

Economics of the pulp and paper industry, exam 21.10.08

- Right answer gives +1 point
- Wrong answer gives -1 point
- No answer (not know) gives 0 point
- Name: _____

Economics of the p&p industry, exam

21.10.2008

	Right	Wrong	Not know
Profitability of p&p industry in Europe since 2000 has been acceptable			
About 40 % of paper and board consumption is in printing and writing papers			
<i>Beschäftigung</i> The employment multiple effect in forest industry is low			
<i>Schwanke</i> Financial derivatives as hedges against cyclical fluctuations have been used since a few years			
<i>behalten</i> Modern forest industry contributes to the reduction of CO2			
<i>in 2000er Jahren</i> Modern pulp mills generate excess energy			
The p&p industry in NA has closed capacity since 2000			
<i>Holzschiff</i> The invention of groundwood and sulphite pulping started the development of the Scandinavian p&p industry			
Newsprint production in Finland since 1990 has increased			
Forests in Finland contain more wood than ever			
In Finland private persons own less than 30 % of forest area		X	
The p&p industry had a peak in earnings around 2000			
In Sweden the forest industry owns more forests than the industry in Finland	X		
<i>Bedarf voranschick</i> World paper demand is expected to grow to 400 mill tons by 2020			
<i>Kauf</i> Deliveries of merchant indent sales go via merchants warehouse			
The share of recycled paper of global papremaking fibers is aprox. 30 %			
16. Share of wood costs in higher value added products is decisive			
17. Real price of pulp has remained stagnant since 1970			
Half of global forest harvest is used for fuel wood			
Total wood drain in Europe exceeds growth			
The importance of plantations in global wood supply is growing			
Harvested rainforests renewe themselves rapidly			

Attractive economics have promoted the use of recycled paper			
About 30 % of global energy is based on CO2-neutral fuels			
Wood prices will not be affected by future CO2-costs			
Private equity companies have actively participated in consolidation of the p&p industry in North America			
State of the art newsprint PM capacity today is aprox. 300000t/a			
In large companies shutting down old capacity is one way to improve profitability			
Write-downs lower company EBITD			
Private equity companies often have a high D/E ratio			
Managment accounting gives reliable answers, when the changes contemplated are close to another			
Efficiency of prduction reflects the success or lack of it in operations			
Replacement investments improve company ROCE			
After start-up of new PM project cash-flow ususally still continue to decline for a while			
Guarantees give good protection to buyer in large p&p industry equipment			
The share of main process equipment in a large project is aprox. 30 %			
Negotiated sales are used in M&A projects			
Define free cash-flow			
Define paper recovery rate			
Define letters in M&A			