

# Botnia's Interest Ownership Finally Restructured

Botnia authorities announced yesterday that a letter of intent had been signed whereby both the cellulose plant and Forestal Oriental will be transferred to UPM. The company's interest ownership will also change in Finland and UPM will become a minority shareholder.

A significant change in the shareholding structure of the three companies which make up the Oy Metsa-Botnia AB Group was announced yesterday. Until yesterday Metsäliitto owned 23% of Botnia, M-Real owned 30% and UPM 47%.

The agreement also includes UPM's purchase of Botnia's 1.2% in an energy company it owns in Finland.

## Global Moves

According to the Finnish senior executives, the idea is to really leverage UPM in the cellulose market. They already own three cellulose mills in Finland with a total 1.2 million cellulose ton production capacity, to which we should add 1.1 million tons at Fray Bentos. This is how it supplies its paper mills in China and Central Europe.

In turn Forestal Oriental owns 180,000 hectares of eucalyptus plantations and a nursery with 15 million plants. A small percentage of this company is still owned by the local Otegui family.

Jaako Sarantola, Vice Senior responsible for the Cellulose Area, explained that this move is not in the framework of the ENCE purchase by Stora Enso and Arauco, but rather pursuant to the "transformation of the strategic focus" of the company. "We have been active in Uruguay for the last 20 years through Forestal Oriental. We were then involved in the decision to build the plant and the decision we now took is a logical step for us", he explained.

## Local Competitiveness

Negotiations will be completed towards the end of the year, "so that we will be able to increase our interest in cellulose sales at competitive costs, such as the costs in Uruguay". He added that "the idea is to grow regionally and in the generation of energy because they have a stake in nuclear hydraulic biomass-based energy and in second generation biofuels."

He defined his company as one of the biggest forestry product companies worldwide" (paper, cellulose, stickers, plywood and wood plastic compounds and RFID).

## An Open Horizon

Although Sarantola maintained it was still too soon to talk about new ventures in the country, he assured LA REPÚBLICA that this ownership move would trigger no changes in Fray Bentos, “we are very satisfied with the plant and its productivity”. Likewise, as regards the possibility of investing in a pulp mill or in a new cellulose plant, he seemed wary despite the rumours to that effect.

When LA REPÚBLICA asked the Industry and Energy Minister, Daniel Martínez, he admitted that the company had already briefed him on the change in ownership which he defined as “a company thing” which is irrelevant in the Fray Bentos mill and its existence. Everything will go on as it is.”

UPM owns three cellulose mills in Finland. Sarantola told LA REPÚBLICA that Botnia’s productivity cannot be compared to the productivity in his country, where a tree needs at least 40 years to grow. In Uruguay, instead, it takes 8 years for one eucalliptus to grow.”

*PHOTO: Local competitiveness. Directors are satisfied with Botnia’s performance.*

**Directors of the Finnish Company did not Rule Out Rumours about Future Investments.**