Today’s Topics

• Pratt Overview

• China

• Market Pricing

• Future for Recycled Fiber
Pratt Industries Overview

~$3.0 Billion and Growing..........  
Fully integrated, privately-held packaging company

Recycle nearly 3.0 million tons of materials annually  
~40 million trees saved annually

5th Largest U.S. paper and packaging company – 7,500 employees

Largest 100% Recycled corrugated packaging company in North America

Largest user of mixed paper in North America

4 soon to be 5 -100% Recycled Paper Mills.... Today  
Mills consume ~10 million pounds/day of recycled paper

68 factories in North America

18 Material Recovery facilities (MRFs)
Close-the-Loop Integrated Pratt...a true “Circular Economy” company
Wapakoneta
New Pratt Recycle Plant
Midwest Growth
Pratt’s New 100% Recycled Papermill
Wapakoneta
State of the Art Technology
Pratt Recycling in Wisconsin 2018

- 8,000,000 lbs of Mixed Paper
- 5,000,000 lbs of Cardboard
- 13,000,000 lbs of Recyclable Fiber
Market Update....Tumultuous Times

CHINA
The “Back-Story”

- China “warned us 3-5 years ago – “Green Fence”
  - No more “trash” accepted.
  - Self-sufficiency for recycled materials
  - No one took it seriously…contamination got worse

- China 2017 – “National Sword”
  - Banned Mixed Paper effective 2018
  - Banned many plastics
  - Set 0.5% contamination level

- China 2018 – “Blue Sky, Green Water”
  - Ban is happening
  - Self-inspection eliminated
  - 100% inspection required
China and Export

- China Ban…Never an issue of “IF” it would happen, but “when”
- No more Mixed Paper from the US
- We did it to ourselves

So, where do we go from here?
Quarterly - US Mixed Paper Exports to China
(Tons-000s Q1 2015 - Q3 2018)

~ 95% Decrease Q1-Q3 2018 vs. 2017
Midwest Pricing Volatility

Midwest OCC Historical Pricing

Midwest Commodity Market
Historical
OCC / Mix
What is Driving Pricing?

- Generation of Recycled Fiber in the US is HIGH
- E-Commerce
- Excess of Fiber
- Mill Downtime due to lack of roll stock movement
- Thousands of Tons in Warehouses
- Mills cutting off suppliers
- Yellow Sheet on OCC (Cardboard) could possibly fall $10/ton
2020-2021

- 5 new paper mills in the Midwest
- 9 Dragons purchasing closed, old mill, refurb
- Making recycled pulp
- Selling it to China where there is a need
Mixed Paper Yellow Sheet very low

- February 2019 Midwest Market value is $0.00
- Unprofitable MRFs (material recovery facilities)
  - Closing doors
  - Trying to upgrade any mix that comes in to other grades
- Negative articles – daily
  - Consumers losing faith in recycling
- Other mills see $$$ in replacing OCC/DLK for Mixed Paper
- Other countries buying up Mixed Paper tons
WISHFUL RECYCLING

Consumers also want to “HELP”

Biggest Issue...Contamination!!
Contamination!!

Most cities understating level of contamination

✓ It's not 15% 20%
✓ More like 30% 40%

Rejects From Our Papermill

China now says...”Enough is Enough”
So, What do we do now...

• Focus on Quality
• Tackle contamination head on
• Master Recycler Classes for your Community
• Bottom Line… Go Back To Basics
• History shows that Markets may Bounce Back
Thank You