

# ETS Innovation Fund and the Pulp & Paper Industry

Metsä Group views

Timo Karinen & Niklas von Weymarn

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# Metsä Group: A leading player in the forest-based bioeconomy

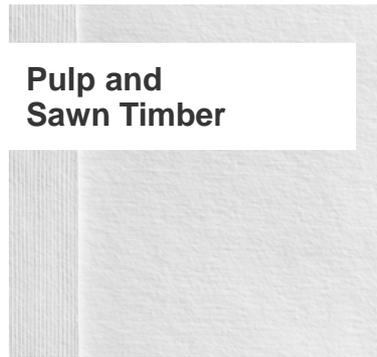
We focus on products and services with promising growth prospects and in which we have strong competence and a competitive edge.



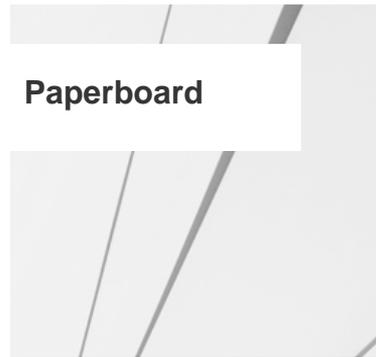
**Wood Supply and Forest Services**



**Wood Products**



**Pulp and Sawn Timber**



**Paperboard**



**Tissue and Greaseproof Papers**

**Renewable energy from the side-streams**

**Group turnover in 2018 approximately 5.7 billion EUR**

# Background

- Metsä Group is expected to generate an adequate return on investment (ROI)
- On the other hand, Metsä Group's goals also include i) getting rid of all fossil fuels in production, as well as ii) finding other ways to mitigate Climate Change (e.g. carbon storage in forests)
- Implementing the latter usually has a negative impact on the ROI, i.e. the new/green technologies and solutions are typically more expensive
- New technologies also embody a higher technology-related risk



# Public funding in general

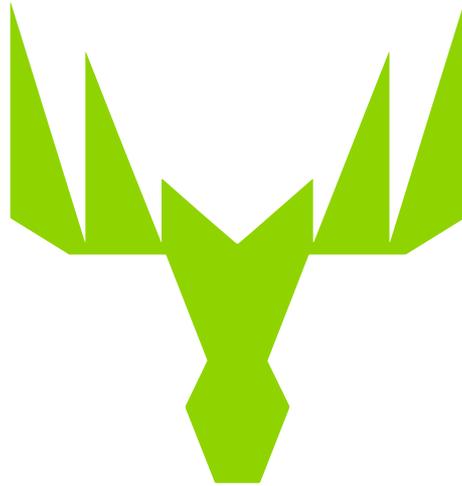
- A grant is a more efficient “catalyst”
  - For projects starting at TRL7-9, usually only grants make a difference (role of technology risk not so high anymore)
  - To make a difference, a loan must have a strong risk-sharing element and these fit thus better to pilot/demo projects, i.e. with goal to reach TRL6-7 (role of technology risk is significant)
- Fixing the funding percentage in relation to the incurred costs before the project start is preferable, compared to linking the funding to the actual profit (*cf.* NER300); In some cases even impossible to follow profit
- If a separate company, like a JV, or a small company, then an up-front grant/loan is preferable (a cash flow issue)
- Eligible cost: Either total investment or the delta btw. new and established technology



# Our potential projects

- Achieving 'Fossil Fuel Free' production (e.g. new biomass-fueled boilers and biomass gasification); Typically TRL7-9 at start of project
- More efficient chemical recovery boilers; Typically TRL7-9 at start of project
- Smaller novel technologies related to GHG-savings and renewable energy; Can be TRL5-9 at start
- New bioproducts from wood (substitution effect); Goal to reach TRL6-8 at the end





**Metsä**