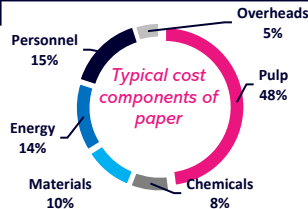


PAPERS MARKET TRENDS & OUTLOOK

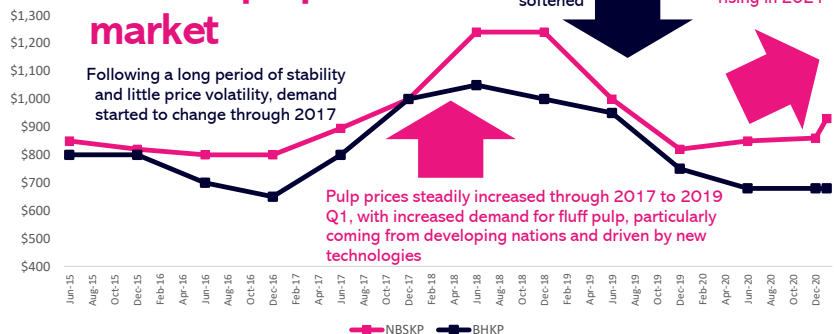
COSTS



Transport, energy and consumables have all increased in cost. For the UK in particular, options for carriers willing to deliver here have reduced, driving up the price for those that will.



Volatile pulp market

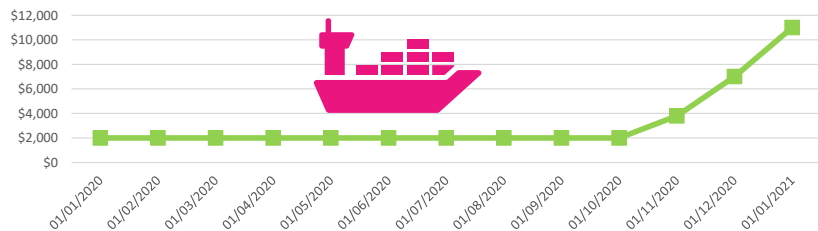


GLOBAL SHORTAGE OF CONTAINERS

As trade has been interrupted and disturbed by COVID, global shipping has effectively stalled and containers have not been circulating. This has caused a shortage, and pricing of finished goods and raw materials has increased sharply through 2020 Q4 meaning distribution of commodity goods to far destinations has become uneconomical without significant price increases.

Port to port container costs increasing by:

+600%



MARKET TRENDS

Demand is continuing to be hit by COVID-19 but not to the same levels as in Lockdown 1



Price inflation expected through 2021 Q1 & Q2....

Move to larger stock deliveries due to the uncertain supply situation and shorter planning time for print



2020 sees a higher % of sales move to online than in the previous 5 years

19% > 32.5%

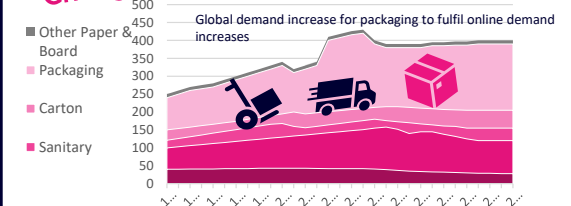
In 2019 Q2, around 19% of all retail sales were online, this rose to 32.5% in 2020 Q2

New consumers of print coming from non-traditional markets driven by online retail



SUPPLY AND DEMAND

Changes in demand for pulp...



Despite capacity reductions across the paper industry, supply and demand imbalance anticipated through 2021



Longer term supplier initiatives will lead to an increase in swing production to non graphical products or fully repurposing machinery out of the graphical market



Demand for litho grades will continue to be impacted by the move to online retail and marketing, driving the increased demand for shorter run, bespoke print



A post COVID print boom is anticipated, fuelled by pent up consumer demand, particularly in travel and tourism



On the 28th December, a deal was reached for trade following the exit of the UK from the European Union's single market and the Customs Union. This deal means that we can continue to buy European goods without tariffs, yet border checks and customs declarations are now required.

Inevitably there will be some cost implications with these significant changes to the process of trading goods, as well as potential delays at UK/EU borders as ports adjust to the new documentation requirements. Just-in-time supply chains will take a while to adjust to this new reality.



COVID-19

Shift in ways of working

HOW HAS COVID CHANGED THE WAY WE WORK or at least WORKED?

For the 12-month period from January to December 2019, of the 32.6 million people in employment, around 1.7 million people reported working mainly from home, with around 4.0 million working from home at some point in the week prior to the interview. Meanwhile, 8.7 million people say they have worked from home and 2.9 million people work either in the same grounds or buildings as their home or use home as a base. In April 2020, 46.6% of people in employment did some work at home. This saw over 15.2 million people change the way they worked and where they worked from.