



PRESS RELEASE

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Rottneros interim report July-September 2021

Very strong earnings improvements

- **NET SALES** increased by 12 percent to 570 (508) MSEK driven by higher sales prices.
- **THE LIST PRICE** for NBSK pulp in Europe was 59 percent higher in USD and 55 percent in SEK compared with the third quarter of 2020. The list price has risen from 880 to 1,340 USD per tonne during the period January-September 2021.
- **PRODUCED VOLUME** amounted to 92.2 (110.2) thousand tonnes, affected by annual maintenance shut downs in both mills. In 2020, no maintenance stops were held in the third quarter.
- **SOLD VOLUME** amounted to 92.5 (106.9) thousand tonnes. Demand was strong in Europe but sales held back by lower production.
- **EBIT** (operating profit) for the third quarter of 2021 was SEK 101 M (4). A strong pulp market was the main reason for the improvement in earnings. Lower variable costs also contributed positively.
- **THE NET RESULT** for the third quarter of 2021 was 71 (-1) MSEK. Earnings per share for the quarter were 0.47 (-0.01) SEK.
- **REFINANCING** with a new loan agreement of 150 MSEK + 100 MSEK and repayment of 400 MSEK bond loan. Available liquidity amounted to 415 (542) MSEK.
- **DIVIDEND** was decided and paid to the shareholders of 0,45 SEK/share, a total of 68 MSEK.

COMMENTS FROM THE CEO

The continued strength of the pulp market resulted in a very high level of earnings in the third quarter, even though production was held back by the annual maintenance shutdowns at our mills. The EBIT improvement from 4 MSEK to 101 MSEK could mainly be attributed to an increase in pulp prices. Our focus on continuous improvement also yielded clear results.

The quarter was very strong in terms of the underlying factors and adjusted for the maintenance shutdowns in our mills, most of which took place in Q3. Net turnover grew by 12 percent despite a 13 percent decline in deliveries. Higher prices were the main explanation. The comparison with the same quarter last year is influenced by the fact that Rottneros and Vallvik then carried out their maintenance shutdowns in Q2 and Q4 respectively. Raw material flows continue to be favourable with stable prices.





STRONG PULP MARKET

The pulp market continues to be strong. In Europe, which accounts for about 70 percent of our sales, the list price for NBSK was stable at USD 1 340 per tonne during the quarter and also in early October. The fact that demand for one of our most important products, unbleached sulphate pulp (UKP), rose by 26 percent during January-August is also a sign of strength.

STRONG CASH FLOW PAVES WAY FOR RESUMED DIVIDEND

Our successful emergence from the pandemic is further confirmed by the resumption of the dividend following the decision of the General Meeting at the end of September. The balance sheet remains solid. At the end of the quarter, we had 133 MSEK in cash, net debt was 28 MSEK and the cash reserve was substantial at 282 MSEK.

LARGE-SCALE PACKAGING INVESTMENT IN POLAND

Rottneros Packaging has signed a letter of intent with Arctic Paper for a 50/50 joint venture in Poland. The agreement confirms our leading position in top-quality moulded fibre trays and is the result of our leading technology and know-how for the past 15 years.

We want to contribute to the transition to more sustainable packaging, especially for ready-made meals that are packed in “modified atmosphere” and thereby achieve a shelf life of three weeks in cold chains, which is unique. The facility will add significant capacity to meet the huge demand in the market.

FOCUS ON THE GOAL OF COMPLETELY FOSSIL FREE PRODUCTION BY 2030

In conjunction with the maintenance shutdown at Rottneros Mill in September, an investment of 40 MSEK in the biomass boiler was carried out to increase availability and minimise the need for fossil fuels for drying the pulp. It is part of the ambition to continuously reduce environmental impact with a good energy mix and to reach a completely fossil free production by 2030. Costs can also be reduced. The investment in the biogas plant is now in the final phase of fine-tuning. Both investments are timely given both current and long-term developments in the energy markets in Sweden, Europe and globally. With the environmental investment at Vallvik, which was carried out in conjunction with the maintenance shutdown, the final piece of the puzzle is in place to meet the conditions linked to the 255 000 tonne production permit.

ELECTRICITY MARKET REMAINS A CONCERN

The electricity market is a source of concern as the high prices seen in the summer accelerated in September. Our power hedges are effectively neutralising the impact on earnings, but the hourly spot price has soared and we were forced to stop production on the groundwood pulp line in September, both on an hourly basis and for several days in connection with the maintenance shutdown. In total, about eight days were affected during the quarter. We have also had some continued production restrictions for the groundwood pulp line in October. Customer confidence in us could be damaged if we are not perceived as a stable supplier. CTMP production has not been affected during the quarter thanks to better profitability.

In summary, we continue to focus on the factors we can influence ourselves to maximise our earnings, regardless of external conditions. The Group’s positive performance over the past five years is clear confirmation that we truly walk the talk. I would like to thank all of our employees for the work that is constantly done to strengthen and grow the Rottneros Group. With the pandemic restrictions almost completely lifted, our organisation has begun to return to more normal procedures, which feels good. Finally, I would like to thank all of our customers, suppliers and owners who make our journey of improvements possible.





(For full report, see attached pdf)

This information is such information that Rottneros AB is required to disclose in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 22 October, 2021 at 08.00 by the contact person below. This report has been prepared in both a Swedish and an English version. In the event of deviations between the two, the Swedish version shall prevail.

Reminder; Invitation to Rottneros' presentation of interim report Q3 2021

All participants can follow the presentation via the web link 13.00 CET 22 October:
<https://www.finwire.tv/webcast/rottneros/q3-2021/>

The presentation will be held in English. Questions can be asked in English or Swedish, via the link in advance or during the presentation.

You can also watch the presentation afterwards via [Rottneros' Youtube channel](#) and website: <https://www.rottneros.com/investors/presentations/>

For further information please contact:

Lennart Eberleh, President and CEO, Rottneros AB,
+46 (0) 270 622 65, lennart.eberleh@rottneros.com

Pia Ohlson, CFO, Rottneros AB,
+46 (0) 270 622 70, pia.ohlson@rottneros.com

Rottneros is an independent producer of market pulp. The Group comprises the parent company Rottneros AB, listed on Nasdaq Stockholm, and its subsidiaries Rottneros Bruk AB and Vallviks Bruk AB with operations involving the production and sale of market pulp. The Group also includes Rottneros Packaging AB, which manufactures fibre trays, and the wood procurement company SIA Rottneros Baltic in Latvia and the forest operator Nykvist Skogs AB. The Group has about 318 employees and had a turnover of approximately SEK 2.1 billion in the 2020 financial year.

