

Velsen, 10 November 2011 (before market opening)

CROWN VAN GELDER TRADING UPDATE NOVEMBER 2011

- **CVG EXPECTS LOSS FOR FULL YEAR 2011**
- **SALES VOLUME IN 2nd HALF 2011 SLIGHTLY BELOW 1st HALF**
- **DOWNWARD PRESSURE ON PULP PRICES SHOULD CONTRIBUTE TO MARGIN IMPROVEMENT EARLY 2012**
- **STRATEGIC OPPORTUNITIES TO BE INVESTIGATED FURTHER IN THE COMING MONTHS**

Operating review

Results

Crown Van Gelder (CVG) forecasts the 2011 full year to be loss making, with an expected net loss of between EUR 3 to 4 million (excluding non-recurring items), compared to a loss of EUR 1.6 million (excluding non-recurring items) in 2010. Despite tight cost control measures, the operating result for 2011 is forecasted to be lower than in 2010 due to deteriorating market conditions and high input costs.

Market developments

Uncertainties regarding the economic outlook and the instability of the European financial and monetary system had a major impact on general market confidence and the strength of paper demand in Q3. In CVG's markets, some parallels are visible with market conditions in the autumn of 2008 at the outbreak of the financial crisis, with reductions in inventories and reluctance to place orders by our customers, and difficulties for trading companies to finance export transactions. These factors have limited our sales opportunities in past several months. As a consequence, CVG had to decide to lengthen the planned maintenance stops in Q3 and Q4 2011. The total sales volume in the second half of 2011 is now expected to be slightly below the level in the first half of 2011 and the total annual sales volume is forecasted to be around 200,000 ton.

In the European market for WFU (woodfree uncoated) paper on reels the order volume up to and including October decreased by 8% in comparison with the same period last year. CVG's sales volume is expected to decrease by 4%, outperforming market average. The company succeeded in keeping average selling prices at midyear's level, despite the lacklustre market conditions.

The total NBD sales volume (new and improved products under the New Business Development programme) for 2011 is forecasted around the same level as last year (52,000 ton). Major efforts in marketing and technology have contributed to a number of new products based on customer specific requirements for food packaging applications. With a recovery of market confidence, stronger economic growth and several new products coming on stream, NBD sales are expected to increase next year, which should contribute favourably to the product mix and results of the company in 2012.

Pulp prices

Pulp is the most important raw material for CVG's papers and also the largest input cost in the papermaking process. During the first half of 2011, the pulp market remained tight with pulp prices hovering near record levels. The NBSK benchmark (long fibre) pulp price rose from USD 950 per ton in January 2011 to around USD 1,020 per ton in June 2011. In EUR terms, prices were more or less stable at EUR 700 per ton. In Q3, pulp prices came down slightly, on the back of subdued consumer demand and higher pulp producer inventories. In addition, lower Chinese pulp imports are putting some extra downward pressure on pulp prices. Current NBSK prices are down to around USD 900 or EUR 650 per ton, but still at a high level from a historic perspective. The price of short fibre pulp, which is of greater importance to CVG than NBSK pulp, showed roughly the same trend. Pulp prices are expected to come down a bit further, with EUR / USD exchange rate developments playing a major role. Lower pulp prices in EUR should contribute to sales margin improvements for CVG as from early 2012.

Financial position

Strong cost control measures will continue and further cost reductions will be pursued where possible. Capital expenditure for 2011 is tightly controlled and will be around EUR 4 million (compared to a EUR 6 million forecast at the publication of the half year results). Capital expenditure and working capital requirements can be financed through operating cash flow and available credit lines.

Strategic review

In May 2011 CVG concluded that in order to speed up the process of returning to satisfactory levels of profitability, next to the company's own efforts to expand the NBD portfolio, additional alternatives need to be considered to strengthen the long term market position of CVG. The company has hired a corporate finance adviser to assist in the investigation of the full spectrum of alternatives for the company. At present, a number of opportunities have been identified and in the coming period, meetings with other market players will be organised to get a better view of all available options. It is yet too early to give further details on the opportunities that have been identified. The company will give an update on the developments when serious opportunities materialise.

Crown Van Gelder will publish the 2011 annual results on 10 February 2012 (before market opening).

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Profile:

Crown Van Gelder N.V. is a paper specialist, based in Velsen (the Netherlands) and employs around 290 people. The company develops, produces and sells high quality specialty products in the woodfree uncoated and single-coated paper sector. Its product portfolio consists of a range of specialty paper grades for transactional print, envelopes and other stationery, direct mail, books and manuals, packaging materials and tailor-made face and base paper customer solutions for self-adhesive materials and direct thermal coating, metallizing or PE extrusion. Crown Van Gelder N.V. is listed at the Official Market of NYSE Euronext Amsterdam.