



PRESS RELEASE

2023-07-21

Rottneros interim report January-June 2023

Focus on improving competitiveness and financial stability

- **NET TURNOVER** decreased by 13 percent to 681 (784) MSEK. Sold volume was impacted by the discontinuation of groundwood pulp sales. At the same time, the product mix was positively affected and the average selling price increased. Lower demand and a changed customer mix curbed invoicing in the quarter.
- **THE LIST PRICE** of NBSK pulp was 5 percent lower in USD and 1 percent higher in SEK compared with the second quarter of 2022. The USD strengthened against the SEK by 7 percent during the same period.
- **PRODUCED VOLUME** excluding groundwood pulp amounted to 93.2 (94.2) thousand tons, a decrease of 1 percent.
- **SOLD VOLUME** of NBSK and CTMP totalled 82.8 (89.1) thousand tons. The volume of groundwood pulp was 0.1 (16.9) thousand tons.
- **EBIT** (operating profit) was 41 (219) MSEK. The quarter was affected by a weaker economy, significantly higher variable costs, especially for pulp wood, and costs for the organizational review at Vallvik Mill.
- **NET PROFIT** was 34 (172) MSEK. Earnings per share for the quarter totalled 0.22 (1.13) SEK.
- **THE BALANCE SHEET** remains strong. The equity/assets ratio was 65 (67) percent and available liquidity totalled 714 (553) MSEK. Net cash amounted to 274 MSEK. The long-term loan facilities were refinanced with a maturity of two years and an option to extend.
- **DIVIDEND** to shareholders in the quarter of 1.40 SEK per share, totalling 214 MSEK.

COMMENTS FROM THE CEO

In the second quarter, we continued to deliver on our goal of continuous improvement and increased competitiveness. Based on our strong financial position, we took a number of important decisions for the future. The pulp market was challenging, leading to further price declines. Our focus on cost-efficiency and long-term growth niches, along with our solid finances, give us significant resilience to potential challenges moving forward.





Our income statement was impacted by the weak market conditions that resulted in both lower deliveries and prices in USD. Net sales decreased by 13 percent during the quarter, to 681 MSEK. EBIT was 41 MSEK, including provisions totalling 16 MSEK for retirements and a new organisation at Vallvik. Production was according to plan and stable in terms of comparable units, while deliveries decreased mainly due to longer transit times between mill and customer, as a result of the weaker market. In general, we were successful in finding outlets for our production volumes. The strong USD continued to benefit our margins.

FOCUS ON EFFICIENCY IMPROVEMENTS

We are taking appropriate measures to offset the negative margin effects of cost inflation combined with falling pulp prices. During the quarter, a new organisation for Vallvik Mill was negotiated that involves a reduction of 21 employees. Together with efficiency improvements and the closure of the groundwood line at Rottneros Mill last year, this meant that we reduced the number of full-time positions by almost 20 percent over the past year. We have endeavored to implement the cutbacks as respectfully as possible for our employees. We will also adjust maintenance activities at the mills in the coming year. Postponing certain less critical actions will favour the fixed cost base in the short term.

RAW MATERIAL MARKET BENEFITS FROM -ECONOMIC SLOWDOWN

The signs of reduced inflation are reflected in a clearly improved balance and a good local supply of pulp wood. Lower demand in particular favors the balance. Import -volumes from the Baltics will be reduced as a result, which will benefit our margins. Our chemical prices are also falling. They are normally relatively closely linked to energy prices.

PULP PRICES FALL

In the current weak economic climate, the balance of the pulp market is shifting to the detriment of sellers, resulting in price reductions. Stock levels on the market remain high. The list price for NBSK fell by 130 USD in Q2, to 1,240 USD at the end of June. In China, the market is showing clear signs of bottoming out with announcements of price increases for hardwood chemical pulp. This gives hope for a stabilization of the global market in the near future. In Europe, demand and prices continued to decline at the beginning of the third quarter.

STRONG INTEREST IN PACKAGING'S PRODUCTS

The Joint Venture in Poland together with Arctic Paper for molded fiber packaging is well timed. This was amply confirmed at Interpack in Düsseldorf, the world's largest packaging exhibition. Interest in our products was enormous.

SERIES OF IMPORTANT DEVELOPMENTS

We continue to maintain a high tempo in our work to develop Rottneros to the next level. In April, the Board decided to invest in expanded CTMP capacity and renewable energy production with associated energy storage at Rottneros Mill. In June, we entered into a long-term agreement to secure access to long-term renewable energy with German EnBW through a Power Purchase Agreement (PPA). The company will provide us with over 30 GWh/year of clean wind energy over an 8.5-year period starting in 2025. The agreement is an important part of our efforts to reduce long-term exposure to electricity prices and our journey towards fossil free production.

OUR SIGNIFICANT BUFFERS GIVE US FINANCIAL RESILIENCE

At the end of June, we refinanced our long-term credit facilities totalling 250 MSEK. As before, the two-year financing agreement includes a sustainability link whereby the interest terms are linked to some of the environmental and work environment criteria in the Group's long-term targets.





We continue to prioritize our financial buffers given the potential challenges that the economic slowdown may bring. Our equity/assets ratio at the end of the quarter was 65 percent, our cash and cash equivalents were 382 MSEK and available liquidity totalled 714 MSEK. Net cash amounted to a robust 274 MSEK after we paid a record dividend of 214 MSEK during the quarter.

Finally, I would like to thank all of our colleagues who are constantly working to develop our business, as well as our customers, suppliers, owners and the Board of Directors, for a rewarding collaborative effort.

(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 21 July, 2023 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 Q2 2023

All participants can follow the presentation via the web link 12.00 CET 21 July:
[Rottneros - Q2 presentation 2023 - Finwire](#)

Questions can be asked 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/>

The presentation will be held in English. Questions can be asked in English or Swedish.

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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 fiber trays, and the wood procurement company SIA Rottneros Baltic in Latvia, and the forestry operator Nykvist Skogs AB. The Group has approximately 284 employees and a turnover of approximately SEK 3 billion.

