



CORRCHOICE

Sheet Feeder Trends

February 14,2012

CORRCHOICE Key Facts

- **Current Capacity 7.5 billion square feet / 500,000 tons**
 - Five plants with single corrugators ranging from 98 to 110”
 - Triple Wall and litho lamination capability and micro flute capability
 - 2003 CorrChoice operated with 7 plants and 9 corrugators / produced 6.1 BSF
 - 2010 CorrChoice operated with 5 plants and 5 corrugators / produced 6.8 BSF
- **Operational Strategy**
 - Safety
 - People Leading the Way
 - Op Ex with focus on the elimination of total waste: material, time, energy
 - Team problem solving
 - Advanced Technology to create step changes in the process
- **Business Segments Served**
 - 82% independently owned sheet plants
 - 12% Greif owned sheet plants
 - 6% integrated sheet plants / corrugated plants

CorrChoice Business Model

Mindsets & Capabilities

- "Always open" mindset and willingness to do what it takes for customers
- Passion to help grow the customer's business
- GBS / lean operations – relentless pursuit of continuous improvement

IT Systems

- Customized B2B electronic order entry from the customer direct into our ERP
- Scheduling software that allows on-going run optimization
- Quality Data Management that enables instantaneous set up of whole machine for grade changes
- Factory Intelligence Network that monitors 2000+ variables on the corrugator that enables process improvements from a data rich environment

Equipment

- State-of-the art equipment
 - High-speed, quick change components
 - Zero-gap slitter / scorers
 - Fully synchronized, continuous flow process
- Hybrid plant set-up combining wide web and specialty products (Asitrade and Triple Wall)
 - Better trim options in different mill networks
 - More complete product offering for customer

Successfully competing on service (i.e., fast turnaround and short-run orders) in market where price & quality are table stakes

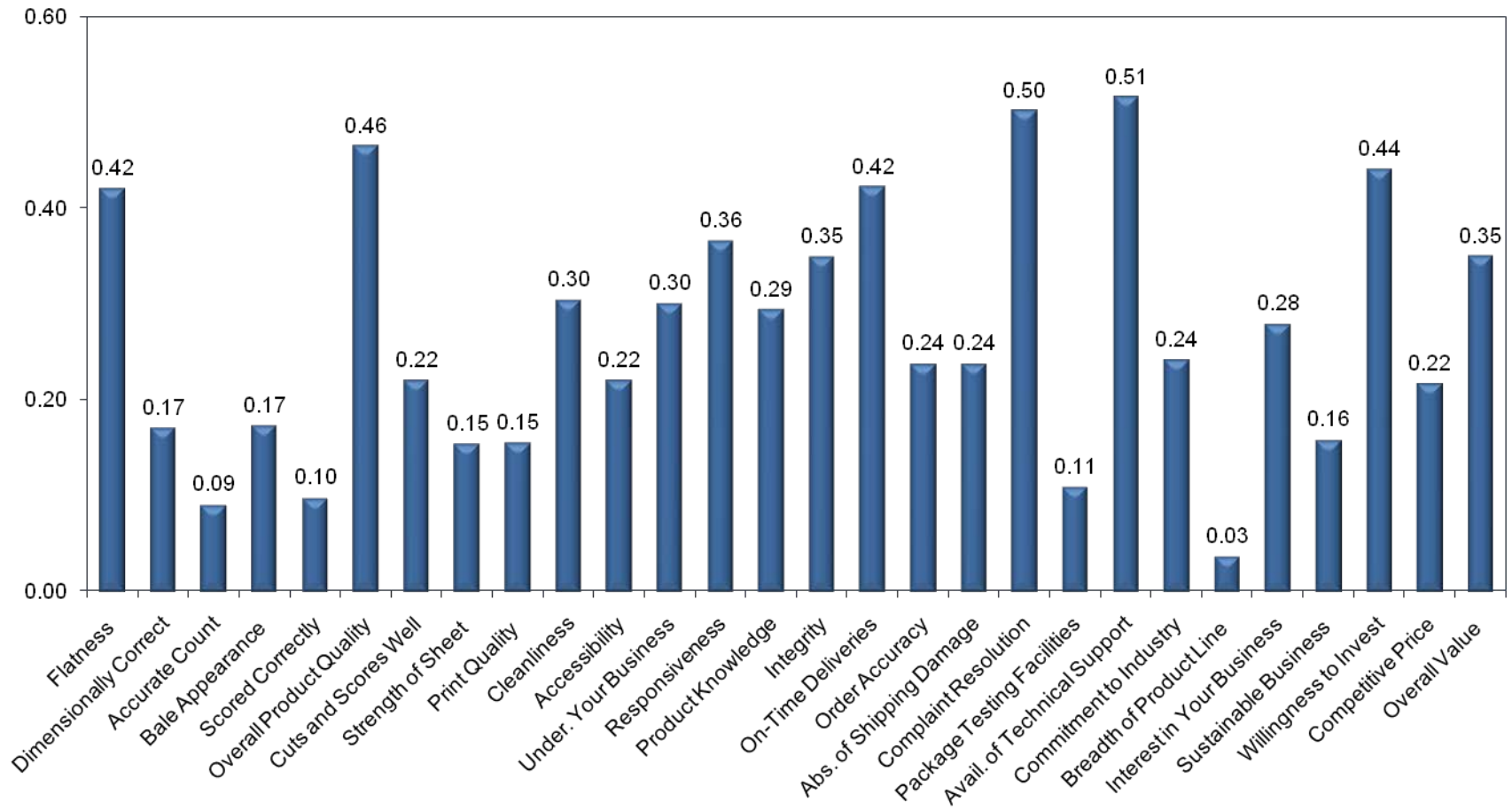
Proven ability to run specialty converting (e.g. Asitrade / Triple wall) without impacting fine-tuned sheet feeder model

CorrChoice cost structure is low compared to other sheet feeders

Who Are Sheet Feeders Servicing?

- Independent sheet plant mix:
 - ~70% ECT 32, ECT 44, ECT 48 & 51
 - High volume commodity grades
- Need to diversify into specialty value add products:
 - Lightweight board combinations
 - Graphic grades of paper
 - Creative flute combinations
 - Labor intensive product offerings: fulfillment, partitions
- Market setting speed, service, and flexibility
- Uninterrupted supply

What Are Their Needs?



Where Do They Get Sheets?

- Integrated sheet feeders with their own mill systems
- Independent sheet feeders
- Consortiums
 - Groups of independent sheet plants
 - Sheet plants and mill systems
- Integrated box plants feeding sheets on the side
- Each business model goes to market differently
 - Integrated system strategy needs volume
 - Sheet feeders provide a continuous flow model
 - Box plants use sheets to improve mix and trim efficiency
 - Mix consolidation strategy
 - Champion of the Independent

Corrugator Technology Trends

- Increased Corrugator Capacity and Flexibility
 - Capacity of a new 110” Corrugator is ~150 to 200 mmsf/month
 - Line speeds of >1,000 FPM
 - Belted single facers
 - Triple knife and stacker options
 - Two slitter / scoring sections to improve speed and flexibility
- Lower temperatures and less starch
 - Improved ability to process board with improved surface finish
 - Increased efficiency running lightweight and coated substrates
- Flexibility of flute profiles
 - EE, BB, EB, A, K, and F

Product Offering Varies

- **Low cost / high value producer**
- **Specialty products & complimentary operations**
 - Triple Wall corrugating and box conversion
 - Most technological advanced triple wall capabilities in NA
 - Asitrade V
 - 50% speed improvement and quality enhancement capabilities in Litho Laminating
 - Clay coated lightweight micro flute combinations for retail signage
 - Repulpable wax replacement product
 - Functional coatings and colors

Converting Market Trends

- Consolidation: An industry with fewer containerboard suppliers
 - Rock Tenn
 - IP
- The rise of the converting “Super Plant” in integrated systems
 - Existing plants turned into cost efficient mega plants.
 - Older, smaller plants consolidated into >1.0 BSF converting plants.
 - Closing of smaller less efficient plants
- Opportunities for the well positioned Independents
 - Economies of scale create a need for higher and more flexible service that independents can provide
 - Increased option of selling into integrated systems

Sheet Feeder Growth Opportunities

- Invest in improved productivity
- Build stronger long term relationships with sheet plants, “belly to belly”.
- Drive new lightweight, “fit for purpose” board constructions
- Focus on like minded independent operators
- Build relationships to assure raw material supply
- Build global raw material supply chains for the best paper
- Test, trial, and verify to insure redundancy and repeatability

Conclusions

- Critical that your sheet suppliers are also partners in your business.
 - Understanding your “go to market” strategy
 - Developing process and product to get it done
 - Willing to invest in the technology to take advantage of the new constructions and board grades
 - Sharing best practices between plants
 - Assuring sustainable supply