



Pixelle Specialty Solutions to Close Mill in Jay, Maine Q1 2023

September 20, 2022

Jay, ME -- [Pixelle Specialty Solutions](#) LLC ("Pixelle"), a leading manufacturer of specialty papers in North America, has announced the mill located in Jay, ME will close in the first quarter of 2023. The mill employs approximately 230 people who will be affected by the closure. The mill produces specialty label and release papers, as well as industrial and packaging solutions for eCommerce and food service. Its two paper machines have a capacity of 230,000 tons annually.

"The dedicated and skilled paper making employees in our mill in Jay, Maine have worked tirelessly to achieve financial sustainability in challenging economic times," said Timothy R. Hess, President and CEO of Pixelle. "They have produced products of the highest quality and maintained a safe work environment. Economic forces beyond our control have combined to make profitable operations at the mill unsustainable. We are grateful for the efforts of the employees and are committed to assisting them with offers of continued employment at other Pixelle locations or outplacement support."

The mill has endured significant business and financial challenges that were compounded by the April 2020 rupture of one of its pulp digesters and catastrophic damage impacting the continued operability of the entire pulp mill. No one was injured in the event, and the mill subsequently transitioned into higher margin specialty products and invested capital to increase operational efficiencies while operating on purchased pulp. The company intends to work with its customers where possible to transition their products to other Pixelle mills or to plan for volumes of orders in the limited production leading up to mill closure.

"Pixelle will continue to manufacture high-quality specialty solutions for our valued customers at our three specialty mills in Wisconsin, Pennsylvania and Ohio," said David E. Dickerhoof, Sr. Vice President of Sales and Marketing. "Business conditions and the strength of our broad range of products will offer us continued growth opportunities in serving our customers in the specialty labels, food packaging, industrial specialties and premium printing markets."

About Pixelle Specialty Solutions

Headquartered in Spring Grove, PA, Pixelle Specialty Solutions is the largest and fastest-growing manufacturer of specialty papers in North America with one of the most comprehensive portfolios in the industry. Through innovation, quality and expertise, Pixelle delivers high-performance solutions that help customers boost brand appeal and improve customer experience while supporting sustainability goals. For more information, visit www.Pixelle.com.

Media Contact: Alan Ulman | alan.ulman.1@gmail.com | 404-345-8365

Leadership Message



Tina Hart

Vice President, Sales, Label and Packaging Materials North America

September 26, 2022

Dear Valued Avery Dennison Customer,

We are writing to inform you of an event with one of our paper suppliers that impacts the pressure-sensitive label industry and supply chain. On September 20, Pixelle Specialty Solutions, announced the closure of their Androscoggin mill in Jay, Maine in Q1 2023. There are multiple reasons behind the closure such as the loss of their pulp digester in 2020 and additional economic forces beyond their control. Ultimately, the mill has become unprofitable and its operations unsustainable.

The decision directly impacts our supply of paper liner material; however the impact could be expanded to other paper products as volume shifts to other suppliers. We have been working through the impact of the Finnish Paperworkers Union Strike since the beginning of 2022. Many of the actions implemented during that situation, such as moving from paper to PET release liner, qualifying alternative products, prioritizing essential products, and volume restrictions will continue and have helped us build a stream of contingency options.

We were all hoping for some relief after over two years of supply chain disruptions. This week's announcement is certainly a disappointment, but we remain focused on expanding paper supply in North America and protecting our customers. No action is needed from you at this point. If you have additional questions, please feel free to reach out to your Avery Dennison sales rep.

Sincerely,



Tina Hart
Vice President, Sales
Label and Packaging Materials, North America



As you are likely already aware, Pixelle Specialty Solutions announced it is closing its paper mill in Jay, Maine, in early 2023.

The effects of this action are already beginning to be felt. We expect increased supply disruption and/or product changes to be a result throughout the industry ahead of that date. While Pixelle is not the primary liner supplier to Mactac; we are far from immune from the expected fall out. We are already seeing a significant and immediate resurgence of inflation from multiple paper manufacturers as they respond to this further decline in the balance of supply and demand.

The countermeasures we shared with many of you earlier this month at Labelexpo and the AWA liner release summit are ongoing. Domestic and offshore SCK options are running at our facilities this week and we are accelerating our investment in alternate liner solutions.

This is not at all the message I expected or wanted to be sharing on the eve of the fourth quarter. However, please be assured our priority remains continuity of supply. Will this come at a cost in the short term? Regrettably the answer is yes. We also believe the swing nature of most paper assets (i.e. running both liner and face) will lead to facestocks coming under similar pressure as the industry is forced to prioritize one component over the other. Our commitment is to minimize that impact and communicate early and often as to what that means for you and your customers as the future state landscape comes into better focus.

We thank you for your business as well as your continued collaboration, patience and creativity as work through this together.

Regards,

Kevin Clunie
Vice President Sales & Marketing – Performance Adhesives
Mactac North America
Spinnaker, A Mactac Company