

84th Annual International Management Conference – PIMA

New York City, New York

June 29 – July 2, 2003

-- Presidents' Panel -- *Hans Müller* --

*How To Succeed In A Changing
Marketplace and Business Culture*



Hans Müller

President & CEO

- **VOITH PAPER HOLDING
GMBH & CO. KG**

- ✓ **Voith Paper Technology**
- ✓ **Worldwide Machinery Supplier
to the Paper Industry**

VOITH



Voith AG – Our Company



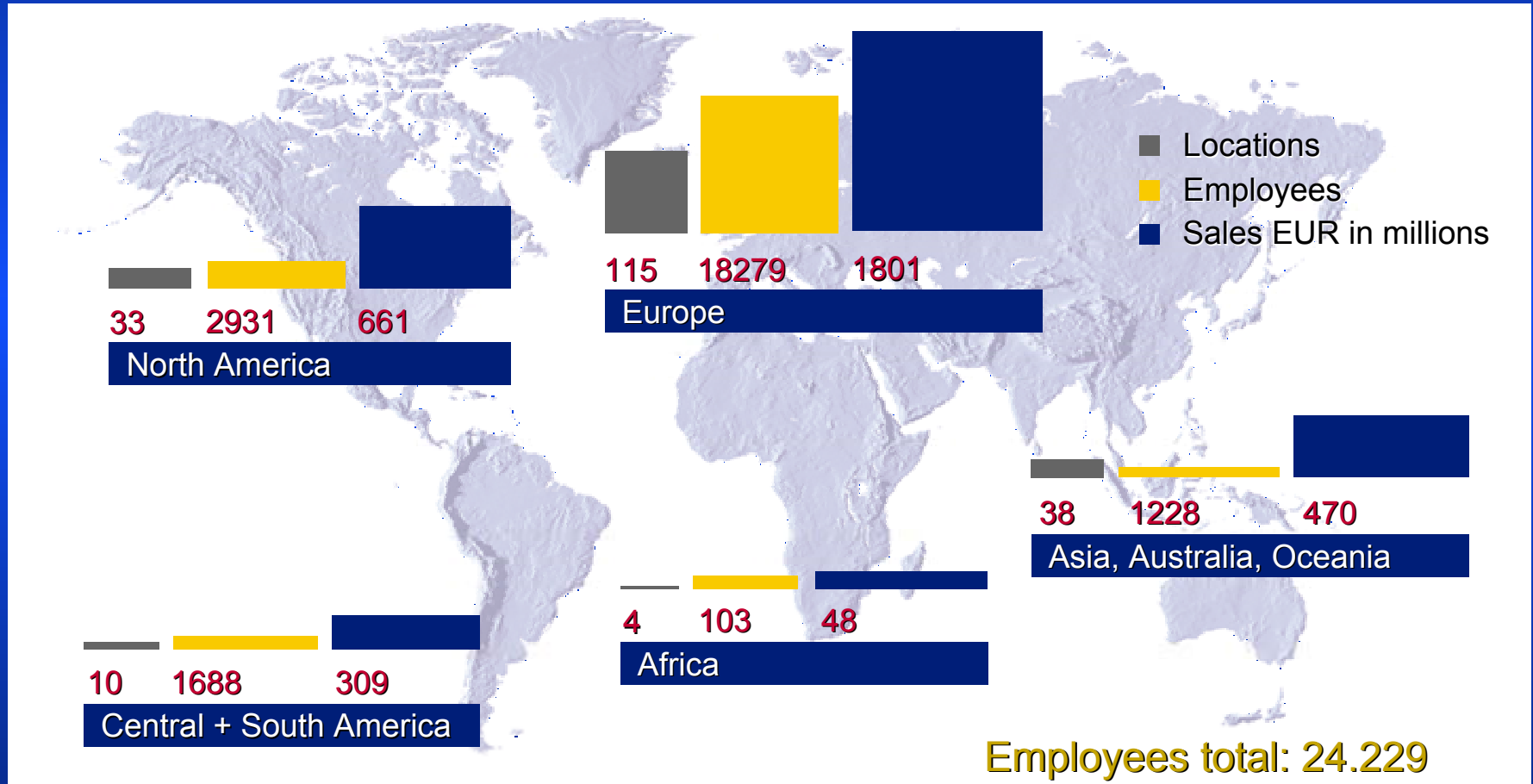
Market-oriented structure and organization

Organi- zation Structure	Voith AG			
	Voith Paper Voith Fabrics	Voith Turbo	Voith Siemens Hydro	Voith Industrial Services
Sales	EUR 1675 million	EUR 651 million	EUR 637 million	EUR 281 million
Market Focus	Paper			Paper
		Energy	Energy	Energy
		Transport industry (Rail, Road, Water)		Transport industry (Rail, Road, Water)
		Processing industry		Processing industry
	Technical services	Techn. services	Techn. services	Techn. services

As of: 2002-09-30



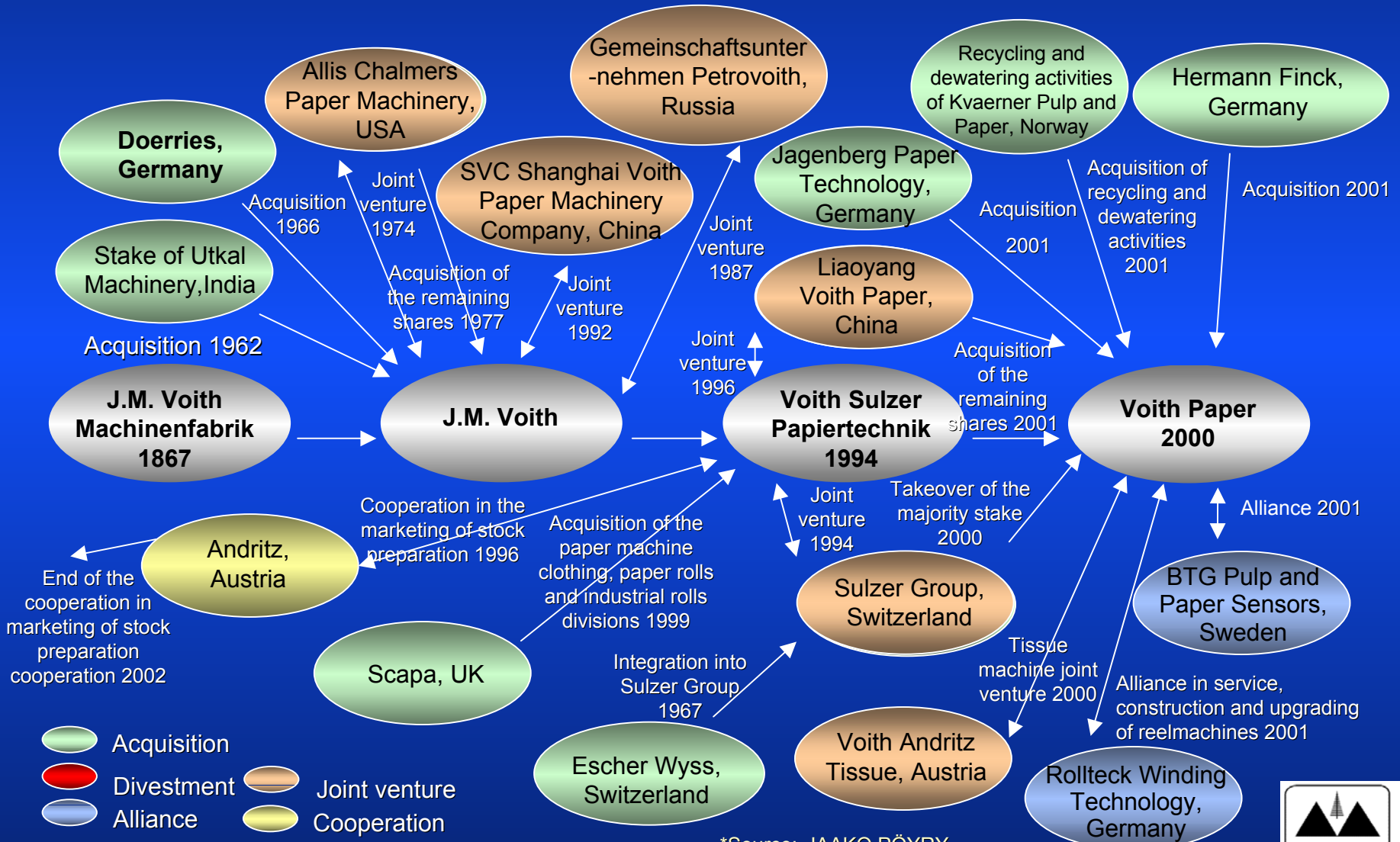
Available for customers worldwide



As of: 2002-09-30



Voith Paper



*Source: JAAKO PÖYRY
Voith Study

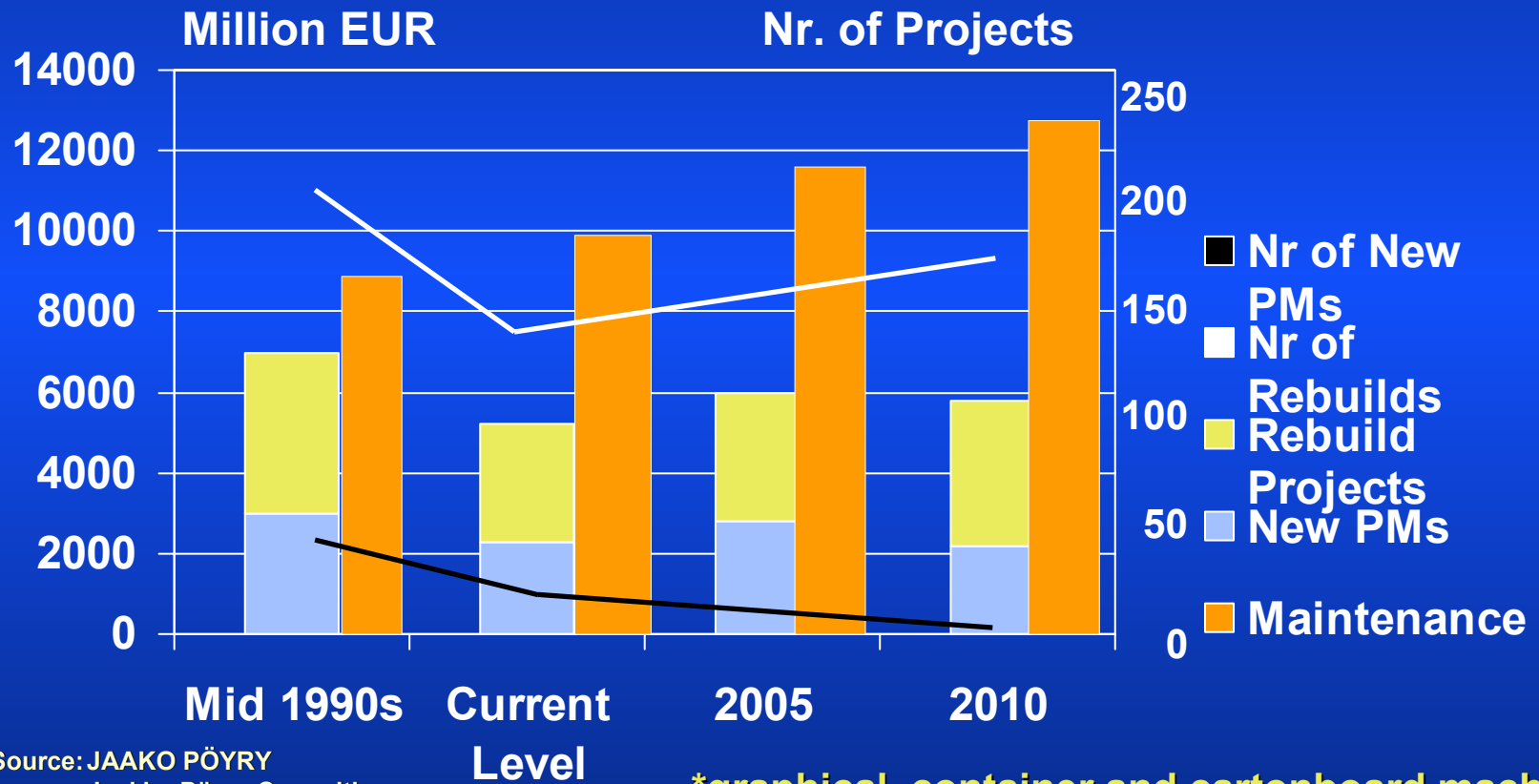


Changing Markets



Changing Markets*

The Values of New PM, Rebuild and Maintenance Projects

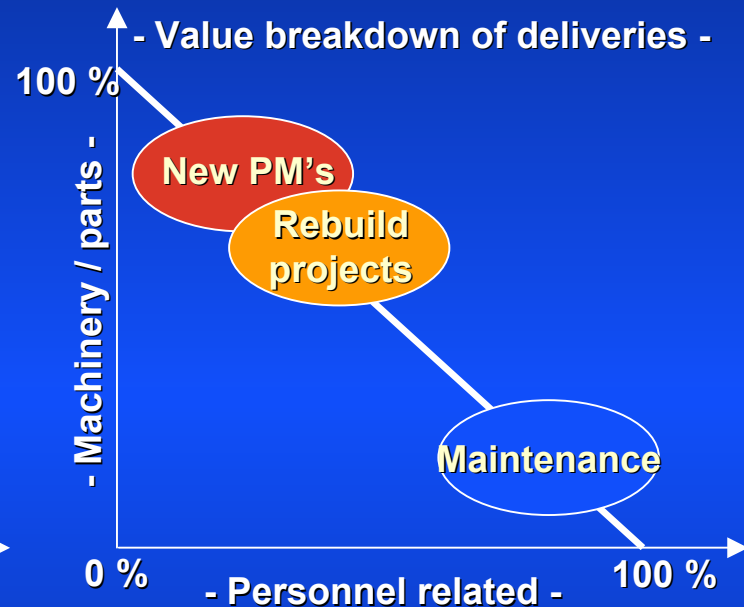
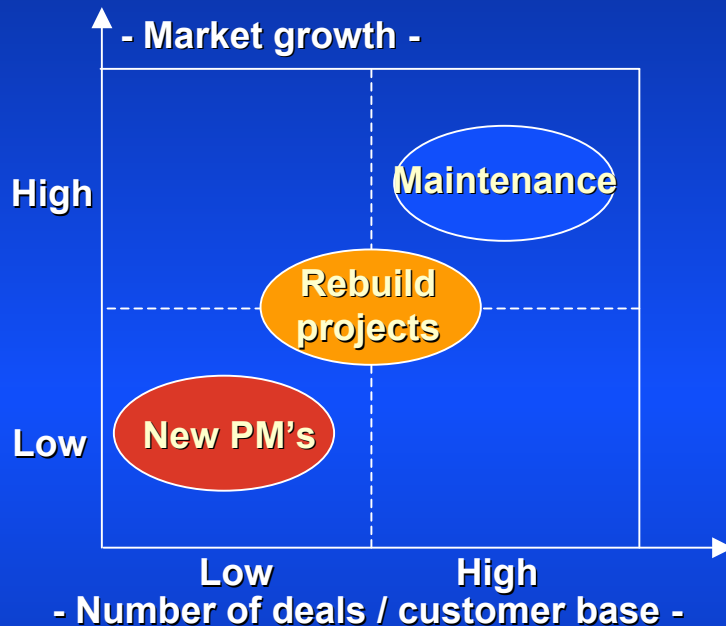


*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study

*graphical, container and cartonboard machines



Potential by Type of Business



- Capital equipment business stagnant; two major players
- Growth in service business
- Three distinct businesses

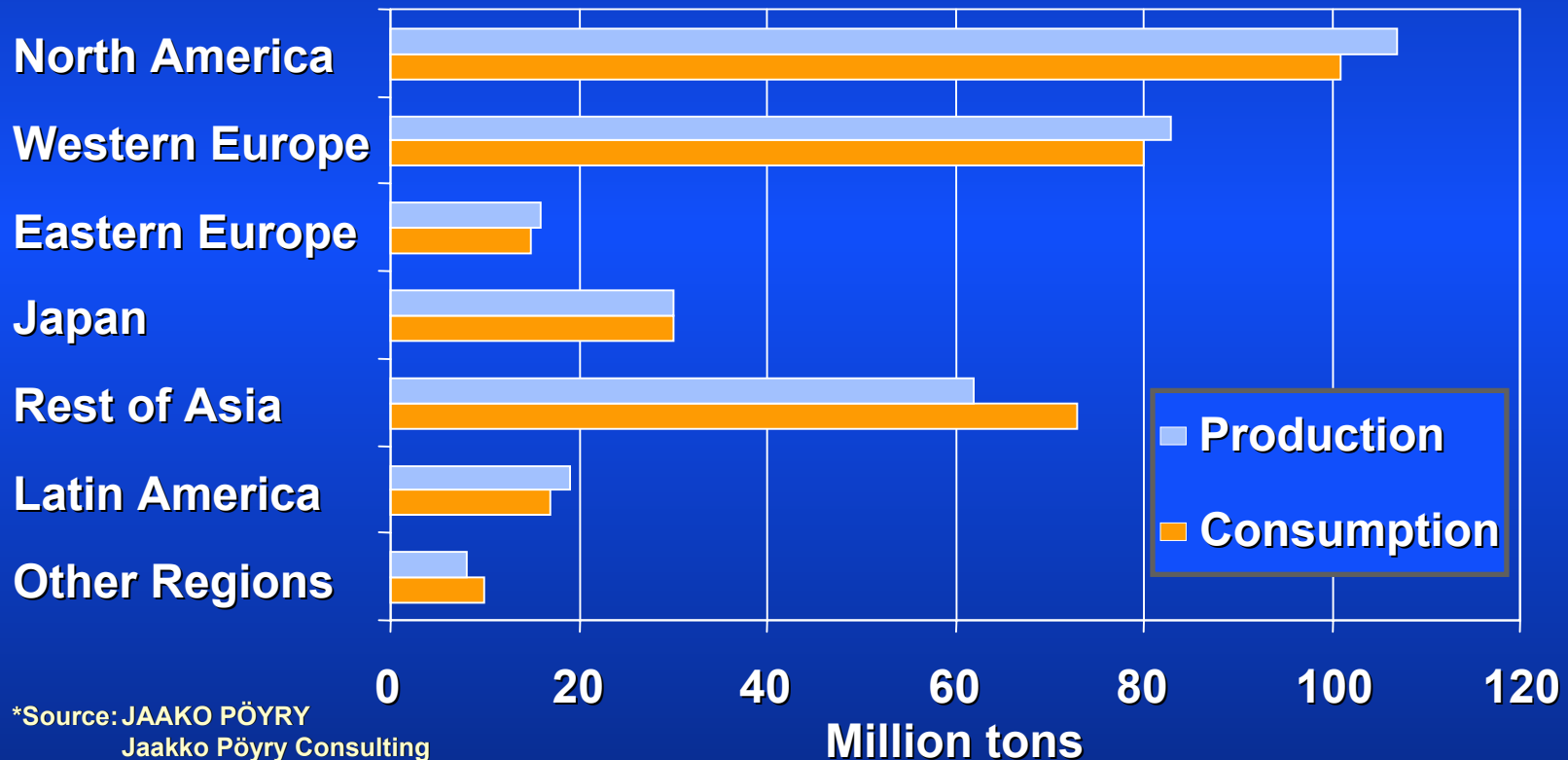


- How to win more deals and secure future business volume?
- What target markets by which concepts?
- Where are the differences and synergies?

Changing Market Place

World Production and Consumption

Production and Consumption 2000



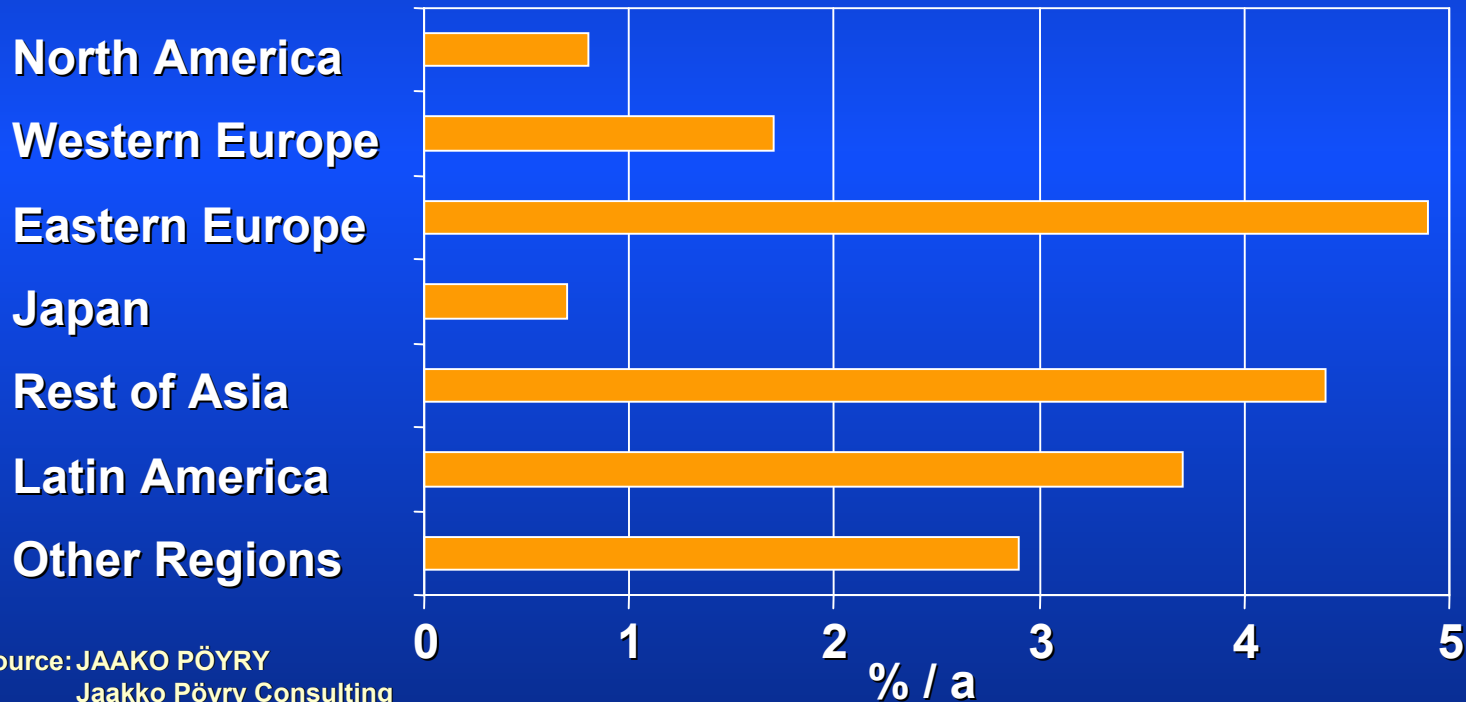
*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study



Changing Marketplace

World Production and Consumption (cont.)

Growth of Production 2000 - 2015



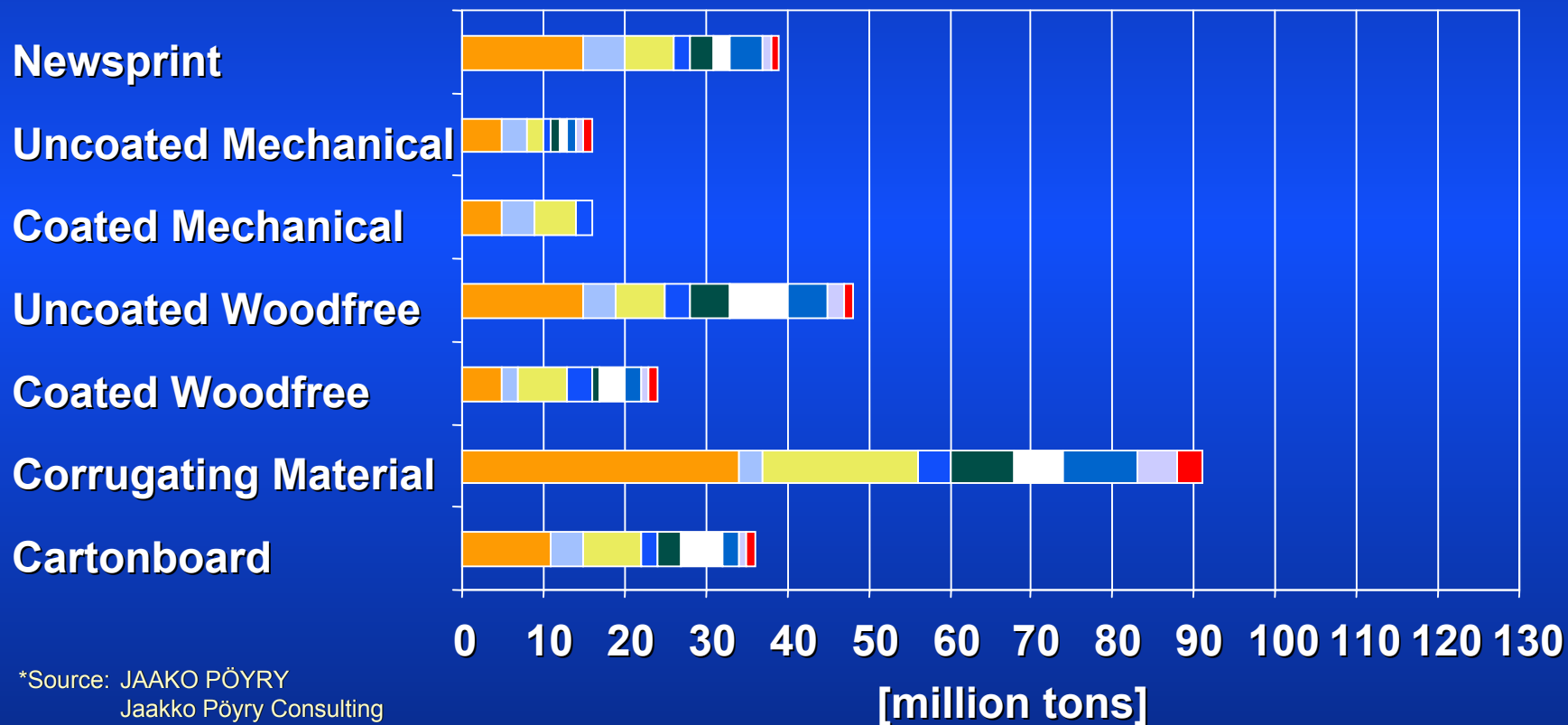
*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study



Changing Markets 2000

Production Changes of Selected Grades

■ NA ■ Nordic ■ REOWE ■ EE ■ Japan ■ China ■ REOA ■ LA ■ REOW



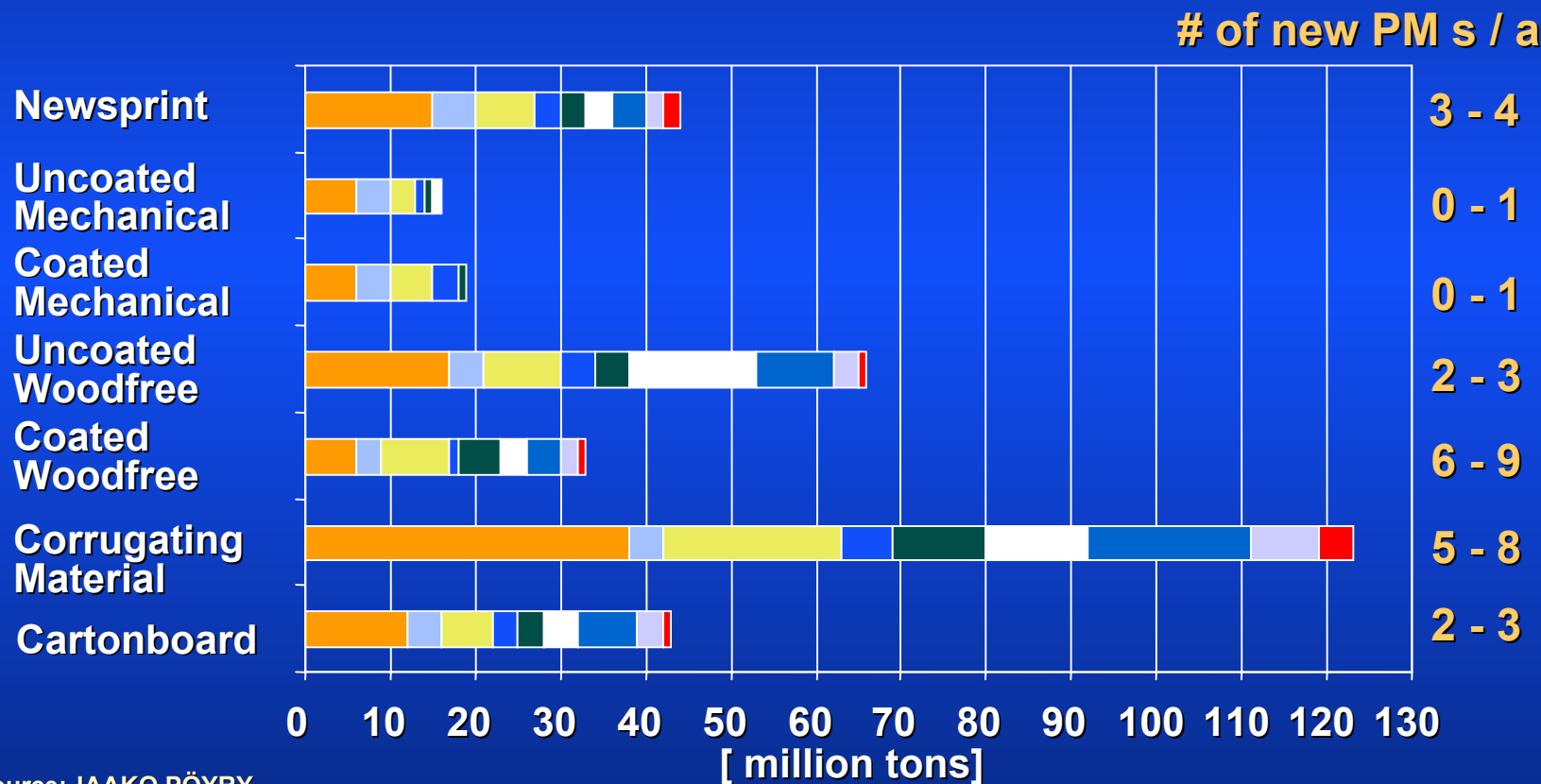
*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study



Changing Markets 2010

Production Changes of Selected Grades

■ NA
 ■ Nordic
 ■ REOWE
 ■ EE
 ■ Japan
 ■ China
 ■ REOA
 ■ LA
 ■ REOW



*Source: JAAKO PÖYRY
 Jaakko Pöyry Consulting
 Voith Study



Anticipated New PM Projects

Grade	Average number and PM size	Characteristics	Main markets
Newsprint	3 -4 new PMs/a 150 – 425 000 t/a	- DIP, but also some mechanical pulp based - “city mills”	- Europe - Asia
Uncoated Mechanical	0 - 1 new PMs/a 150 – 425 000 t/a	- DIP or mechanical pulp based	- North America - Europe
Coated Mechanical	0 - 1 new PMs/a 150 – 450 000 t/a	- DIP or mechanical pulp based - film coated, on-line calandered	- Europe
Uncoated Woodfree	6 - 9 new PMs/a 75 - 500 000 t/a	- small and big PMs	- Asia - Latin America
Coated Woodfree	2 -3 new PMs/a 100 – 600 000 t/a	- toward the all on-line –concept	- Europe - Asia
Corrugating Board Materials	5 - 8 new PMs/a 200 – 600 000 t/a	- mainly OCC based	- Europe, Asia - Russia?
Cartonboards	2 - 3 new PMs/a 200 – 700 000 t/a	- wide and narrow PMs	- Asia - Europe, - North America

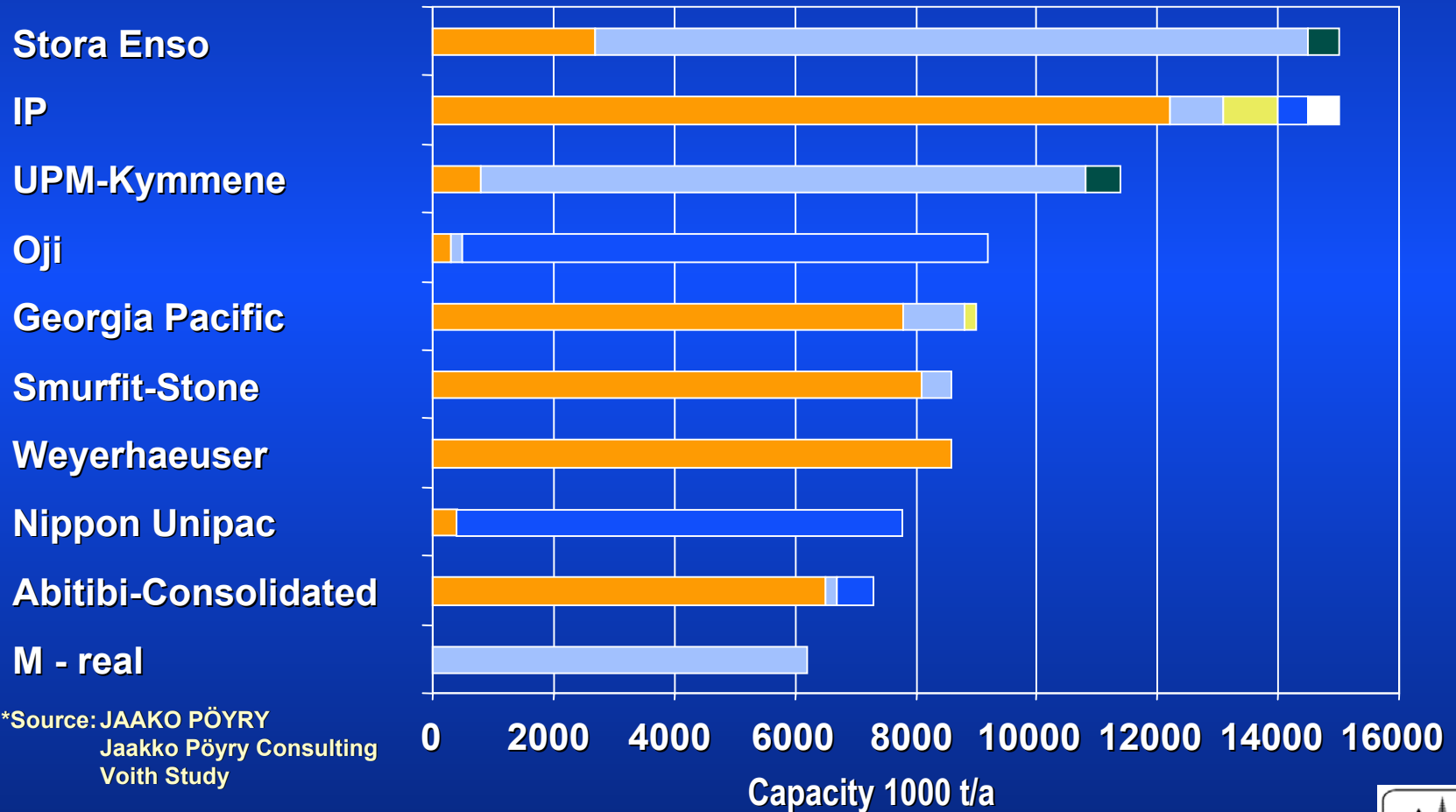
*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study



Changing Markets

Leading Paper Companies in the World 2002 / III

■ North America ■ Western Europe ■ Eastern Europe ■ Latin America ■ Asia ■ Rest of the World



*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study

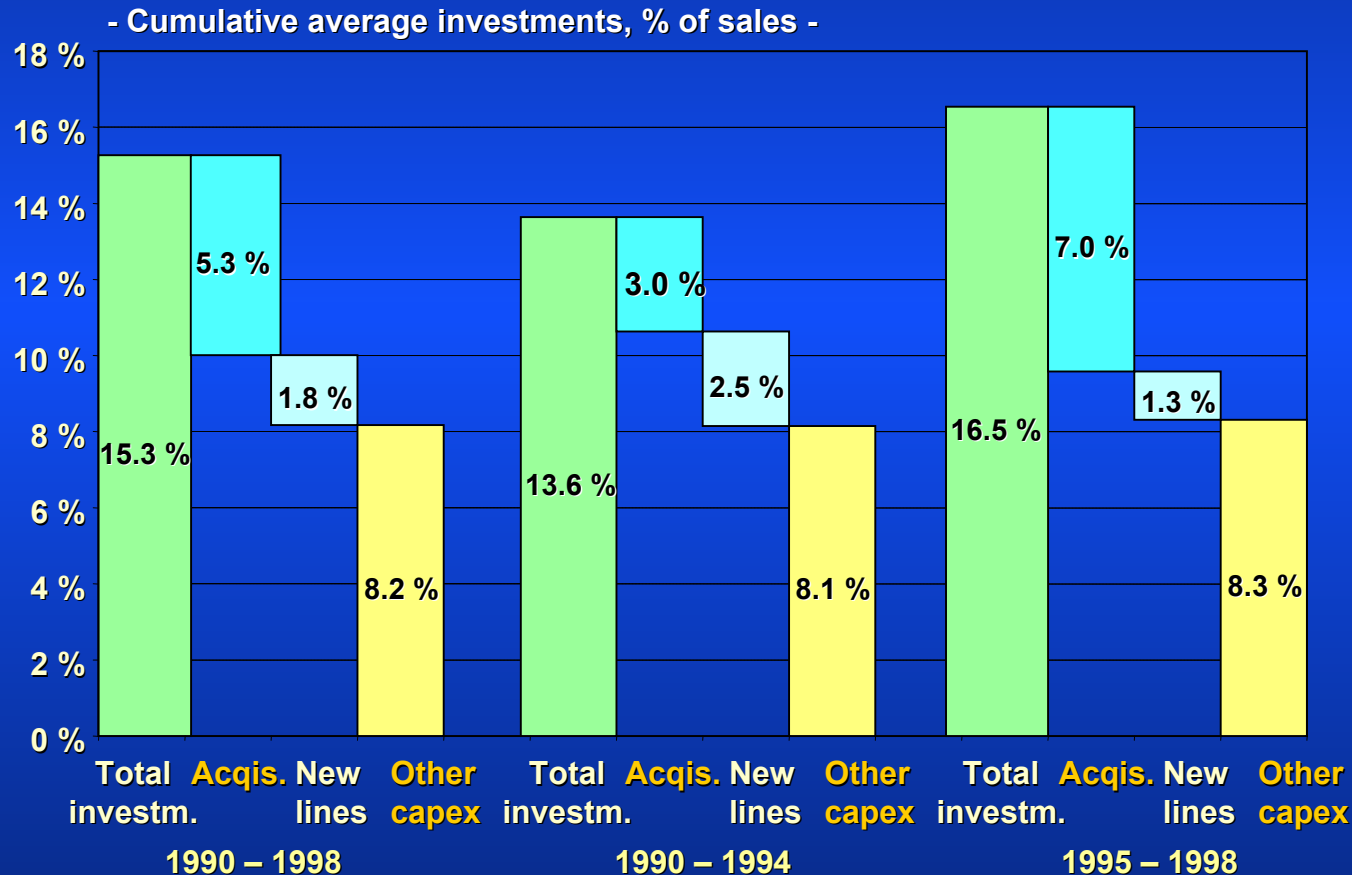


Changes in Business Environment



Investment Behavior in the Pulp and Paper Industry

The Pulp and Paper Industry Top 30's Investment Activity 1990-1998



*Source: JAAKO PÖYRY
Voith Study



Changes in Business Environment

- **Customers**
 - ✓ **Fewer Customers**
 - ✓ **Importance of previous projects**
- **Rebuilds**
 - ✓ **More but smaller deals**
 - ✓ **Growth in value**
 - ✓ **Opportunity for technology development**
 - ✓ **Medium and large customers**
 - ✓ **More competition**
 - ✓ **Served locally**

*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study



Changes in Business Environment

New PMs

- Fewer deals
- No long-term growth in value
- Fewer customers have the financial strength to handle large investments
- Containerboard and woodfree as main grade
- Asia, Latin America, Europe

*Source: JAAKO PÖYRY
Jaakko Pöyry Consulting
Voith Study



Changes in Business Environment

Service

- **Biggest market potential**
- **Growth in value**
- **Largest number of deals**
- **Labor intensive**
- **Europe, North America**
- **Asia: Greenfield projects owned by European / international companies**
- **Tempting market: more potential competition, diversified**
- **Significance of automation**

*Source: JAAKO PÖYRY
Voith Study



Voith Paper's Competitive Advantage



Voith Paper's Competitive Advantage

New PMs

- *Competitive Advantage*
- Position with the top 10 players
- Technology
- Reliability / need to secure a successful startup
- References vs. previous experience



Voith Paper's Competitive Advantage

Rebuilds

- *Competitive Advantage*
- **Solutions / tailor made**
- **Innovativeness**
- **Flexibility**
- **Delivery time**
- **Shut-down time**



Voith Paper's Competitive Advantage

Service

- *Competitive Advantage*
- Full liner
- Solutions / tailor made
- Responsiveness
- Close to customer
- Local



Thank You

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