

# CARTONBOARD, A BOX THAT "HITS THE SPOT"

## CHRISTOPHE LLORET - LINARES

"Making environmental and energy issues as opportunities for our development"

## BENCHMARKS

### Benchmarks

Sales: 168 M€ in 2022 (127 M€ in 2021, i.e. + 32%)

Production capacity: 140,000 to 150,000 t/year

Equipment : one mechanical pulp unit, two MAP (BM2 and BM3), a rewinder and four cutters -

Products: GC2 (Rochcoat, Rochflex and Rochcoat, Rochfreeze and Rochperle ranges)

Products: GC2 (Rochcoat, Rochfreeze and Rochperle ranges) and GC1 (Rochblanc and Rochcoat blanc ranges) - Customer markets: food industry (45% of sales), pharmaceuticals (45%) and other applications (10%) - Warehouses throughout France

Warehouses throughout France and in England - Certifications: ISO 9001, ISO 50001, FSC and PEFC.

He can quote Cioran, Hugo or... Desproges! Not trivial. Meeting with Christophe Lloret-Linares, CEO of La Rochette Cartonboard since the summer of 2022. After an industrial career mainly in the construction industry, he visibly appreciates the paper industry and describes the projects of this Savoyard factory which, this year, will celebrate its 150 years old.

There is no doubt that 2023 will be a special year for the whole team of La Rochette Cartonboard La Rochette Cartonboard team, as the the factory will celebrate its 150th anniversary! An opportunity to take a look a look in the rear-view mirror for this site which, in mid-2021, left the bosom of Reno de Medici, the Italian company wanting to refocus on cardboard made from recycled fibers. The factory was then bought by the German investment fund Mutares. "Of course, in a century and a half, our paper mill has had ups and downs, but today it is in great shape in good shape," explains Christophe Lloret-Linares, its CEO, who succeeded Pierre-Yves Guérin in July 2022. 2022, Pierre-Yves Guégan, who has been called to other functions within Mutares. We will communicate about this anniversary, both internally and externally, in order to highlight our know-how and our reputation. This plant produces, on two machines, between 140,000 and 150,000 tons of coated per year, from virgin fibers (GC1 and GC2). It also has a converting workshop. "The only manufacturer of this kind in Southern Europe, our site site is positioned as a challenger to large groups, such as those in Scandinavia, says Christophe Lloret-Linares. Our customers are converters and printers and, for the most part.

The plant produces 140.000 à 150.000 t/year of coated cardboard.

In 2022, its turnover increased by 32% to reach 168 M€.



"In France, one out of every two boxes of Doliprane is made from our board," explains the CEO of La Rochette Cartonboard, explains the CEO of La Rochette Cartonboard.

Most of our customers are small and medium-sized companies. About 55% of production is sold in France. The remainder is sold in Southern Europe (Italy and Spain), as well as in England and Eastern European countries. In the future, the site hopes to to increase its sales in the German market. Some 45% of its turnover is generated in the food industry, 45% in pharmaceuticals and the remaining 10% in various applications (calendars, etc.). "Very common foodstuffs such as Barilla pasta are packaged in our carton. In France, one out of every two boxes of Doliprane is made with our products. In 2022, the company achieved sales of €168m, up 32% from 2021, as a result of passing on the sharp rise in energy costs in its sales prices, and energy, wood and market pulp costs. and market pulp costs.

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2022: a year shaken by inflation in energy, wood and pulp. The mill is electro-intensive and has been impacted by rising energy costs last year. Its biomass plant produces only 30,000 MW of power out of a total out of a total electricity consumption of consumption of 170,000 MW, the balance being purchased from the grid. However, for the years 2021 and 2022, the previous shareholder had chosen to sell its Arenh\* rights. A decision that penalized the site following the outbreak of the conflict in Ukraine. Result: last year, the plant, forced to buy all its electricity on the spot market, saw its bill double! In order to ensure its continued existence, the increase in costs had to be passed on to its customers.

**By 2023, approximately 60% of the site's electricity needs of the site are once again ensured through a within the framework of an Arenh contract.**

"These increases have been applied sometimes with difficulty," says Christophe Lloret-Linares. However, due to the strong post-Covid rebound, the "post-Covid rebound, customer demand was very strong." Thus, in 2022, despite the increase in production costs, the plant did not shut down not stop due to lack of profitability. For this year, on the energy front, a certain serenity has returned: about 60% of the electricity needs are once again covered by an Arenh contract. "The balance is bought on the spot market (by the year, quarter and month), says the CEO.

This gives us flexibility, without speculating, but also a welcome predictability.

## BIO EXPRESS

A graduate of Essec Business

School, Christophe Lloret-Linares (55 years old) has a rich professional experience, especially acquired in the and international experience, especially in the in the world of building materials.

He has notably worked for Placo (producer of plasterboard) and for the suspended ceiling manufacturer Armstrong Ceiling Solutions. "When he took over the general management of La Rochette Cartonboard, I discovered an exciting job, where personal relationships play a key role, as well as a living product and a living product and crucial issues around the issues of energy and the environment."

## IMPROVING ITS ATTRACTIVENESS:

Improving its attractiveness: a necessity

In 2023, La Rochette Cartonboard should have 320 employees. A new communication officer has just joined the company and a new position of responsible for energy transition. A dozen or so employees will also be recruited will also be recruited in order to expand the workshop. "Like many of our industrial of our industrial colleagues, we are are faced with the challenge of retirement and the transmission of know-how. Broadly speaking, our workforce can be divided into two main groups : the 20/30 year olds and the over 45 years old.

Last year, we recruited a lot of young people recruited a lot of young people in a difficult market situation, as Savoie is almost at being almost at full employment. To attract candidates and retain skills, we have improved our attractiveness: faster transition from fixed-term to permanent contracts, co-optation with bonuses paid to employees who put forward candidates (a formula that has a high success rate), upgrades to the bottom of our salary scale.

But attracting and retaining attract and retain employees in a business difficult (working in 3x8 and in continuous fire) will remain a real challenge for the future.

Integrated upstream, the mill makes its own mechanical pulp the mill manufactures its own mechanical pulp, using wood from sawmills located within a 150 km radius from the plant. This measures 75% of its fibrous raw materials, with the balance being completed by purchasing chemical pulp. If the site is supplied, from a network of sawmill. However, in the second half of 2022, it was confronted with rising prices, due to the strong demand for heating pellets. But thanks to a mild winter this pressure has subsided.

"The of our wood supply is essential," says Christophe Lloret-Linares. For the future, we will still have to work on on securing our volumes as close as possible to the the factory. For example, we are thinking about signing multi-year contracts. Suppliers also need to define their strategy and priorities. But the fact remains that, structurally, these markets are quite cyclical." Decarbonization: a key objective.

Excluding exceptional operations, the plant invests an average of €5 to 6 million each year.

Since the purchase of the company, the Mutares fund has Mutares has continued and intensified its investments in the environment and energy, to improve the efficiency and reliability of production and equipment, reduce consumption and limit dependence on consumption and limit dependence on external or economic external or cyclical factors. In the summer of 2021, a new pick-up truck, supplied by Allimand has been installed. A Turbo-Blower will soon be installed with the support of Engie. In addition, the treatment plant is now equipped with a buffer tank to improve wastewater management. But it is energy that has recently mobilized the teams. At the end of March, as part of the CRE5 call for tenders, a new turbine (supplied by Interpec, Sepoc being the contracting authority)

was to be launched on the biomass boiler. Its capacity is 7.5 MWh. 7 M€, this project will make it possible to gain in efficiency.

Longer-term projects have also been launched. First, an impact study, which focuses on the construction of a solar farm of 3.5 on a plot of land located about ten kilometers from the paper mill.

The launch is planned at the end of the first quarter of 2024. The project management will be carried out by the company Opale Énergies Naturelles, which develops renewable energy projects in the region. "These photovoltaic panels could provide 3% of our electricity needs," explains the CEO. That's not much and a lot at the same time. In any case, for a company like ours, the crisis has highlighted the importance of the "Energy" item in its cost base."

Another project of the same kind, albeit smaller (one hectare) could also be decided. In addition, the rehabilitation of a small hydroelectric plant or the installation of a new unit on a nearby river, the Joudron, will be examined. "On energy and environmental issues, changes in legislation and regulations, societal pressure and the demands of some of our customers (particularly in the pharmaceutical are leading us to accelerate," says Christophe Lloret-Linares notes.

All these external factors must be seen as opportunities that stimulate us and force us to change our culture. For example, in the framework of the turbine's financing by the Public Investment Bank (BPIfrance), a complete carbon assessment of the site (scopes 1, 2 and 3) was carried out. An "Energy" steering committee "committee also meets every month to define investment, improvement and performance objectives, as well as actions to be implemented.

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**End of March, a new turbine was be launched on the the boiler biomass boiler. The site will build also build at least at least one solar farm and the development of hydroelectric power is under study.**

The site is also investing in improving its effluent treatment: "Water availability is going to be a real challenge. The water we use is already largely recycled, but we still need to make progress.

Finally, in 2023, in addition to the change of ERP and the implementation of various ongoing actions, particularly in the area of safety in particular - "a daily challenge" - reflections will be carried out.

There will also be discussions on management software (industrial management, supply chain, etc.).

Flat cardboard based on virgin fibers : a trendy material despite a certain cyclicity

When asked about the evolution of the market, the CEO of La Rochette Cartonboard answers

of La Rochette Cartonboard answers by distinguishing between two time scales: the short and the long term.

He explains: "From the economic point of view, since the end of 2022, the market

has turned around. The bargaining power has shifted diametrically in favor of the buyers. With the energy crisis, the stocks of our customers and, downstream, of their customers

full and the supply has become overabundant. Because consumption is falling, particularly in the food industry. Between January 2022 and January 2023 our order books have fallen by 30 %. At the beginning of March, our delivery times to two weeks, compared to four or five weeks, or even more, in 2022. This situation could last one or even two quarters. On the other hand, from a structural point of view, especially because of its recyclability, folding carton made from virgin fibers has a bright future.

The future: "In some applications, our material increasingly plastic, especially in the food industry. We are also thinking about innovations in grease products or for packaging frozen foods.

Last year, La Rochette Cartonboard also joined Pro Carton.

"We can thus exchange with our peers on the evolution of the European market or on regulatory aspects," says Christophe Lloret-Linares.

We can also defend our profession and our positions, lobbying, for example, on draft directives that concern our material.

What lessons can be learned from the last three years, which have been marked by a succession of crises?

Answer: "Internally, from an HR perspective the relationship between employees and their work has changed, even though the company functioned perfectly during the health crisis. This is why we have just recruited a community manager.

This is an essential issue.

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On the personal side...

w Qualities. "A lot of charisma, energy and drive that I try to transmit to the teams."

w Flaw. "Too demanding at times."

w What makes you angry. "The lack of commitment and convictions."

w What puts you in a good mood.

"When my employees learn and grow."

w Essential qualities that your employees must have.

"Thoroughness and reliability."

w Best memory. "The success of a "carve-out" in England. A complex operation."

w Worst memory. "None in particular. With experience, in case of difficulties, you have to know how to bounce back and question yourself."

w Another job you would have liked you would have liked. "Film director. My son is an editor. Like what..."

w Favorite art. "Music."

w Food. "Sashimi."

w Movie. "Casablanca (by Michael Curtis)."

w Composer. "Bach... perhaps the only proof of the existence of God, said Cioran!"

w Book. "Reading Les "Misérables (Victor Hugo) has me a lot."

w Ideal vacation. "Cultural: those where I learn something!"

w Hobbies. "Everything related to live entertainment: theater, concerts... And sports."

w Motto. "Let's live happily while waiting for death" (Pierre Desproges).

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In addition, the Covid period has changed relationships between customers and suppliers, in the sense that each actor in the chain has developed a short-term vision of their situation. Finally, the pandemic has also profoundly changed the way we work, with the vast majority of business meetings now being conducted remotely at a distance. Of course, this approach is very efficient, but the face-to-face relationship remains. I believe that face-to-face contact is absolutely necessary to create and long term relationships.

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La Rochette Cartonboard has a good reputation on the market with known and recognized brands," concludes the D.-G. Being a challenger is an interesting advantage when it comes to tenders. Moreover, our clients being small to medium-sized companies, our relations are played out on a fairly equal footing. If necessary, clients can even come directly to me!

Our flexibility and our position in Southern Europe are also advantages.

Finally, the folding carton market offers structural growth opportunities.

In 2023, the company expects sales to decline slightly (€150 to 160 million). Its priorities will be to make its tools more reliable and to improvement of its key indicators (efficiency, operational and commercial excellence, etc.). With the objective of « selling the best ton at the best price » and with the best profitability.

Because our ability to invest will depend on this profitability. The current decline in energy and pulp costs is therefore viewed positively.

It is on this optimistic scenario that Christophe Lloret-Linares - who is also a film and who would have embraced a career as a director in another life - concludes this interview, which is conducted with a drumbeat.

**OUR GOAL IS TO IS TO  
SELL THE BEST TON AT  
THE BEST PRICE AND  
WITH THE BEST  
PROFITABILITY. BECAUSE  
OF THIS  
PROFITABILITY WILL THEN  
DÉPEND OUR ABILITY TO  
INVESTMENT CAPACITY.**

**"SINCE THE END OF 2022,  
THE MARKET HAS TURNED  
AROUND. BETWEEN JANUARY  
2022 AND JANUARY 2023,  
OUR ORDER BOOKS HAVE  
FALLEN BY 30 PERCENT."**

**VALÉRIE LECHIFFRE**