

Newsletter



Successful restart of the cardboard machine marked the fourth quarter

After successful restart of the cardboard machine in mid-September this year, our Mill continued to regularly operate and deliver products. Despite all difficulties caused by COVID pandemic, in the global supply chain and international travel bans, we are proud to have accomplished such challenging task on time. We would once again like to extend our gratitude to all our employees and partners who took part in this project



In order to meet rising demand of our customers, it took us several days to switch from downtime to operational, which makes this accomplishment even greater.

As we have already announced besides increase in capacity and quality improvement, new technology will allow us expand our portfolio and produce 160 gsm, 180 gsm, 210 gsm. Previously 230 gsm was the lowest substance.

At the beginning of December, first test production of Umka Liners gsm 210 took place. The test production was successful and the first deliveries to customers have already started. During the first half of next year, we plan to do test production of even lower substances, which will enable us to offer the long-awaited products to the market.

During the fourth quarter of 2021, we delivered our products to 28 markets in Europe and Asia, while 164 customers used our board in Q4. As for 2022 we will continue with sustainable growth and investment in the latest technologies in the cardboard industry. When it comes to production capacity, our plan for 2022 is to produce and deliver 160,000 tons of cardboard (an increase of 25 % compared to previous levels) of GD2, GD3, GT2 and newly introduced Umka Liners. In order to do so, we have already started new investment cycle and one of the most important project will be construction of brand new mass preparation line, which will be installed in the summer, during regular maintenance time, with no additional stoppage time needed. The value of this investment and all works will be around 25 millions euros.

NEWS AND TRENDS

Energy prices continue to rise

The energy crisis that began this summer is still not calming down and is cyclically transmitted around the world. Europe is in a difficult position, because the continent has very few of its own energy sources (except for coal, which is undesirable in the "green agenda"), so it is dependent on imports.



The situation is further aggravated due to the implementation of the "decarbonisation" policy, which burdens the consumption of fossil fuels with a special taxation system. However, Europe is not just giving up the use of fossil fuels: most countries are also giving up nuclear energy. Within next three years, Germany will completely stop using nuclear power plants, which ten years ago produced as much as 20% of electricity in that country.

Lack of energy should be "compensated" from renewable sources, but when there is no wind or sun, the only way out is to intervene in fossil fuels, because there is

no way to store the missing electricity in storage. According to some sources, the trigger of the crisis was the long-term absence of strong winds at the end of the summer in the north of Europe, where the largest number of wind generators is located. For example, more than half of Denmark's energy is normally generated by wind, but during August, wind turbines could not meet even 5% of their needs. The shortcoming had to be compensated from gas power plants, at a time when gas storage facilities were at a low level due to the unusually cold and long winter. Gas consumption has increased significantly worldwide due to the recovery of the economy from the covid crisis.

The shutdown of huge capacities on coal and nuclear energy will hardly be possible to compensate with renewable sources, which will further increase the dependence on imported gas and its price. And let's not forget, the mass introduction of electric cars will lead to a sharp increase in electricity consumption for charging them, and this will again lead to the need for new gas consumption. The transition to "zero emission" of hydrocarbons in Europe will cause disruptions, as well as increased gas demand in the coming years, because gas will be the main "transitional" energy source that will ensure the stability and reliability of the energy system.

Market keep surging: high demand, rising costs and logistic obstacles

Although each end of the year was always marked by a lack of trucks, containers and especially drivers, this year the problem was far more pronounced than in previous years. Also, the lack of transport permits additionally affected and aggravated the already disturbed situation in logistics. In previous years, these problems were mostly solved by raising the price of transportation for all routes and deliveries, but this year it was not enough, so the organization of deliveries was very difficult. Rising prices of all energy sources, including oil, gas and electricity, affect not only production processes, but especially transport and other related services.

In the struggle to provide the necessary supplies, raw materials and other resources, the energy crisis has only further pushed the already extremely high operating costs. As gas storage sites in Europe are only 56 % full, more than 15 percentage points below the 10-year average, it is clear that 2022 will be another volatile year for European gas prices. Given the lack of supply of raw materials, especially from China and other Asian countries, strong pressure and high expectations are transferred on domestic producers. In such business conditions, it is practically inevitable to cover the growth of costs by raising the prices of final products and services.

Regular supply and a stable supply chain must be respected and continued, and various adjustments become commonplace. There are all chances that 2022 year will also be full of adjustments and coordinations with the latest circumstances.

Dear Partners,

Whole team of Umka Cardboard Mill wish you a Merry Christmas and a Happy New Year!



If you have questions or inquires please contact us

SALES

Serbia and AP Kosovo, Slovenia, Croatia, Bosnia and Herzegovina,
Montenegro and Northern Macedonia

+381 11 3602 651

+381 11 3602 653

+381 11 3602 702

Email: sasa.stipic@umka.rs

Hungary, Russia, Ukraine, Belarus, Baltic Countries
, Moldova and other CIS countries

+ 381 11 3602 656

+381 11 3602 778

+381 11 3602 635

Email: filip.petricevic@umka.rs

Romania, Bulgaria, Greece, Turkey and Albania

+ 381 11 3602 654

+381 11 36 02 604

Email: sasa.krzman@umka.rs

Poland, Italy, France, United Kingdom, Spain
and Overseas Countries

+381 11 3602 650

+381 11 3602 717

Email: ivan.grujicic@umka.rs

Czech Republic, Slovakia, Germany, Austria, Belgium, Holland and Luxembourg

+381 11 36 02 655

+381 11 36 02 632

Email: david.savin@umka.rs

LOGISTICS

NATIONAL TRANSPORT

Srdan Gučevac 066/8615-358

Email: nacionalni.transport@kappastar.com

INTERNATIONAL TRANSPORT

Goran Vučetić 063/332-461

Email: office@ksl.rs

Email: upit@ksl.rs

Sincerely,

UMKA TEAM



Umka DOO Beograd, 13. oktobra 1, 11260 Umka

Tel: +381 11 36 02 600, Fax: +381 11 8026 995

Email: sales@umka.rs , web: www.umka.rs