



PRESS RELEASE

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# Rottneros interim report January-March 2022

## High prices gave very strong earnings

- **NET TURNOVER** increased by 22 percent to 660 (542) MSEK, driven by higher selling prices.
- **THE LIST PRICE** of NBSK pulp in Europe was 35 percent higher in USD and 50 percent higher in SEK compared with the first quarter of 2021. The list price has risen from 958 USD in Q1 2021 to 1 291 USD in Q1 2022.
- **VOLUME PRODUCED** amounted to 103,2 (102,5) thousand tonnes, affected by winter problems and limited production due to high electricity prices.
- **SOLD VOLUME** amounted to 100,0 (112,0) thousand tonnes. Demand remained strong in Europe, but sales were held back by low opening stocks.
- **EBIT** (operating profit) for the first quarter of 2022 was 145 (11) MSEK. A strong pulp market was the main reason for the improvement in earnings. Profit was held back by rising variable costs.
- **NET PROFIT** for the first quarter of 2022 was 114 (5) MSEK. Earnings per share for the quarter were 0,75 (0,03) SEK.
- **THE BALANCE SHEET** has been further strengthened. The equity/assets ratio was 67 (57) percent and available liquidity totalled 416 (513) MSEK. Net debt was 2 MSEK.

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## COMMENTS FROM THE CEO

**The pulp market continues to be strong, providing us with ultra-strong quarterly earnings. At the same time, variable costs are rising as a result of the imbalances created by Russia's unprovoked attack on Ukraine. Our structured and long-term efforts to focus on safety, efficiency and productivity improvements continue.**

Net turnover grew by 22 percent and EBIT improved by 134 MSEK to 145 MSEK. The rise in pulp prices and the weaker SEK were the main explanations. Production increased by 1 percent, while deliveries decreased by 11 percent. Cash flow from operating activities amounted to -1 MSEK and was negatively affected by increases in working capital.





## **THE INVASION OF UKRAINE AND HOW IT AFFECTS ROTTNEROS**

We strongly condemn Russia's invasion of Ukraine and are following developments with both concern and dismay. It is a tragedy and humanitarian catastrophe for the people of Ukraine. We contribute by donating to UNHCR and MSF.

Sales to Ukraine are of course negatively affected by the war, while all business contacts in Russia have been suspended. However, the Group has only limited exposure to these two countries. Before the invasion, the two countries together accounted for less than 1 percent of turnover. Our business is primarily affected by indirect effects, such as higher energy prices and shipping rates. Our solid balance sheet is important in a time of increased uncertainty.

A strong balance sheet is also an important prerequisite for enabling stable dividends to shareholders.

## **RISING INPUT SUPPLIES REQUIRE COST EFFICIENCY**

It is clear that we have now entered a period of higher inflation on our input goods and thus higher variable costs. In particular, we have been in a favourable position for our raw material flows for a couple of years, but the external situation is now gradually leading to a tighter pulp wood market.

The electricity market continues to be a problem for the electricity-intensive production of Rottneros Mill, although our electricity hedges fully offset the negative impact on earnings. Because of the periodically very high spot price at which we buy electricity for production, we had to make some minor production shutdowns this quarter as well, corresponding to a production loss of about 900 tonnes.

In view of the changing energy market situation and rising prices for other input goods, the Board has initiated an in-depth strategic analysis to ensure that the Group's structure meets the requirements of sustainable profitability in line with our financial targets. Basically, we must always have an optimal structure to create long-term value with high cost-effectiveness.

## **ROBUST PULP MARKET, PRICES REBOUNDED DURING THE QUARTER**

The pulp market continues to be strong and the list price of NBSK rose during the quarter. It returned to the historic high of 1 340 USD in March and continued to rise into the beginning of April. Our largest market, Europe, is being driven in part by strong demand for pulp from European mills due to continued limited shipping opportunities from other regions. Demand for our unbleached sulphate pulp (UKP), which is important in terms of volume, also continues to be strong, driven in part by the rapidly growing interest in fossil-free packaging.

## **PACKAGING INITIATIVE IN POLAND ON TRACK**

In February, the Boards of Rottneros and Arctic Paper decided to jointly invest 15 MEUR in a moulded fibre trough mill at Arctic Paper's mill in Kostrzyn, Poland, as part of our 50/50 joint venture company. The facility will add significant capacity and is an important step in meeting the huge and growing demand in the market. Start-up is planned for the end of 2023. At the same time, we rapidly and successfully increased production at our Sunne plant.

Finally, I would like to thank all my colleagues for their great commitment to constantly developing and improving Rottneros. I would also like to thank our customers, suppliers and owners for their trust and cooperation.

**(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 28 April, 2022 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.*

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## Reminder; Invitation to Rottneros' presentation of interim report Q1 2022

All participants can follow the presentation via the web link 11.00 CET 28 April:  
[Rottneros - Q1 presentation 2022 - Finwire](#)

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/>

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### For further information please contact:

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

Pia Ohlson, CFO, Rottneros AB,  
+46 (0) 270 622 70, [pia.ohlson@rottneros.com](mailto: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 316 employees and had a turnover of approximately SEK 2.3 billion in the 2021 financial year.*

