

# Global Forest and Paper Industry Net Earnings Summary

## Three months ended September 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 September 2008.

### Canada

Canadian forest and paper companies faced challenging business conditions in the third quarter of 2009 with sluggish weakness in demand and pricing for commodity products. Pulp prices gained momentum during the quarter but closed below prior year levels. In aggregate, losses of \$632 million reported by Canadian companies in the third quarter of 2009 exceeded losses of \$552 million reported in the same quarter of 2008.

The nine largest public forest and paper companies in Western Canada posted losses of \$210 million for the third quarter of 2009, comparable to \$230 million losses reported for the prior year period. Four of the nine companies posted positive earnings and seven companies reported improved results, however the improvement was mainly due to fluctuations in non-operating results. Western Canadian companies benefited from pre-tax foreign exchange gains of \$164 million on the translation of US dollar denominated debt in the third quarter of 2009 compared to a loss of \$87 million in the third quarter of 2008. Included in the results for West Fraser are asset impairment charges of \$155 million.

In Eastern Canada, the six largest public forest and paper companies reported losses of \$422 million for the third quarter of 2009, a further decline from the \$322 million losses for the comparable period of 2008. Domtar and AbitibiBowater benefited from \$266 million of alternative fuel tax credits from their US kraft pulp mills. Also reflected in the 2009 third quarter results are \$282 million of expenses recorded by AbitibiBowater related to asset impairments and reorganization items and \$49 million recorded by Fraser Papers for impairment charges and reorganization costs.

### United States

Ten of the largest public US-based forest and paper companies posted earnings of US \$1.2 billion in the third quarter of 2009, up almost US \$500 million from earnings of US \$733 million in the same period of 2008. All but two companies posted positive or improved earnings, reflecting an estimated US \$1.1 billion of tax credits for the use of black liquor as a biofuel to generate energy. The alternative fuel tax credit is set to expire at the end of the year.

### Net Earnings (Loss): Western Canada

Three months ended September 30 – \$ millions

Company	2009 Q3	2008 Q3
Ainsworth	\$20	(\$43)
Catalyst	13	(11)
Millar Western	12	(11)
Interfor	10	(8)
Canfor	(5)	(94)
Western	(17)	(25)
Mercer	(22)	(27)
TimberWest	(22)	(9)
West Fraser	(199)	(2)
<b>Total</b>	<b>(\$210)</b>	<b>(\$230)</b>

### Net Earnings (Loss): Eastern Canada

Three months ended September 30 – \$ millions

Company	2009 Q3	2008 Q3
Domtar	\$201	\$45
Cascades	34	(7)
Norbord	(8)	(19)
Tembec	(17)	(4)
Fraser Papers <sup>1</sup>	(71)	(22)
AbitibiBowater <sup>1</sup>	(561)	(315)
<b>Total</b>	<b>(\$422)</b>	<b>(\$322)</b>

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

### Net Earnings (Loss): United States

Three months ended September 30 – US\$ millions

Company	2009 Q3	2008 Q3
Kimberly-Clark	\$582	\$413
International Paper	371	149
MeadWestvaco	128	54
Smurfit-Stone <sup>2</sup>	68	65
Temple-Inland	67	3
Sonoco	48	57
Graphic Packaging	33	(14)
Boise Cascade	26	(208)
Weyerhaeuser	(5)	275
NewPage	(138)	(61)
<b>Total</b>	<b>\$1,180</b>	<b>\$733</b>

<sup>2</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 € 469 million in the third quarter of 2009, comparable to losses of € 486 million reported in the third quarter of 2008. Third quarter 2009 results for Stora Enso included € 655 million of asset impairment and restructuring charges. Eight of the ten companies experienced improvement in financial performance compared to the same period in 2008 through supply and spending discipline.

## Rest of World

Ten of the largest forest and paper companies in Japan and emerging markets reported earnings of US \$453 million in the third quarter of 2009, up from losses of US \$280 million in the third quarter of 2008.

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## Net Earnings (Loss): Europe

Quarter ended September 30 – € millions

Company	2009 Q3	2008 Q3
Svenska Cellulosa	€ 124	€ 132
UPM-Kymmene	40	(86)
Holmen	27	(3)
Sonae Industria	18	(33)
Ahlstrom	5	3
Sequana Capital	(6)	(24)
Smurfit Kappa	(46)	37
Norske Skog	(50)	(149)
Metsaliitto	(61)	(245)
Stora Enso	(520)	(118)
<b>Total</b>	<b>(€ 469)</b>	<b>(€ 486)</b>

## Net Earnings (Loss): Rest of World

Three months ended September 30 – US\$ millions

Company	2009 Q3	2008 Q3
Unicharm	\$138	\$75
Fibria	97	(352) <sup>3</sup>
Suzano	114	(169)
Oji Paper	96	41
Nippon Paper	84	49
Shandong Chenming	45	47
Daio Paper	16	15
Sumitomo Forestry	(17)	17
Mitsubishi Paper	(17)	29
Sappi	(103)	(32)
<b>Total</b>	<b>\$453</b>	<b>(\$280)</b>

<sup>3</sup> Fibria was created from a merger between Aracruz and Votorantim Celulose (VCP). Pro-forma results are presented for VCP and Aracruz to allow for comparison to 2008.

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