

# Global Forest and Paper Industry Net Earnings Summary

## Three months ended June 30, 2009

This Net Earnings Summary is prepared by PricewaterhouseCoopers from financial statements issued by the companies noted. Canadian dollars are used unless otherwise noted. All comparative figures are with the three months ended June 2008, unless otherwise specified.

### Canada

The second quarter of 2009 was characterized by continued weakness in commodity pricing and weak demand as the industry continued to weather the effects of the global economic downturn. Industry curtailments created sporadic demand for some products, but not enough to sustain recovery. Pulp markets showed signs of improvement toward the end of the quarter as exports to China increased.

In aggregate, Canadian companies reported losses of \$660 million in the second quarter, up from losses of \$462 million in the comparable period in 2008. Cost of fibre, energy and inputs were lower in the second quarter of 2009 and the Canadian dollar depreciated 13% against the US dollar compared to the same quarter of 2008.

Western Canadian companies incurred losses of \$83 million for the second quarter of 2009, down from losses of \$128 million in the second quarter of 2008. Four of the nine Western Canadian companies reported improvement in earnings compared to the second quarter of 2008. Catalyst's 2008 results included \$137 million impairment in value of its Elk Falls mill.

Losses of \$577 million for the second quarter of 2009 were incurred by producers in Eastern Canada. Four of the six companies reported improved results, however overall earnings dropped a further \$243 million compared to the second quarter of 2008. Results were impacted by \$384 million of closure, impairment and reorganization charges recorded by AbitibiBowater. Two Canadian companies (Domtar and AbitibiBowater) benefited from \$191 million of US alternative fuel tax credits.

### United States

Ten of the largest public US-based forest and paper companies posted cumulative earnings of US \$839 million in the second quarter of 2009, up US \$246 million from earnings of US \$593 million in the same period of 2008. Eight of the ten companies reported positive earnings and six companies saw improved earnings in spite of lower reported net sales. Second quarter 2009 earnings were boosted by an estimated US \$1 billion of alternative fuel tax credits for the use of black liquor.

### Net Earnings (Loss): Western Canada

Three months ended June 30 – \$ millions

Company	2009 Q2	2008 Q2
Ainsworth	\$25	(\$34)
Millar Western	12	2
Canfor	11	64
Catalyst	(2)	(124)
Interfor	(15)	(28)
Mercer	(18)	1
TimberWest	(27)	2
Western	(30)	(14)
West Fraser	(39)	3
<b>Total</b>	<b>(\$83)</b>	<b>(\$128)</b>

### Net Earnings (Loss): Eastern Canada

Three months ended June 30 – \$ millions

Company	2009 Q2	2008 Q2
Domtar	\$56	\$24
Cascades	30	(25)
Fraser Papers	(9)	(16)
Norbord	(21)	(36)
Tembec	(38)	(27)
AbitibiBowater	(595)	(254)
<b>Total</b>	<b>(\$577)</b>	<b>(\$334)</b>

Note: Both AbitibiBowater and Fraser Papers are under creditor protection in Canada and the US.

### Net Earnings (Loss): United States

Three months ended June 30 – US\$ millions

Company	2009 Q2	2008 Q2
Kimberly-Clark	\$403	\$417
Smurfit-Stone <sup>1</sup>	158	(37)
International Paper	136	227
MeadWestvaco	125	56
Temple-Inland	66	8
Sonoco	34	58
Graphic Packaging	20	(4)
Boise Cascade	9	(15)
NewPage	(6)	(21)
Weyerhaeuser	(106)	(96)
<b>Total</b>	<b>\$839</b>	<b>\$593</b>

<sup>1</sup> Under creditor protection in Canada and the US.

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## Europe

Ten of the largest European-based forest and paper companies incurred overall losses of € 412 million in the second quarter of 2009, down € 871 million from the positive earnings of € 459 million reported in the second quarter of 2008. All but two of the ten companies experienced a decline in financial performance compared to the same period in 2008. Second quarter 2009 results for Stora Enso included a € 418 million write-down related to its NewPage shareholding.

## Rest of World

Ten of the largest forest and paper companies in Japan and Emerging Markets reported earnings of US \$538 million in the second quarter of 2009, up from earnings of US \$377 million in the second quarter of 2008.

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## Global Forest & Paper Industry Practice Contacts

**Craig Campbell**  
Vancouver, BC  
604 806 7603

**Frédéric Bouchard**  
Montréal, QC  
514 205 5079

**David Thompson**  
Edmonton, AB  
780 441 6839

## Net Earnings (Loss): Europe

Quarter ended June 30 – € millions

Company	2009 Q2	2008 Q2
Svenska Cellulosa	€ 108	€ 148
Holmen	24	13
Smurfit Kappa	9	87
Ahlstrom	3	11
Sonae Industria	(7)	(34)
UPM-Kymmene	(8)	90
Sequana Capital	(21)	21
Norske Skog	(61)	88
Metsaliitto	(91)	8
Stora Enso	(368)	27
<b>Total</b>	<b>(€ 412)</b>	<b>€ 459</b>

## Net Earnings (Loss): Rest of World

Three months ended June 30 – US\$ millions

Company	2009 Q2	2008 Q2
Aracruz	\$287	\$158
Suzano	211	121
Unicharm	61	39
Oji Paper	60	34
CMPC	28	141
Nippon Paper	20	14
Daio Paper	9	7
Mitsubishi Paper	(19)	(5)
Sumitomo Forestry	(57)	(69)
Sappi	(62)	(63)
<b>Total</b>	<b>\$538</b>	<b>\$377</b>

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