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Periodical

Paper & Packaging

Dr. Paper's Weekly Wrap-up

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- The week's best results? Silgan posted Q4 underlying EPS of \$0.69, well above our \$0.55 estimate. SLGN's plastic business benefited from drop in resin costs. Food can volumes were strong. Net Debt/EBITDA is below 2X, putting SLGN in position for growth opportunities over next 12-18 mo's.
- More capacity closures announced. Domtar announced permanent closure of 293K/tpy uncoated white paper machine in Bern, NC. Tembec announced plans to idle several pulp, newsprint and lumber mills across Canada.
- A big week for write-offs. Domtar took over \$700MM+ of pretax impairments & writedowns. Weyerhaeuser's number was \$1.3B – mostly in wood products & real estate.

Figure 1: Weekly Metrics

Ticker	Last	52w high	52w low	Div. Yield		YTD	12 mos	MTD	Last Week
				%					
DJII	8,280.59	13,136.69	7,449.38			-8.1%	-34.3%	0.8%	-1.1%
S&P 500	868.6	1,440.24	741.02			-6.4%	-36.7%	2.4%	0.1%
DBSI Paper & Forest Products Universe									
Domtar	HOLD	1.19	7.94	1.01	n.a.	-21.6%	-82.6%	-12.1%	-17.1%
Glatfelter	SELL	8.67	15.76	7.5	4.2%	-7.9%	-37.2%	-1.6%	-7.0%
International Paper	HOLD	8	33.77	7.6	12.8%	-33.9%	-75.1%	-14.5%	-25.9%
Louisiana Pacific	HOLD	2.28	13.55	1.4	n.a.	27.6%	-85.2%	-4.3%	-7.0%
MeadWestvaco	BUY	11.84	29.4	9.44	8.0%	2.3%	-56.1%	-1.6%	-6.6%
Packaging Corp	BUY	14.74	26.99	10.95	8.2%	8.8%	-39.2%	3.2%	-1.1%
Smurfit Stone	HOLD	0.03	9.49	0.03	n.a.	-87.8%	-99.7%	-6.3%	-19.9%
Temple Inland	BUY	5.64	20.49	2.34	7.3%	14.8%	-70.9%	-2.8%	-6.5%
Wausau Paper	BUY	8.73	11.86	6.51	3.8%	-22.6%	4.5%	-6.9%	-11.5%
Weyerhaeuser	HOLD	28.03	68.65	25.96	3.7%	-10.6%	-58.0%	0.1%	-4.7%
Group Average						-13.1%	-59.9%	-4.7%	-10.7%
DBSI Packaging Universe									
Ball Corp.	BUY	41.23	56.2	27.37	1.0%	-3.3%	-8.7%	4.9%	0.1%
Bemis	HOLD	23.01	29.7	20.62	4.0%	-5.3%	-15.6%	-0.7%	-3.1%
Bway	BUY	9	13.5	4.11	n.a.	12.7%	-10.4%	6.0%	5.3%
Crown Holdings	BUY	21.46	29.6	13.37	n.a.	8.8%	-10.7%	11.4%	10.8%
Greif Brothers	BUY	31.08	73.45	27.07	5.0%	-8.6%	-52.8%	1.0%	-5.5%
O-I	BUY	18.5	60.6	15.2	n.a.	-33.9%	-65.2%	-4.8%	-12.1%
Pactiv	BUY	22.03	65.2	18.98	n.a.	-12.9%	-22.1%	0.3%	-2.6%
Rock-Tenn	BUY	31.2	46.37	23.87	1.3%	-8.7%	13.6%	0.1%	-4.4%
Sealed Air	HOLD	14.08	28.32	12.01	3.5%	-8.2%	-46.8%	1.3%	-2.4%
Silgan	BUY	52.24	58.27	36.4	1.3%	7.2%	10.7%	11.8%	9.9%
Group Average						-5.2%	-20.8%	3.1%	-0.4%
DBSI Timber Universe									
Plum Creek	BUY	33.3	60	27.33	5.4%	-10.8%	-24.6%	0.8%	-0.8%
Rayonier	BUY	31.78	49.54	26.25	6.8%	-6.5%	-30.0%	-0.4%	-3.0%
Sino-Forest	HOLD	11.14K	21.23	5.25	n.a.	-0.5%	-48.7%	6.7%	12.0%
Group Average						-5.9%	-34.4%	2.4%	2.8%

Source: Deutsche Bank estimates, Capital IQ

Deutsche Bank Securities Inc.

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Key Commodity Prices

MARKET PULP - NBSK (\$/m. ton)	← 715
\$600	\$1100
NEWSPRINT (\$/m. ton)	← 755
\$415	\$800
LWC (No. 5 - 40 lb.) (\$/ton)	← 920
\$680	\$1240
COATED FREE SHEET (No. 3 Rolls - 60 lb.) (\$/ton)	← 1000
\$720	1120
UNCOATED FREE SHEET (20lb.-Repro Bond) (\$/ton)	← 1085
\$650	1200
LINERBOARD (\$/ton)	← 590
\$310	\$610
SBS (\$/ton)	1050 →
\$570	\$1100
LUMBER COMPOSITE (\$/mbf)	199 →
\$196	\$499
PANEL COMPOSITE (\$/msf)	255 →
\$196	\$610

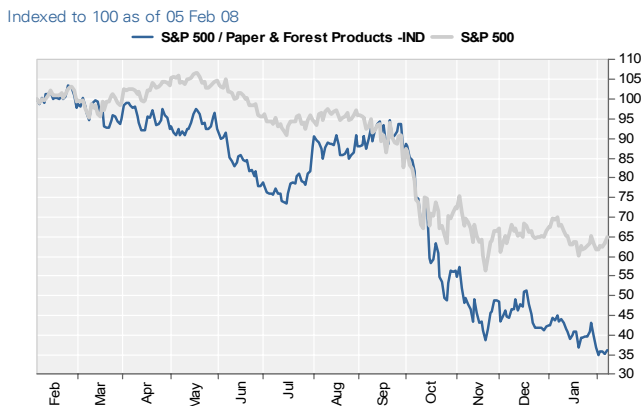
Source: Pulp & Paper Week and Random Lengths

Company Valuation Ratios, 2008E & 2009E

	EV/EBITDA		P/E		Price/ Book
	2008	2009	2008	2009	
UFS	3.3x	4.3x	5.1x	27.8x	0.2x
GEF	4.5x	4.7x	7.1x	0.0x	1.3x
GLT	4.7x	5.6x	8.0x	8.9x	0.8x
IP	5.3x	6.4x	3.9x	NM	0.3x
LPX	NM	NM	NM	NM	0.1x
MWV	5.5x	6.7x	17.2x	NM	0.5x
PKG	5.1x	7.0x	10.8x	22.4x	2.1x
RKT	7.7x	6.3x	11.4x	9.1x	1.9x
TIN	5.7x	4.8x	NM	NM	0.8x
WPP	8.1x	6.2x	NM	46.6x	1.8x
WY	NA	NA	NM	NM	0.7x
PCL	14.8x	NM	22.9x	38.3x	2.3x
RYN	7.8x	NM	14.6x	20.2x	0.0x
BLL	7.1x	6.8x	10.8x	22.4x	2.6x
BMS	6.6x	6.7x	13.7x	15.0x	1.4x
BWY	6.3x	5.4x	12.5x	11.3x	1.3x
CCK	6.6x	6.5x	12.1x	10.6x	NM
OI	4.2x	4.1x	5.0x	4.8x	NM
PTV	6.8x	6.5x	12.6x	11.9x	2.1x
SEE	7.0x	6.2x	9.8x	10.6x	1.2x
SLGN	7.2x	6.9x	13.5x	12.7x	3.4x
TRE	2.8x	NM	7.5x	7.3x	3.0x

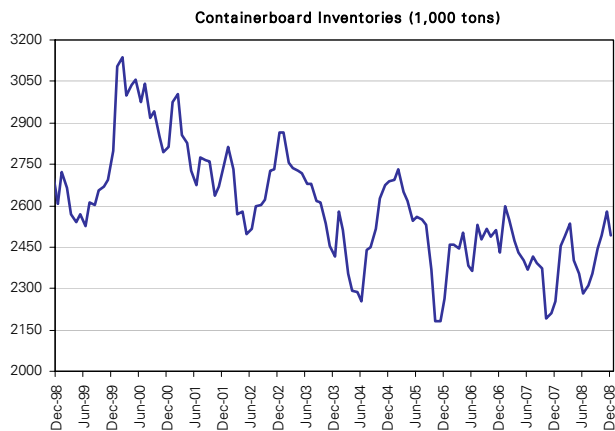
Source: Company Data and DB Estimates

S&P 500 vs S&P Paper



Source: Factset

Containerboard Inventory



Source: AF&PA, Deutsche Bank

Appendix 1

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Equity rating key Equity rating dispersion and banking relationships

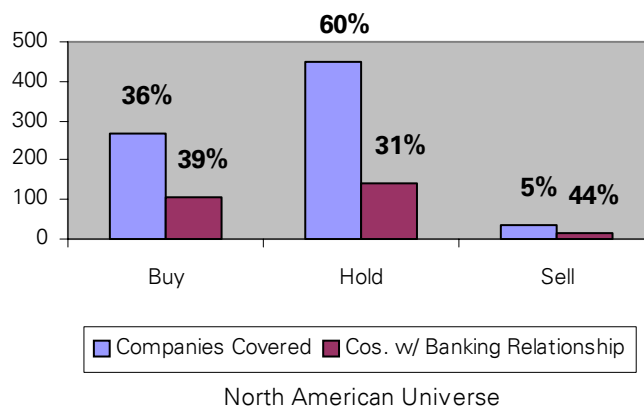
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