

# Growing together!

 March 2024

# Ilim Group is the largest manufacturer of pulp and paper products in Russia



**31 years** in the P&P market, 1992 to 2023



**16,000** employees



Production output of **4.2 million tons per year**



**>2 M tons** of exports to China



The Ilim Group consists of three largest pulp and paper mills: in Arkhangelsk (Koryazhma) and Irkutsk regions (Bratsk, Ust-Ilimsk), **two modern corrugated factories** in Leningrad (Kommunar) and Moscow (Dmitrov) regions and the Sibgiprobum **Engineering and design institute** in Irkutsk

# Ilim Group products

## Market pulp

- Bleached softwood pulp
- Bleached hardwood pulp
- Unbleached softwood pulp
- Unbleached sawdust pulp

76% \*

## Packaging materials

- Kraftliner
- Nordliner
- Fluting
- Fully bleached liner
- Sack kraft paper
- One-side coated board
- Packaging paper

17% \*

## White papers

- Omela coated paper
- Offset paper
- Office paper
- Wallpaper
- Paper for till rolls

26% \*

## Corrugated packaging

- Corrugated board
- Corrugated boxes and components
- Complex shape and design packaging
- Bulk packaging

3% \*

## Forest chemicals

- Tall oil rosin
- Tall oil fatty acids
- Distilled tall oil
- Lightweight tall oil
- Purified sulfate turpentine

\* The annual share of the Company in Russia

# Ilim Group is one of the global market leaders

**35** markets  
Worldwide

Focus on Russia, China.

Priorities: Middle East, India, Africa,  
Latin America

**No.1**  
in China

in virgin corrugated  
materials

**Top 7**  
in the  
world

in bleached softwood pulp and  
kraftliner

**Top 4**  
in the  
world

in market unbleached  
kraft pulp

**Top 5**  
in the  
world

in area of leased timberlands,  
8.5 M ha

**4.2**

2024 output

Mt  
per year

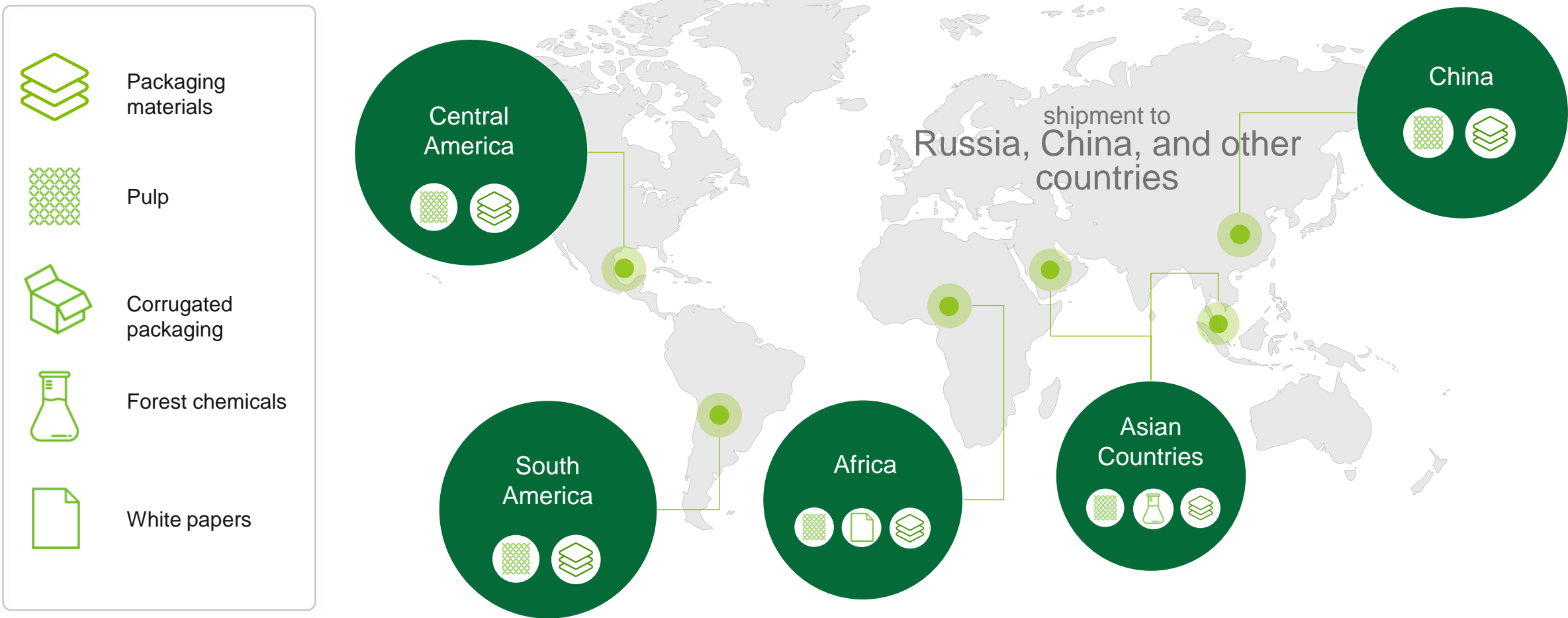
**Plans by 2026:**

**4.6** Mt

**36%** of packaging in product  
portfolio



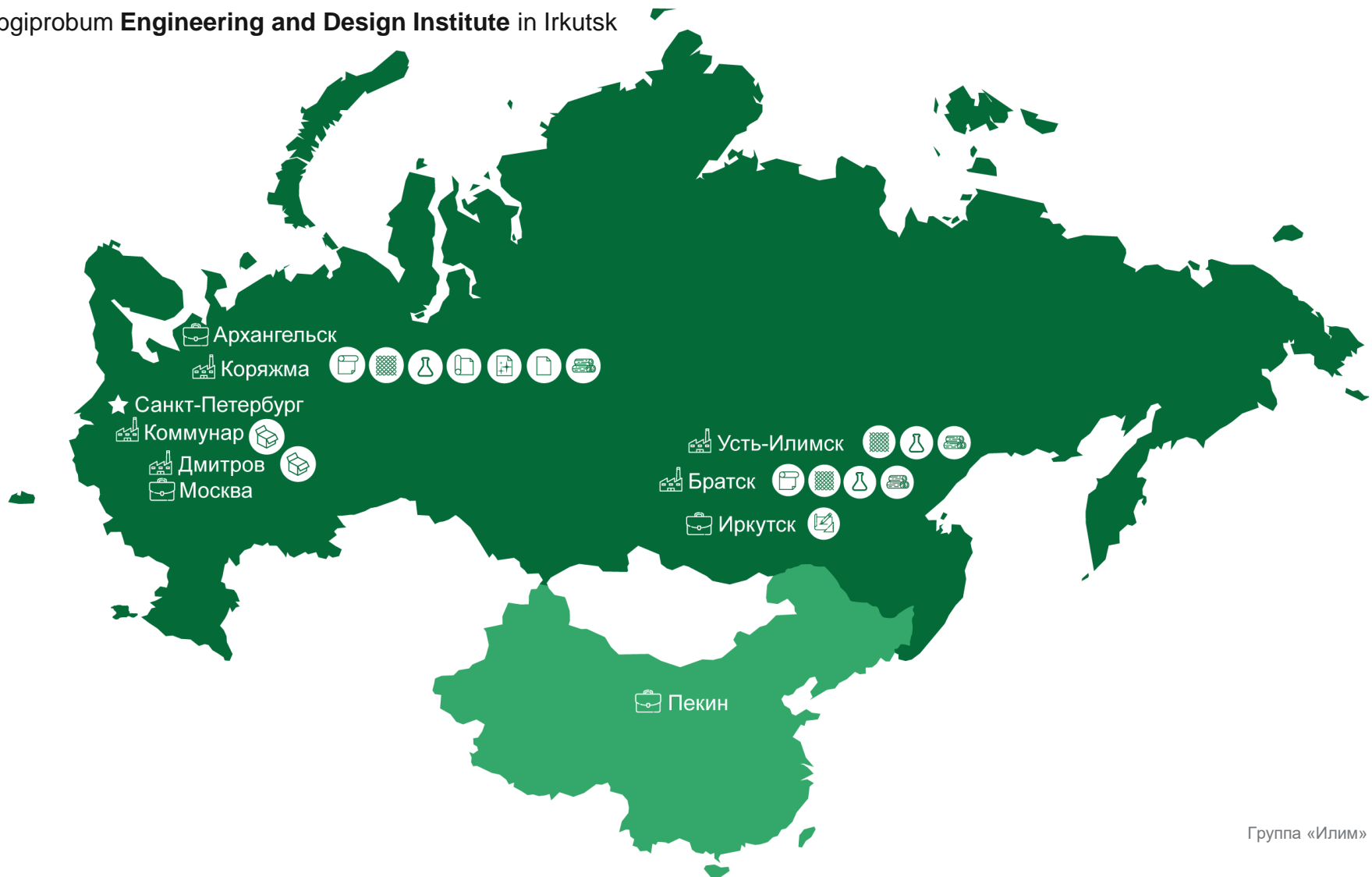
# Export destinations



# Ilim Group assets

- ★ Head Office in St. Petersburg
- 📁 Office
- 🏭 Mills and Plants
- 📐 Engineering and Design Institute
- 📄 *Omela* coated paper
- 📄 Paperboard
- 📄 Offset paper
- 🌿 Pulp
- 📦 Corrugated packaging
- 🧪 Forest chemicals
- 📄 White papers
- 🌲 Round timber

**Three large mills:** in the Arkhangelsk (Koryazhma) and Irkutsk (Bratsk, Ust-Ilimsk) Oblasts,  
**Two modern corrugated box plants** in the Leningrad (Kommunar) and Moscow (Dmitrov) Oblasts  
**Sibgiprobum Engineering and Design Institute** in Irkutsk





# Koryazhma Mill



Capacity

1.3 million tons of products per year

About 50% of the products manufactured at the Koryazhma Mill are sold domestically. The rest is exported to Latin America, Asia and Middle East.



## Products

- kraftliner
- fluting
- offset printing paper
- office paper
- coated paper
- sack kraft paper, packaging paper
- wallpaper
- bleached hardwood kraft pulp
- unbleached softwood kraft pulp
- wood chemicals



# Bratsk Mill



Capacity

1.3 million tons of products per year

Key sales markets for the Bratsk Mill products: China (up to 80% of total export volumes) and Southeast Asia.



## Products

- bleached softwood and hardwood kraft pulp
- kraftliner
- wood chemicals





# Ust-Ilimsk Mill



Capacity

1,5 million tons of products per year

The Ust-Ilimsk Mill exports up to 90% of its bleached pulp output to Asia.



## Products

- bleached softwood and hardwood kraft pulp unbleached softwood
- kraft pulp
- wood chemicals
- new pulp and paper - 100% cellulose cardboard (kraftliner)



# Corrugated box plants of Ilim Group



Capacity

285 million m<sup>2</sup> per year

Ilim has **two corrugated box plants** in Russia located in the Leningrad (Kommunar) and Moscow (Dmitrov) Oblasts.

Box business development in the domestic market is a priority for Ilim Group.



## Products

- transportation packaging
- corrugated trays
- retail packaging
- packaging for mailed items and e-commerce

The plants produce more than  
**5.5 thousand of product items.**



# Engineering and design institute



More than 100

engineering and design orders placed over the last 5 years

Ilim's engineering and design institute provides integrated engineering and design solutions for **construction, rebuild and retrofit** of facilities in the relevant industries.



## JSC Sibgiprobum

Sibgiprobum offers research and development and engineering and design services for the forestry, wood processing, and pulp and paper industries.



**80% of orders** come from the companies working in the P&P and wood chemical industries



# Key focus areas of Ilim Group strategy



## *Asia* Strategy

- New KLB Mill in Ust-Ilimsk
- Upgrade of the facilities in Bratsk and Ust-Ilimsk



## *Russia* Strategy

- Gradual conversion from white papers to packaging
- Product quality improvement




## **Long-term sustainability**

- Automation and digitalization of key processes
- Sustainable forest management
- Product innovations
- BAT compliance and environmental impact reduction



# Ilim Group in China



  
**28 years**  
of Ilim presence in the  
Chinese market

  
**500 plants  
in 20 regions  
of the country**  
Consume Ilim`s products



China is a strategic market of Ilim



# Ilim Group in China



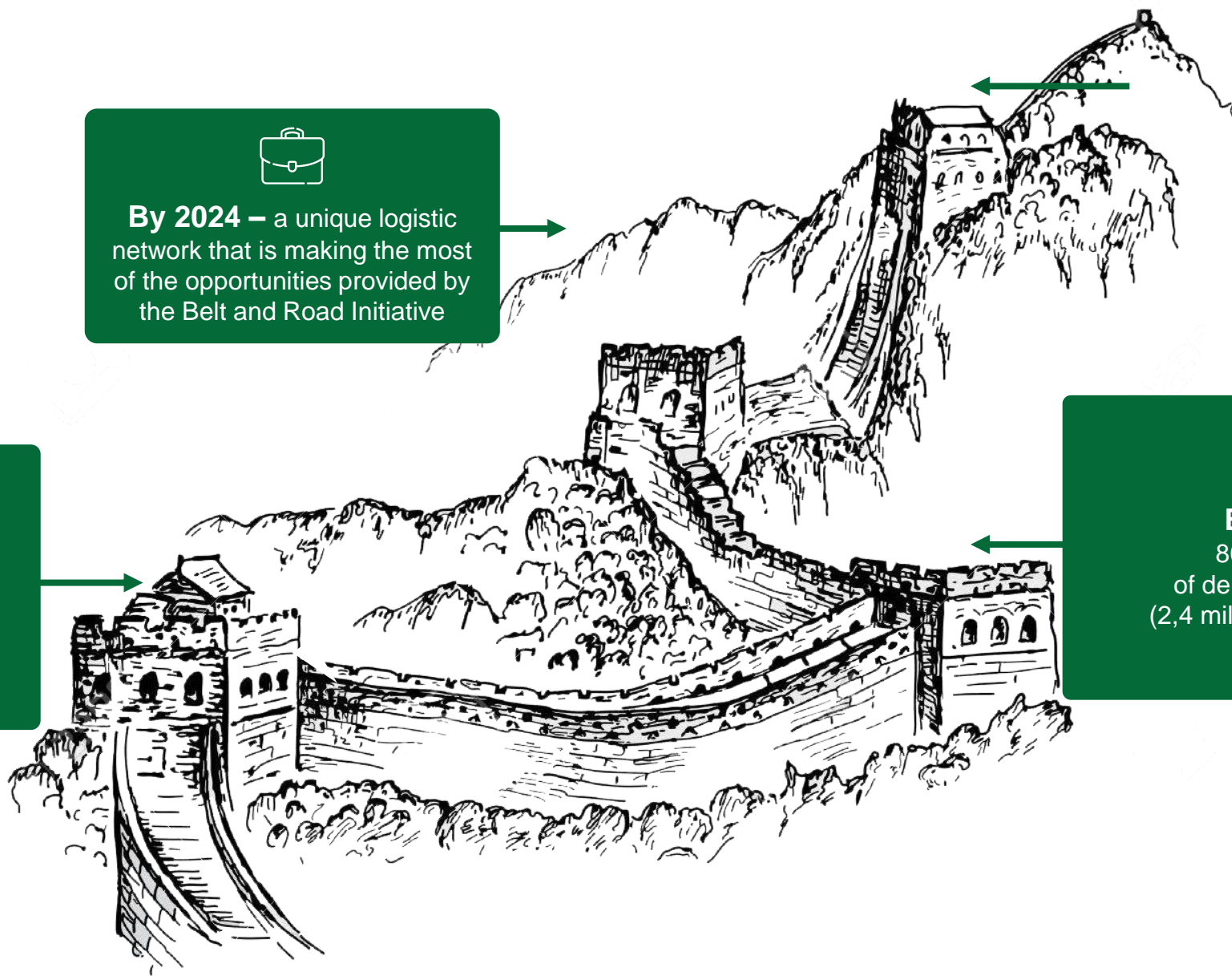
**No. 1 player**  
in the virgin packaging  
market in China



**By 2024** – a unique logistic  
network that is making the most  
of the opportunities provided by  
the Belt and Road Initiative

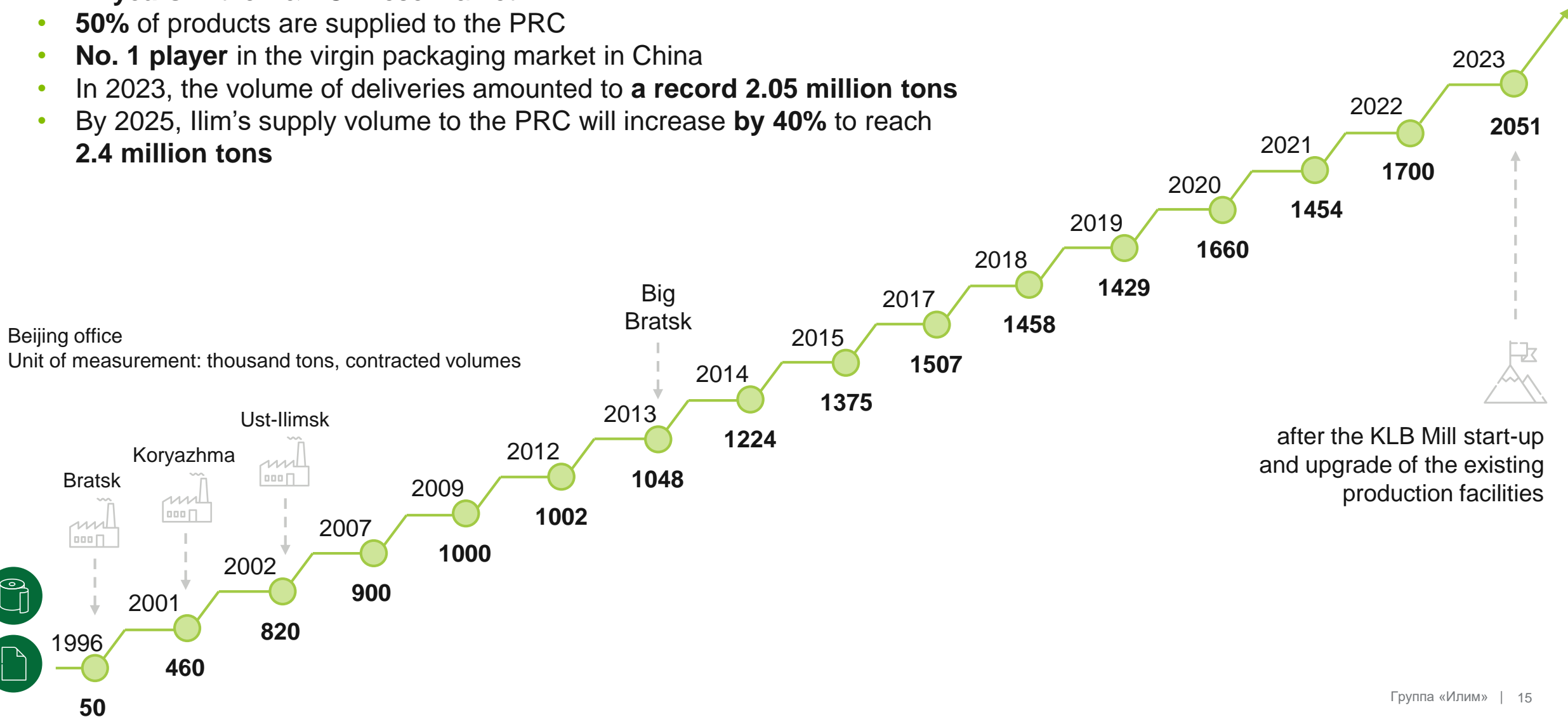


**By 2025** –  
80% increase  
of deliveries to China  
(2,4 million tons per year)



# Ilim Group in China

- **27 years** in the P&P Chinese market
- **50%** of products are supplied to the PRC
- **No. 1 player** in the virgin packaging market in China
- In 2023, the volume of deliveries amounted to **a record 2.05 million tons**
- By 2025, Ilim's supply volume to the PRC will increase **by 40%** to reach **2.4 million tons**



# Ilim Group: China as a strategic market

**2025  
Target**

**No.1**

Strengthen leadership in supply of virgin corrugated materials

**+40%**

growth of supply to China by 2025  
to reach **2.4** Mt

**28** years of Ilim presence in  
the Chinese market

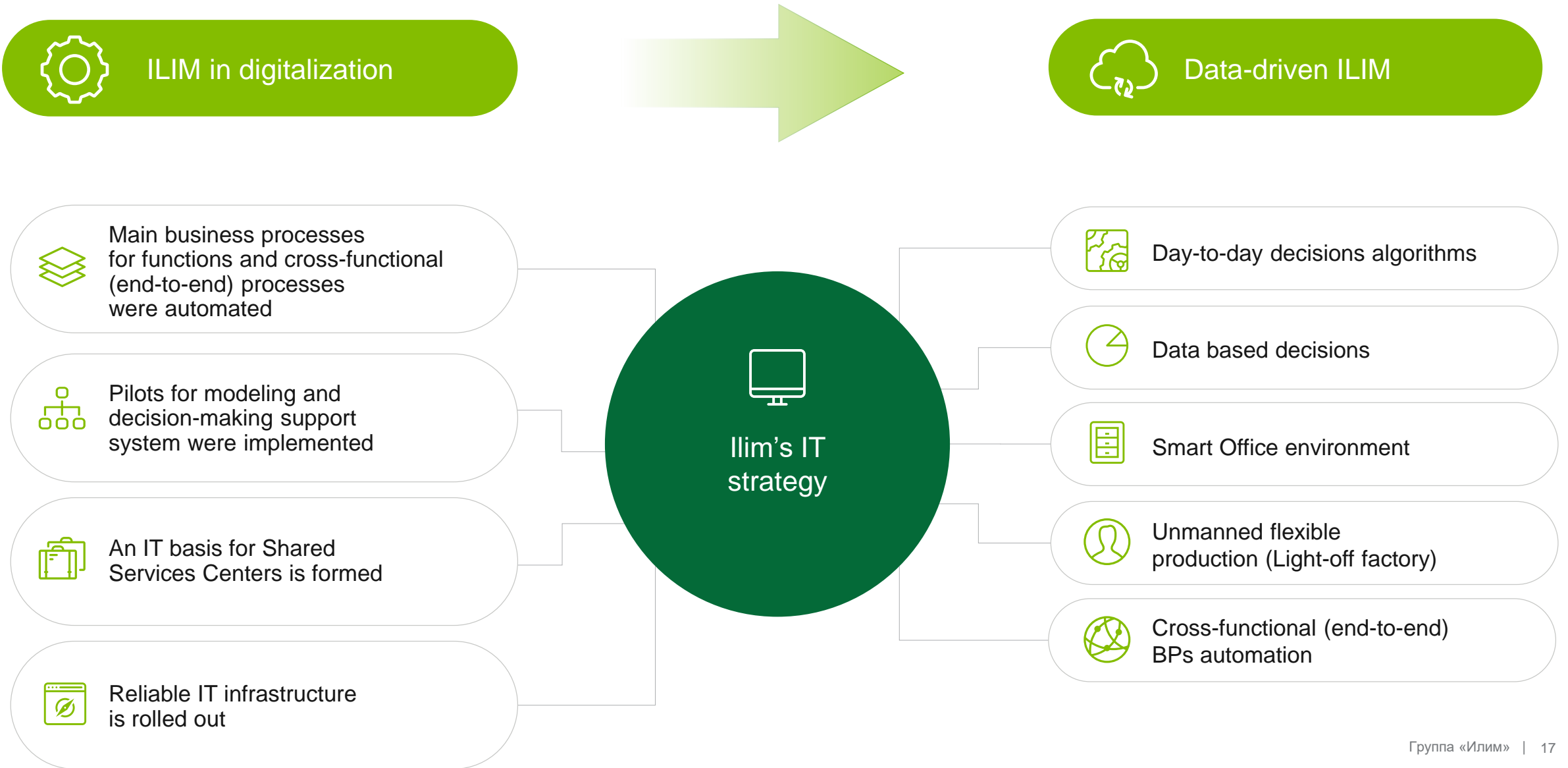
**x33** supply increase since 1996

**~50%** of the Company's products  
are supplied to China

**2.05** Mt of products supplied in  
2023



# Ilim`s digital strategy



# Key IT Strategy projects

-  Paperless records management
-  Automation of end-to-end business processes
-  Shared Service Centers for business functions
-  Common interface
-  Development of data visualization tools
-  Data-based decision-making systems
-  Use of digital twins for processes and facilities
-  Integration of corporate accounting and logistics systems with government systems
-  Digital measuring facilities and processing of measurements
-  Case-based planning process
-  Integrated planning
-  Common digital environment for contractor relations
-  100% employee access to self-services





# Reforestation



Ilim uses ball-rooted  
planting stock



It helps to improve the quality  
of reforestation due to higher  
survival of planted seedlings



Every year Ilim plants  
**6.5 million** seedlings and **4 tons**  
of pine and spruce tree seeds

# Reforestation



Ilim Group has become the first company in Russia to adopt an **intensive forest management and reforestation model**



The forest plots of **7 million hectares** leased by Ilim Group are certified according to Forest Stewardship Council®<sup>1</sup>, as well as the Company annually confirms compliance with international voluntary forest certification systems.



Every year Ilim reforestation efforts cover **50 thousand ha**

\* FSC (FSC-C129100, FSC-C129102, FSC-C129099)

# Environmental policy



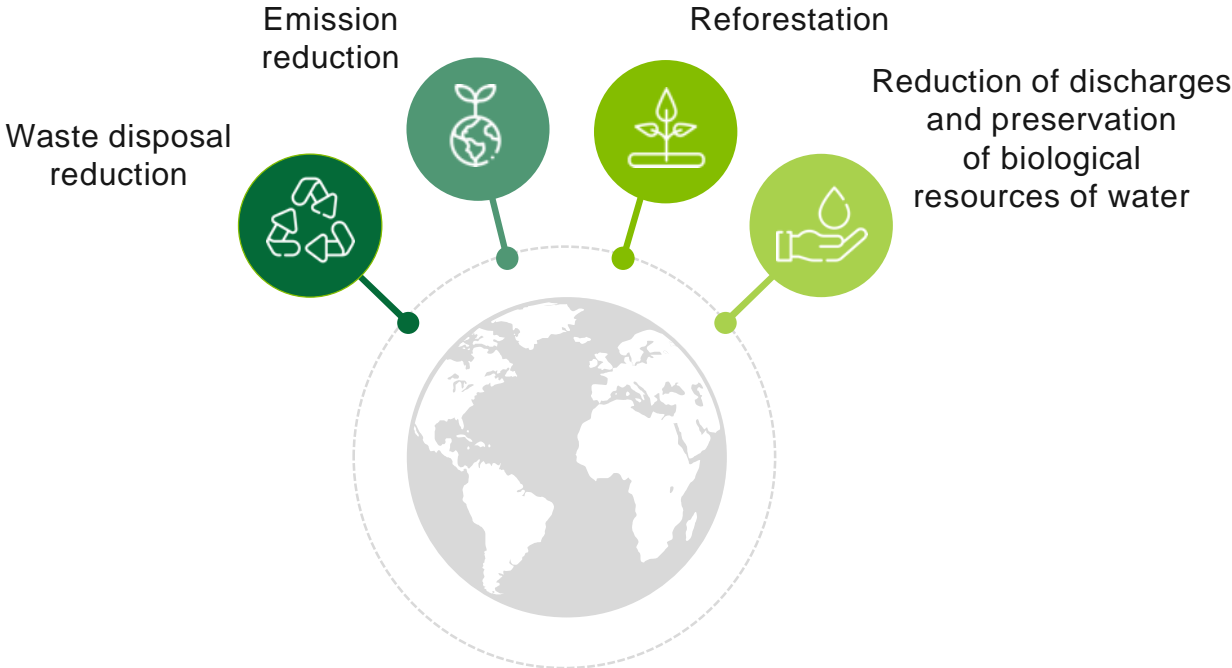
Ilim Group builds its business strategy through application of state-of-the-art technology, rational use of natural resources, and mitigation of environmental, industrial and fire risks at all production stages



Over **RUB 55.1 billion** were allocated for environmental projects and BAT implementation over five years (2018 – 2022)



**Upgrade of production facilities and implementation of the best available technologies**



# 24 hour environmental control



## **WATER**

**100%** industrial wastewater undergoes three treatment stages



## **AIR**

**85%** of emissions are captured and treated at our own facilities



## **LAND**

**74%** of generated waste is disposed of or utilized internally to generate energy



## **Monitoring and laboratory control is in place to check:**

- Wastewater
- Natural water (surface and ground water)
- Soil
- Air at production facilities and at the boundary of the protection zone
- Exposure to physical factors at production facilities
- Operation of the equipment for air emissions treatment



About **390 000 tests** are made annually as part of the industrial environmental control



# Ilim Group HR Policy



Ilim Group has more than

**16 000 employees**



- Over **70% of employees** holding key positions have worked in the Company for **over 10 years**, including 37% of them who have worked for **over 20 years**
- **17% of employees** have received prestigious **awards** (industry-specific awards, honorary titles)
- **Comfortable working** conditions: safety, stability, compensations and benefits system



Ilim Group is included in the Forbes rating of the largest companies in Russia



# Social responsibility of Ilim Group





## **KLB Mill in Ust-Ilimsk**

**The largest pulp and paperboard mill in Russia**

# Ilim Group is the largest investor in Russia's P&P industry

Leadership is a result of large-scale investment projects

**>335 RUB billion  
over 15 years**

## Big Bratsk

**2011 to 2019**

Construction and upgrade of the pulp mill

**RUB 32 B**

Investments

**+730 kt per year**

Output increase after the New Softwood Line start-up

**1.3 Mt per year**

Total output in Bratsk

## Big Koryazhma

**2011 to 2013**

Construction and upgrade of the cut-size paper production area

**RUB 9 B**

Investments

**+240 kt per year**

Output increase after Paper Machine 7 start-up

**1.3 Mt per year**

Total output in Koryazhma

## KLB Mill in Ust-Ilimsk

**2018 to 2023**

Construction of KLB mill

**RUB 93 B**

Investments

**> 600 kt per year**

Start-up of premium quality kraftliner line

**1.5 Mt per year**

Total output in Ust-Ilimsk

# KLB Mill

## The largest pulp and paperboard mill in Russia

The KLB mill opening will strengthen Ilim Group's leadership in the premium quality kraftliner market in Russia and worldwide

to reach

**1.5** Mt  
per year

Increase in unbleached packaging material  
output by 2024

**+67%** per year

Output increase in Ust-Ilimsk

The best-in-class board machine in Russia is installed in the Mill

*Customized KLB machine is 4 times better than standard board machines*

**2,150 t**

maximum daily  
productivity

**>600 kt**

of kraftliner annually

**9.4 m**

trim width

**1,200 m per min**

paper winding speed

**9,141 t**

total weight of  
the KLB machine

**71 t**

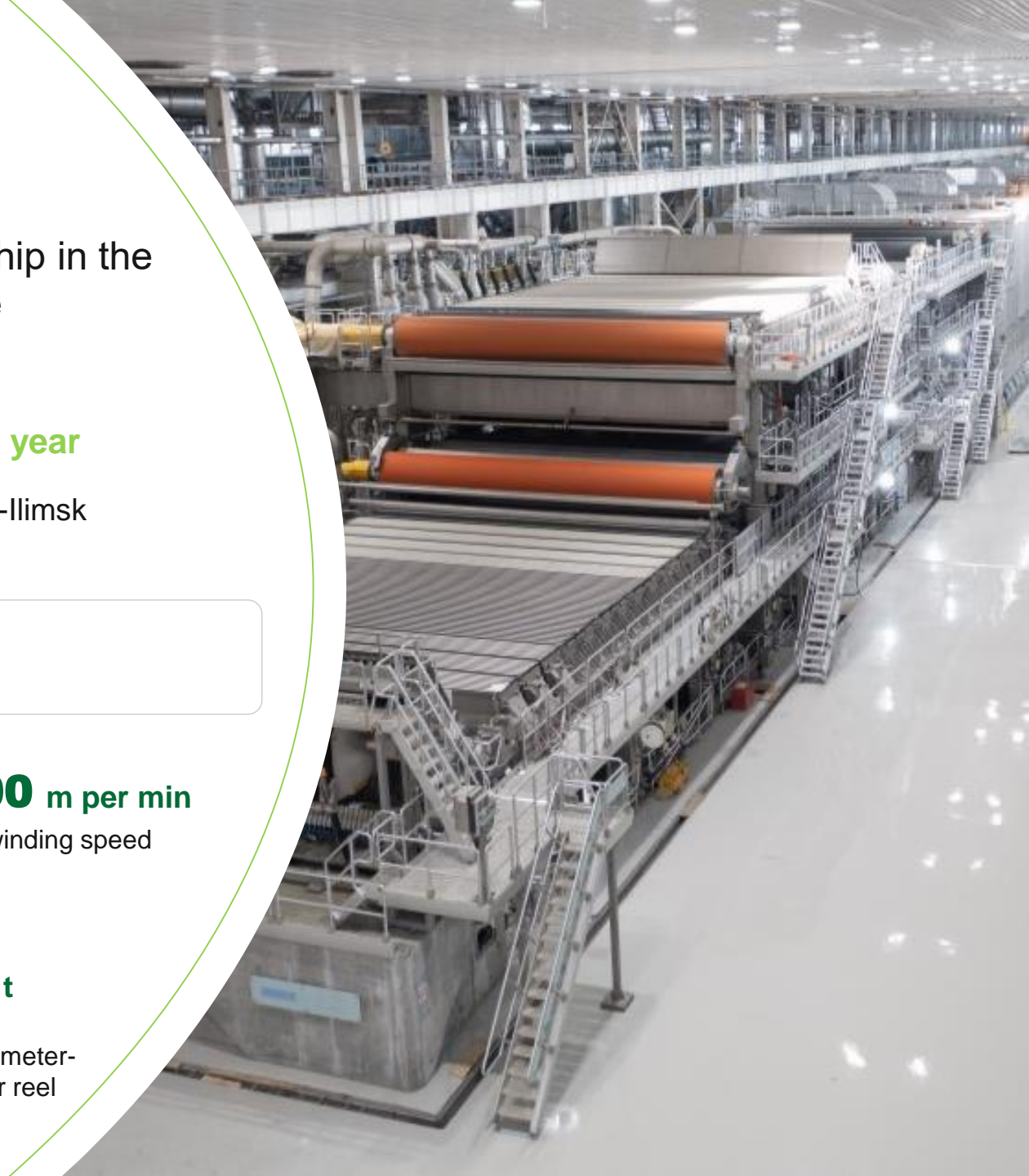
weight of  
the heaviest roll

**36,396 m<sup>2</sup>**

area  
of the Board Plant

**130 t**

weight  
of a 4.5-meter-  
diameter reel





# KLB Mill

## Environment



Environmental footprint mitigation is the new KLB Mill's priority.  
The Mill is built in line with the best available technologies (BAT)

**3.5** k m<sup>3</sup>/h

Maximum capacity of WWTP

**– 90%**

of wastewater owing to “dry”  
debarking



Extra stand-by burner in the new RB  
to incinerate concentrated NCG

- Single unit of two-stage biological wastewater treatment: MBBR radial bioreactor integrated into the radial aeration tank as a "two-in-one" type
- The KLB Mill technologies ensure a significant reduction in sulfur compounds and dust emissions into the atmosphere as well as chemical loss reduction during the recovery process





# KLB Mill

## Operations digitalization



Ensures product quality control and efficiency of all the processes

### KLB Mill exclusive digital solutions

- Digital Twins of the asset and process
- Centralized control room

### Digital architecture

- WSO (Wood Supply Optimization)
- BI consolidated data management
- Maintenance management
- SCADA - production data supervisory control
- OTS system
- Automated process control system
- SAP ERP enterprise management
- WMS warehouse management
- Quality control
- APC advanced process control systems
- Diagnostics
- Operations management at area level
- Actuators



# KLB Mill

## Construction and commissioning



**2018**

*Big Ust-Ilimsk: start of groundwork*

**2019:** the project included in Russia's Priority Investment Projects (PIP)



**2023**

Commissioning year



# KLB Mill

## Construction and commissioning



July 16: first reel produced

2023

March: first chips produced

2023

June: first pulp cooked in SW Line

2023

2023 is the year of starting up the Mill's areas





# KLB Mill

## Construction and commissioning



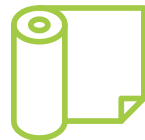




# **Kraftliner Advantages**

# KLB Mill

## Products



**Kraft linerboard (KLB)**  
100% virgin board



- Used for flat facings of corrugated containerboard
- Optimum solution for packaging products requiring increased protection against punctures and tears: industrial chemicals, fertilizers
- May come in direct contact with food
- Basis weights range from 80 to 175 gsm
- Certification for food industry in Q1 2024 (ISEGA, GB 9685-2016 and GB 4806/8 2022)



- Excellent physical and mechanical properties and appearance
- High elastic properties: guaranteed delivery to long distances
- The package design retains its shape at increased humidity during transportation and storage of ice cream, frozen convenience foods
- Eco-friendliness: chemical- and additive-free solution for packaging
- Covers the needs of growing segments of the Russian economy: meat processing and agricultural companies

# Side benefits of optimization

**KLB is a plastic nonabrasive material**

Reduction in equipment and accessories wear



Service life of knives of corrugator and converting lines +30%

Optimization of printability and ease to achieve it



High stiffness reduces a washboard effect and makes it possible to reduce the basis weight required for printing

Better die-cutting quality on products



High plasticity guarantees a clean, even cut and a high quality crease along scoring lines

# Contacts

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