



Cascades Inc. to Partner With Maritime Paper Products Limited

Description

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Step One: work together for the box

Quebec based **Cascades Inc.** ([TSX:CAS](#)) is best known as both a producer and a recycler of tissue paper and packaging products. With over 100 production facilities across Canada, the U.S. and Europe, the company is a leading name in the paper recycling and packaging industries.

Recently, Cascades came to an interesting agreement with **Maritime Paper Products Limited** ([MPPL](#)), a member of Scotia Investments Limited group) to form a new joint venture in Atlantic Canada.

Step two: put your money in the box

Cascades, through its Norampac division, will partner with MPPL and consolidate their production activities in Newfoundland and Moncton with MPPL's operations. The partnership will be operating under the name Maritime Paper Products Limited Partnership. And of course the transaction is subject to the approval of the Competition Bureau of Canada.

In the agreement, MPPL would be the majority owner with 60% of the venture, and would oversee the management aspect. And Norampac will be the key supplier of containerboard. The companies are hoping that this arrangement will maintain "a competitive and long term supply of quality corrugated packaging to the Atlantic market."

It also takes Norampac out of competition with MPPL and gives them a guaranteed demand for their containerboard and other products. And MPPL gets steady prices, steady supply and the opportunity to upgrade their product lines.

Conclusion: open the box

Cascades, which is coming off its best quarterly results since 2010, have taken a "if you can't beat'em, join'em" approach in Atlantic Canada by partnering with MPPL. Time will tell if this deal pays off for the corrugated juggernaut, but arrangements like this could maintain the growth Cascades enjoyed

through 2013.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CAS (Cascades Inc.)

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