

Velsen, 12 May 2011 (before market opening)

- **CVG EXPECTS RECOVERY OF RESULTS IN 1st HALF 2011 COMPARED TO 2nd HALF 2010 (EXCL. IMPAIRMENT CHARGE) , BUT STILL BELOW 1st HALF 2010**
- **PRELIMINARY OUTCOME OF STRATEGIC REVIEW INDICATES FURTHER GROWTH OPPORTUNITIES IN NEW PRODUCTS; COOPERATION WITH OTHER MARKET PLAYERS TO BE INVESTIGATED**
- **MIKLAS DRONKERS SUCCEEDS MEES HARTVELT AS CEO**

Today, at his last Annual General Meeting of shareholders as Chief Executive Officer of Crown Van Gelder N.V. (CVG), Mees Hartvelt will present the following trading update on recent market developments, the strategic review and the outlook for 2011.

Operating review

Market developments

In the first four months of 2011, the order volume in the European market for woodfree uncoated paper on reels showed a decrease of 11% compared with the same period last year, which period was exceptionally strong due to a build-up of inventories by paper consumers in anticipation of the then announced selling price increases.

Nevertheless, CVG's order book has been filled satisfactorily, with only a limited amount of sales going into export markets outside Europe. In the last quarter of 2010 large sales volumes went into these export markets, against low selling prices and margins. In addition, product sales under the New Business Development (NBD) programme returned to their growth track. Both developments have contributed to a better product mix in the first months of 2011, compared to the second half of 2010.

Raw material prices

Pulp is the most important raw material for CVG's papers and also the largest input cost in the papermaking process. The pulp market remained tight during the first months of 2011. In USD terms, pulp prices hovered near record levels. The NBSK benchmark (long fibre) pulp price rose from USD 950 per ton in January to around EUR 1,000 per ton early May 2011. In EUR terms, prices were more or less stable at EUR 700 per ton. The price of short fibre pulp which is of greater importance to CVG than NBSK pulp, showed roughly the same trends.

To protect against unfavourable pulp price developments, CVG has partially hedged the pulp intake for 2011. In the first four months of 2011, these pulp hedges delivered positive results. On balance, raw material costs for CVG remain at a high level.

Strategic review

At the publication of the 2010 annual results, on 11 February 2011, the company announced that current market conditions and the development of results necessitated a review of CVG's strategy. The core of the current strategy is the development of new and improved products under the company's NBD programme, in order to replace products that are at the end of their life cycle. During the last few years, the substitution of paper through digitisation has gained pace. We concluded that for CVG this should result in a substantially higher NBD target for CVG in the next five years, which should reach 150,000 ton in 2016. The company has hired a well-established consulting firm to investigate opportunities to give a further boost to the new business development programme. The preliminary outcome of this investigation underlines the viability of CVG's strategic direction and identifies several other product / market combinations that could contribute to a further growth in NBD sales to a level of around 110,000 ton in 2016 (2010: 52,000 ton), without major additional investments in machinery and equipment. However, to speed up the process of returning to satisfactory levels of profitability additional alternatives need to be considered to strengthen the long term market position of CVG. In the next half year, apart from relentless efforts to expand CVG's current NBD portfolio and develop new product / market combinations that have been identified, further investigations will be directed at opportunities for cooperation with other market players in Europe.

Outlook 2011

With pulp prices still near record levels and adverse selling margins, CVG has aimed at further selling price increases in the first months of 2011. However, in a sales market that is characterised by oversupply, not all efforts have yet succeeded. The cost reduction programme, that was initiated mid last year, is well on track. The goal to reduce staff by 10% has been reached. The total cost reduction of around EUR 4 million is expected to flow through fully in the 2011 results.

Therefore, the company expects the net result in the first half of 2011 to be better than the net loss of EUR 2.1 million in the second half of 2010 (excluding impairment charge), but to fall short of the net profit of EUR 0.5 million in the first half of 2010.

The development of results in the second half of 2011 is subject to a further increase in the sales of our NBD products, the general economic outlook, paper demand, pulp and selling price developments and the development of exchange rates. All these factors are yet hard to predict. Therefore, CVG is not in the position to provide an outlook for the full year 2011.

Crown Van Gelder will publish the 2011 half year results on 29 July 2011 (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 currently employs around 290 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.