended to be low value and/or low profile, with the focus on securing timber supplies rather than investment returns.

Looking ahead, the demand for forest products is expected to grow at least in line with rising global GDP and global population, stimulated by moves to decarbonise economic activities and make more use of renewable and recyclable natural resources. While some uses of wood fibre are declining, such as newsprint in North America and Europe, new uses are emerging around bioproducts – solid and liquid fuels, biochemicals and bioproducts.

Projections of future wood fibre demand are consistent only in that they indicate strong growth. For example, by 2028, additional wood resources equivalent to the size of the current US wood harvest will be needed[1]. By 2050, planted forests, which already supply two-thirds of global industrial round wood, will be required to expand their yield threefold and their land area (currently 271million ha) by 60%[2]. In short, with this growth outlook, productive timberlands can be expected to garner and sustain investor interest for the long-term.

1 RISI presentation at Timber Invest Europe, London, October 2010

2 World Business Council for Sustain able Development, Vision 2050, The new agenda for business 2010. Available at http://www.wbcsd.org/Plugins/DocSearch/details.asp?DocTypeId=25&ObjectId=MzczOTc

Looking ahead

Deal momentum is returning to the FPP sector and we expect to see an upturn in deal value in 2011. A number of important themes are underpinning deal momentum – consolidation, particularly long-awaited consolidation in Europe, security of fibre supply, geographical diversification into new, growth markets, repositioning of product and operational portfolios and a continuing flow of institutional money into timberlands.

Within the pulp and paper sector, integrated and non-integrated companies are experiencing contrasting fortunes. The former have come out of the downturn with strong balance sheets, benefiting at the upstream end from higher commodity prices. But non-integrateds have suffered a squeeze from raw material price increases and that squeeze is set to continue. This imbalance will create a further dynamic for rationalisation of the industry and M&A activity.

After years of waiting, the time does appear to have at last come for consolidation in Europe. Talk has turned to action with the Myllykoski deal and other previously reluctant sellers may now conclude that they need to make their moves. In North America, although consolidation is much more advanced than in Europe, it is a continuing process against a background of stagnant or declining domestic markets. In other regions where the industry is on the growth path, consolidation will also be an important theme, moving at different paces as markets evolve and it will be more attuned to growth rather than contraction.

Alongside the dynamics of consolidation, we also expect to see more deal flow from companies looking to access new geographic markets. This is taking place in different sectors in different ways. In Japan, the paper makers face a steady decline in domestic demand and they are likely to continue their hunt for targets in faster growth Asian countries to internationalise their reach. Global paper companies, such as International Paper, will also continue to look for opportunities to extend their presence. Downstream, companies are seeking to build global businesses and brands in high or value added segments such as personal hygiene, tissue, and consumer packaging, with investment focusing on high growth market opportunities.

The Asian fibre deficit, most notably in China, will be a continued force behind outbound acquisitions of foreign fibre resources by Chinese and other Asian companies. At the same time, consolidation of a very fragmented FPP sector in China will continue to be driven both by government encouragement and market logic. However, this may not be a rapidly accelerating process and is likely to play out over a number of years.

Private equity has returned to the sector and is playing a very large part in the downstream sector, in packaging and converting. Deal flow is likely to be driven by what private equity does best – identifying unwanted or undermanaged businesses, often in bigger portfolios, and delivering improvement by focused managerial and turnaround expertise before seeking a profitable exit.

We see a continued flow of institutional money going into timberlands. Indeed, we are seeing a steady journey towards the creation of a global asset class. The flow of investment is becoming more global, attracting institutions from Europe, Asia and South America as well as the traditional North American funds. Investors are attracted by the prospect of a steady long-term annuity-type of return. The asset locations where the funds are investing are also more global – the focus is moving away from North America and switching to fast-growth plantations in the southern hemisphere and Asia.

Our transactions expertise

PwCs' Transaction Services and Corporate Finance teams bring core strengths – in people, knowledge and services – to ensure your deal decisions are informed ones and your investments are successful. Our financial, operational, strategic, structuring and corporate finance specialists work alongside our other specialists within the firm including tax M&A, pensions, valuation, IT and environmental.

Transactions Services

Across our global Transaction Services network, our FPP capability comprises consultants, accountants and experienced industry practitioners with first-hand knowledge of the FPP industry. Territory teams are connected via the network to access local knowledge and contacts across the world. Our regional teams have deep functional experience and a breadth of skills that enable you to extract maximum value from your business before, during, or after a transaction. Due diligence has increasingly become an exercise not only in preserving value, but in identifying and testing the upside opportunities that may be contained within the business which may be crucial to winning the deal. Our integrated service combines financial, operational, and commercial due diligence and can help you interrogate and justify your vision for a deal. We can provide a single report that provides a 360-degree perspective of the state of the business today, its future prospects, and the prospective shape of the business and its marketplace. Alternatively, you can choose to benefit from individual elements of our experience and expertise. Our Operations experts can help identify value in the pre-deal phase and capture that value in the post-deal 100-day planning phase of the transaction. In addition, our industry specialists bring with them the experience and knowledge of having handled international manufacturing plant transfers in a range of environments. Our Strategy specialists can help you to develop acquisition, disposal and growth strategies by considering key everyday issues including market drivers and the impact of the economy, new market opportunities, reviewing performance across a business portfolio and diagnosing drivers of underperformance. Our exit support and vendor assistance services help clients avoid the pitfalls of going to market underprepared. Value can be lost if the vendor has not anticipated or cannot articulate the strategic, operational, or financial analysis needed to satisfy bidders' requirements. Poorly prepared disposals often fail to generate auction tension, with today's bidders keen to apply an uncertainty discount if information is inconsistent or incomplete.

Corporate Finance

Across our global Corporate Finance network, our FPP capability can help you access new markets, assets, technologies, personnel, intellectual property and sources of finance. We can also help you to restructure the asset base of your business by disposing of underperforming assets or non-core parts of the business. We provide advice to public and private organisations, management teams and private equity houses on valuation, deal structuring and implementation. We provide creative solutions for disposals, fund raising, IPOs, private equity and M&A deals, as well as project finance & Public Private Partnerships. We also deliver expert valuation and rigorous financial, economic and strategic advice on your business, brand, products, services, customers and markets.

Business Recovery Services

PwC is one of the world's largest providers of business recovery and insolvency services. Active in 144 countries, our global network of over 2,000 highly skilled professionals can rapidly deploy cross-border services to stakeholders in troubled and seriously underperforming businesses. The firm's business recovery professionals are valued by clients for their ability to quickly identify problems, gain cooperation, develop viable solutions, and implement them with sensitivity and precision. Our experienced teams offer a full range of advisory and implementation services, from turnaround and restructuring plans to optimised exit strategies. Our service offerings include financial analysis, such as independent business reviews, non-performing loan sales & analysis, and corporate simplification. We also offer a broad palette of restructuring services. For underperforming companies, we deliver restructuring solutions designed to build a platform for swift recovery and sustained future success. We thoroughly assess all revitalisation options; develop a plan of action in partnership with management, creditors and other stakeholders; and mobilise the resources required for effective implementation. Our professionals utilise PwCs' deep and broad industry knowledge and local knowledge in planning complex, cross-border restructurings. In addition, we provide services as turnaround directors, support business regeneration or optimised exit programmes, and assist with distressed mergers & acquisitions.

Global FPP Deals Team

Clive Suckling
UK
Global FPP Leader
Tel: +44 (20) 7213 4887

Peter Munns
Australia
Partner - Corporate Finance
Tel: +61 (3) 8603 4464

Alexandre Pierantoni
Brazil
Partner – Transactions Services
Tel: +55 (11) 3674 3919

Frederic Bouchard
Canada
Director – Transactions Services
Tel: +1 (514) 205 5079

Waikay Eik
China
Partner – Transactions Services
Tel: +86 (21) 2323 3091

Harri Valkonen
Finland
Partner – Corporate Finance
Tel: +358 (9) 2280 1968

Matthew Wyborn
Japan
Partner – Transactions Services
Tel: +81 (90) 8000 5235

Victoria Kerrigan
UK
Partner – Transactions Services
Tel: +44 (0) 20 7213 3799

Darren Jukes
UK
Director – Corporate Finance
Tel: +44 (0) 20 7804 8555

Todd Stroup
USA
US FPP Leader
Tel: +1 (678) 419 1418

Further reading

CEO Perspectives: Viewpoints of CEOs in the forest, paper & packaging industry worldwide (2010 edition)

Our third edition of CEO Perspectives summarises the thoughts of 33 CEOs, or equivalent, from leading forest, paper & non-paper packaging sectors on the state of the industry, the key issues it faces and its future direction. This latest edition grappled with major changes in the world in which the FPP industry operates. It has also highlighted the split between mature and emerging markets. So how will the industry reshape itself to meet future challenges? Our study takes a look at the types of transformation needed in the industry, and elaborates on four key trends — getting the business basics right, improving cost structures, deriving the most value from every tree and shaping the industry's future.

Growing the Future: Exploring new values and new directions in the FPP industry (2011 edition)

In this new publication we examine several major trends impacting the FPP industry and discuss how they are redefining the possibilities for companies in this sector. We briefly consider how business models may change in response. It's continuation of the conversation started in our 2010 publication, CEO Perspectives, where we shared the views of thirty senior executives on where they see the industry in the future. None of the senior executives we've spoken with really knows just what the industry will look like in 20 years time – but they all agree that it will be a very different from today. We believe that dialogue is essential, and hope that this paper will serve to further the conversation around the sector's – and your company's – future.

Global Annual Forest, Paper & Packaging Industry survey (2010 edition)

The Global Forest, Paper & Packaging Industry Survey, now in its 13th year, provides insight into the major companies and an overview of the issues and events shaping the industry. This year's Survey summarises the 2009 publicly available year-over-year financial information of the PwC Top 100, the 100 largest forest, paper and packaging (FPP) companies in the world, ranked by sales revenue.

PwC's Global Forest, Paper & Packaging practice comprises a network of industry professionals located in over 35 countries around the world.

Global Leader
Clive Suckling
Tel: +44 (20) 7213 4887

Global Marketing
Erica McEvoy
Tel: +61 3 8603 4827

Argentina
Mariano Tomatis
Tel: +54 (11) 4850 4716

Australia
Andrew McPherson
Tel: +61 (2) 8266 3275

Austria
Ian Murdoch
Tel: +43 (1) 5018 81420

Brazil
Dante Stopiglia
Tel: +55 (19) 3794 5415

Canada
Bruce McIntyre
Tel: +1 (604) 806 7595

Chile
Ricardo Arrano
Tel: +56 (2) 940 0000

China
Kenny Ch Yeung
Tel: +852 2289 2310

Colombia
Gustavo Dreispiel
Tel: +57 (1) 635 4802

Ecuador
Roberto Tugendhat
Tel: +593 (4) 228 8199 641

France
Benoît Pinoche
Tel: +33 (2) 5184 3636

Finland
Juha Wahlroos
Tel: +358 (9) 2280 1437

Germany
Alexander Winter
Tel: +49 (89) 5790 5400

India
Rajan Wadhawan
Tel: +91 (124) 462 0555

Indonesia
Jumadi Anggana
Tel: +62 (21) 521 2901

Ireland
John Mcdonnell
Tel: +353 (1) 792 8559

Italy
Paolo Vesentini
Tel: +39 (348) 9995763

Japan
Eimei Shu
Tel: +81 (3) 3546 8207

Malaysia
Eric Lim Swee Khoon
Tel: +60 (3) 21731188

Mexico
Javier Monroy
Tel: +52 (55) 5263 6114

Netherlands
Rob Dekker
Tel: +31 (10) 407 5230

New Zealand
Jonathan Freeman
Tel: +64 (9) 355 8303

Norway
Erling Elsrud
Tel: +47 (95) 260 005

Portugal
António Correia
Tel: +351 (225) 433 114

Russia (+ CEE)
Alexei Ivanov
Tel: +7 495 967 6000

Singapore
Chen Fah Yee
Tel: +65 6236 3008

South Africa
Heinz Zastrau
Tel: +27 (11) 797 4431

South Korea
Kwang-Oh Kim
Tel: +82 (2) 709 0690

Spain
Javier Domingo
Tel: +34 (94) 602 2511

Sweden
Bo Lagerström
Tel: +46 (8) 5553 3041

Switzerland
Arno Frieser
Tel: +41 (58) 792 2656

UK
Clive Suckling
Tel: +44 (20) 7213 4887

Uruguay
Daniel Garcia
Tel: +598 (2) 916 0463

U.S.
Todd Stroup
Tel: +1 (678) 419 1418

Venezuela
Victor Nieto
Tel: +58 (281) 418 7935