



PRESS RELEASE

2021-07-22

Rottneros interim report January-June 2021

A strong market and stable production improved the result Q2 2021 compared with (Q2 2020)

- **SOLD VOLUME** was 103,2 (93,1) thousand tons thanks to strong demand.
- **PRODUCED VOLUME** was at a high level, 109,2 (97,7) thousand tons. In 2020 a maintenance shutdown was held in May.
- **NET TURNOVER** increased by 16% to 593 (510) MSEK, driven by higher list prices and sales volumes.
- **THE LIST PRICE** of NBSK pulp in Europe was 40% higher in USD and 22% higher in SEK compared with the second quarter of 2020. The list price has risen from 880 USD to 1 300 USD in the first half of 2021.
- **EBIT** (operating profit) for the second quarter of 2021 amounted to 97 (2) MSEK. A strong pulp market, low variable costs and high production and sales volumes were the main reasons for the improvement in profitability. Fixed costs also contributed positively.
- **NET PROFIT** for the second quarter of 2021 was 74 (-3) MSEK. Earnings per share for the quarter were 0,49 (-0,02) SEK.
- **THE BALANCE SHEET** remains strong. Available liquidity totalled 568 (519) MSEK and the equity/assets ratio was 57 (56)%.
- **THE ANNUAL GENERAL MEETING** was held on April 28, 2021. The Meeting resolved that no dividend be paid for 2020.
- **THE CORONA PANDEMIC** entails continued measures to minimise the risk of the spread of infection in the Group's facilities. Production was not affected by the pandemic during the quarter.

COMMENTS FROM THE CEO

Production, sales and financial results were all at a good level in the second quarter. Our clear focus on continuous improvement in the areas we can influence has paid off, despite the challenges posed by the pandemic. The recovery in the European pulp market continued during the quarter, while China is now showing clear signs of a slowdown.





We had a good quarter with stable production in our mills. The volume increased by 12 percent compared with the same quarter last year, to just over 109 000 tons. The comparison was influenced by the fact that the maintenance shutdown at Rottneros Mill took place in second quarter last year, while it will take place in third quarter this year. Our deliveries increased by 11 percent, to over 103 000 tons.

HIGHER VOLUMES, INCREASED PRICES AND GOOD ACCESS TO WOODS

Net turnover grew by 16 percent, with higher prices in SEK as well as increase in deliveries contributing. The price increase in USD was clearly higher than the weakening of the USD against the SEK. The strong market enabled us to gradually increase our prices during the quarter, which is normally done with some delay compared with list prices.

The EBIT improvement from 2 MSEK to 97 MSEK was mainly explained by increased volumes and prices. The availability of pulp wood continues to be good, which benefits our purchasing costs. The price of electricity remained unusually high for the season during the quarter. The price trend is concerning and a clear sign of the inadequate electricity supply we have in Sweden, which is a threat to Swedish basic industries. Nevertheless, our electricity hedges effectively reduce the financial impact on our earnings.

CONTINUED SUCCESSFUL MANAGEMENT OF THE PANDEMIC

The safety and well-being of our employees always come first. We can still conclude that our systematic measures have kept the infection away from our facilities during the pandemic. Our efforts continued to minimise the psychosocial consequences that can arise when working from home. The fact that the pandemic has had no effect on production clearly demonstrates the successful efforts of our employees in dealing with the major challenges.

STRONG PRICE INCREASE BUT CHINA HAS SLOWED DOWN

The strong recovery in the pulp market, initially driven by strong demand in China, continued during the quarter. The list price per ton of NBSK in our home market in Europe increased during the second quarter by 270 USD to 1 300 USD at the end of June. The rise continued at the beginning of the third quarter, to approximately 1 340 USD at the present time. However, the price trend in China reversed in the second quarter and it is likely that the strong price trend in Europe will now slow down.

STRONG CASH FLOW FACILITATES NEW, LESS EXPENSIVE FINANCING

In July, we redeemed our outstanding bonds of 400 MSEK ahead of schedule and partially replaced them with bank financing for a total of 250 MSEK, of which we are initially utilizing 150 MSEK. With our strong cash flow we can reduce our debt burden by approximately 250 MSEK while maintaining good liquidity. Consequently, we will reduce our financing costs by around 13 MSEK per year. The new financing also paves the way for a potential dividend to our shareholders in the second half of the year.

CONTINUED FOCUS ON THE ENVIRONMENT

At the beginning of April, the Board of Directors decided to invest 40 MSEK in the biomass boiler at Rottneros Mill in order to increase availability and minimise the need for fossil fuels for drying the pulp. The investment is being made in conjunction with the maintenance shutdown in September and is part of our aim to continuously reduce our environmental impact and to achieve completely fossil-free production by 2030.

In conclusion, I would like to thank all employees for their great dedication and for the efforts that are constantly underway to strengthen and improve the Rottneros Group, despite the major





challenges we have faced through the pandemic. I would also like to warmly thank both customers and suppliers for their good 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 July 22, 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 Q2 2021

All participants can follow the presentation via the web link 13.00 CET 22 July:
<https://www.finwire.tv/webcast/rottneros/q2-2021/>

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/>

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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 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.