

Velsen, 22 April 2010 (before market opening)

- **CVG EXPECTS NET RESULT AROUND BREAK-EVEN IN FIRST HALF 2010**
- **RECOVERY IN MARKET ORDER INFLOW CLEARLY VISIBLE; GOOD ORDER BOOK**
- **CVG SEEKS FURTHER SELLING PRICE INCREASES TO COMPENSATE FOR HIGHER COST LEVELS**

At the Annual General Meeting of shareholders to be held today, Mees Hartvelt, Chief Executive Officer of Crown Van Gelder N.V. (CVG) will present the following trading update on recent market developments and will comment on the outlook for 2010.

## ***Operating review***

### *Market developments*

In the first quarter of 2010, the order volume in the European market for woodfree uncoated paper on reels showed a strong increase of 27% compared with the same period last year, the worst period of the economic recession with market demand for paper dropping dramatically. The recovery in demand in the first months of 2010 was supported by the strengthening of the European paper export position, due to the weakening of the EUR compared to the USD and a further build-up of inventories by paper consumers in anticipation of announced price increases.

The strong surge in order intake has improved the supply and demand balance in the European paper industry, although overcapacity still continues to dominate the market. CVG's order book is strong and the company expects that sales and production volumes in 2010 will at least match the 2009 levels (of around 200,000 ton). A further expected sales growth of products under the NBD (New Business Development) programme to 60,000 ton in 2010 (up around 20% on 2009) will contribute favourably to the product mix and results of the company.

### *Raw material prices*

Pulp is the most important raw material for CVG's papers and also the largest input cost in the papermaking process. Since pulp prices bottomed out in spring 2009, pulp prices have risen at an unprecedented pace. Low inventory levels throughout the industry's supply chain, continued strong pulp demand from China and weather related supply problems led to a quick tightening of the pulp market and a surge in pulp prices in the past year. The recent earthquake in Chile has resulted in a further reduction in pulp availability, since about 8% of global market pulp capacity is located within the affected area. It is expected that it could take up to six months to get all affected Chilean pulp factories up and running again.

Despite the introduction of new pulp production capacity in China, and the start-up of pulp capacity that was temporarily curtailed for economic reasons, market tightness will continue for at least most of the year and therefore pulp price hikes are forecasted to continue. CVG has managed to secure an undisturbed inflow of pulp in the coming months, in order to continue to produce and deliver to its customers as required.

Since April 2009, the NBSK benchmark (long fibre) pulp price increased by over 60% from its low to around USD 925 per ton which is higher than the 2008 pre-crisis level. The price of short fibre pulp, which is of greater importance for CVG than NBSK pulp, is currently trading at around EUR 270 per ton (or 75%) above its lowest point in Q2 2009.

## **Outlook 2010**

In the first half of 2010 CVG seeks to increase average selling prices significantly, to compensate for the higher raw material costs. Currently however, selling price increases are lagging behind the input cost increases. As a consequence, the company expects a net result around break-even in the first half of 2010, compared to a profit of EUR 2.3 million in the first half of 2009.

The economic environment for the remainder of 2010 remains highly uncertain. The development of results in the second half of 2010 will a.o. depend on the strength of the economic recovery and paper demand, the magnitude of further pulp and selling price increases and the development of exchange rates. All these factors are hard to predict. Therefore, CVG is not in the position to provide an outlook for the full year 2010.

Crown Van Gelder will publish the 2010 half year results on 30 July 2010 (before market opening).

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## *Profile:*

Crown Van Gelder N.V. produces and sells high quality specialty products in the woodfree uncoated and single-coated paper sector. The company is based in Velsen (the Netherlands) and employs around 300 people.

The company operates two paper machines and 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, like base papers for self-adhesive materials and direct thermal printing.

Crown Van Gelder N.V. is listed at the Official Market of the NYSE Euronext Amsterdam.