

# PULP FOCUS

THE ROTTNEROS CUSTOMER NEWSLETTER

#35



ENTHUSIASTIC RECEPTION  
FOR NEW PRODUCTS

FUN CUSTOMER  
GATHERING IN LONDON

INVESTMENTS BOOST  
PRODUCTION

# TRADITIONAL CUSTOMER EVENT AT LPW

PHOTO: Billypix

It has been somewhat of a tradition for Rottneros to invite customers to a gathering during London Pulp Week. The last LPW was no exception and over 50 customers, agents and other partners got together in a warm and friendly pub. Everyone had a good time, enjoying the excellent food and the entertainment. The latter consisted of traditional Swedish music with a modern twist. Incidentally, the band came from the area of Sweden where Vallvik sources most of its wood.

Some pictures of this enjoyable event are presented here.



# Dear Reader,

You may notice that the Pulp Focus you are holding right now looks a bit different than previous issues. We have modernised the layout somewhat and also made it more in line with how the rest of our communication looks. I hope you will like the new look.

Modernisation is also a theme for our whole company right now. Great investments have been made to keep our production facilities up to date. Some of you may already have noticed this in the form of increased delivery precision and other improvements. Much more, however, is to come through our long-term industrial plan 'Agenda 500'. And the results will come not just through investments in machinery and equipment, we are also strengthening our competence in several fields by recruiting new resources at both the Vallvik and the Rottneros mills. You will find everything about Agenda 500 in this issue.

On a completely different subject: It is spring! We have had an unusually mild winter, but nevertheless, it is nice when the sun stays up a bit longer and to feel a little warmth. Personally, I'm looking forward to getting the boat into the water for trips in the beautiful archipelago in this part of the Baltic Sea.

Not everyone is happy of course; the felling

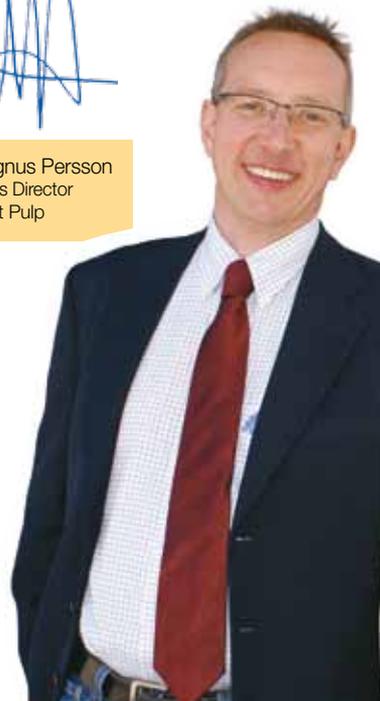
season has come to an end with the ground being soft as marshmallow and the forest roads starting to resemble rivers of mud. But that is just how it is every year. Soon, the forests will have dried up and everything starts over.

Personally, I enjoy working in an industry that has this connection with the shifting seasons and which, not least, utilises one of few really sustainable raw material sources. Both our mills are blessed with large areas of forests, supplying fresh, high-quality wood. Which is reflected, among other things, in the new products that Rottneros Mill has launched.

These products have been developed in close cooperation with our customers around the world. This brings me into my final subject: I would like to thank all of you, our customers, for a fantastic 2015. We have achieved a historic annual result, in fact the group's best annual result in its current structure. This is of course very positive from a financial perspective, but it makes us even happier to see this as your appreciation of what we do. We would not, however, be where we are today without the input from, and cooperation with, our customers. So thank you for this year, hoping we

will have many more years of productive partnership ahead of us.

Magnus Persson  
Sales Director  
Kraft Pulp



## NEW PRESIDENT AND CEO OF ROTTNEROS AB APPOINTED

**The Board of Rottneros AB has appointed Lennart Eberleh new President and CEO of Rottneros AB.**

Lennart Eberleh most recently comes from BillerudKorsnäs where he is head of the business area Corrugated Solutions, one of BillerudKorsnäs' three business areas. Lennart has more than 20 years of experience in various management positions within the paper industry, including in Stora, Billerud and BillerudKorsnäs. Lennart has a M.Sc. in Engineering from the Technical University of Braunschweig.

"We are very pleased to have recruited a person who has both substantial expertise in the paper industry as well as solid experience of business acumen," says Rune Ingvarsson, Chairman of the

Board of Rottneros AB.

Lennart Eberleh will take office no later than October 1, 2016. Until then, Per Lundeen will continue as CEO. Per took office as CEO in November 2014 after serving on the Board of Rottneros AB since 2013.

"We are very grateful for the work that Per has performed," says Rune Ingvarsson. "Under his leadership, Rottneros has developed into a very profitable and financially strong company. We are also delighted that Per will make himself available for further work as a member of the Board of Rottneros AB." ■



## ROTTNEROS RECEIVES AWARD FOR BEST ANNUAL REPORT

Rottneros has received an award for the best annual report in 2014 within the category Small Cap. The award was made at the end of 2015 by NASDAQ, FAR (the Swedish institute for professional accountants), the Swedish Society of Financial Analysts, and the Swedish Association of Communication Professionals.

The prize for 'Best Annual Report' has been awarded since 1965, and this year over 200 listed companies' annual reports were entered.

The jury's motivation: "Rottneros concise and well-written texts, relevant image selection and charts as well as educational illustrations. An annual report that would get by very well in comparison with those of large companies."

"This award clearly shows the quality of our annual report, which of course we are very proud of," says Krister Lindgren, CFO of Rottneros. "We have initiated an improvement program within the Rottneros Group and one part of it has been to develop our external communication. The award indicates that our efforts paid off." ■

# AGENDA 500 SECURES ROTTNEROS' GROWTH

One of the first things Per Lundeen did when he took up his job as CEO of Rottneros AB was to put together a long-term plan and strategy for the company. In mid-2015 the first steps under the plan were taken. Now, the positive effects are already starting to show.

Rottneros' long-term industrial plan, called Agenda 500, aims to increase the capacity of the Rottneros group through successive investments. Investments are being made to renew production equipment, and also in the organisation, to increase capacity and eliminate bottlenecks at the two mills.

The objective is to increase Rottneros' total production capacity to in the neighbourhood of 500,000 tonnes of pulp annually, up from the 344,000 tonnes produced in 2014. This will require considerable investments, in the region of SEK 800 million.

## TWO PHASES

The plan is divided into two phases, one mid-term and one long-term, each comprising half of the total investments. The first phase started in 2015 with investments of SEK 100 million. The first phase aims at raising the total production of the mills to 425,000 tonnes.

"A realistic time frame for the whole plan is four to six years," says Per Lundeen. "The rate of investment, however, will be governed by Rottneros' ability to place the increased volumes in the market."

Investments in Vallvik during 2015 comprised, among other things, the building of a completely new pulp warehouse for more efficient logistics, a new feeding system for the boiler, and a rebuild of the atmospheric diffuser washer.

Work has started at Rottneros Mill with an expansion of the wood yard and a further expansion of the yard will be made during 2016. The construction of a new building for improved washing and bleaching is also well under way.

Although all of the investments have not been finalised yet, results have already begun to materialise. Total production in 2015 reached 373,000 tonnes and is increasing. Per Lundeen, however,

underlines that the plan does not solely focus on production volumes: "Vallvik's new pulp warehouse is a good example," he comments. "By creating more space, we have been able to raise our stock levels. This has in turn enabled us to improve our delivery precision. "To take full advantage of the 'hard' in-

vestments we are also making 'soft' investments," he continues. "We are recruiting new resources at both mills to strengthen our market and technical support services, and logistics. At Vallvik, four or five key engineering positions are being created together with two or three similar positions at Rottneros. ▶



Rottneros' CEO Per Lundeen has engineered the long-term plan Agenda 500 together with the management teams at the two mills.



The Rottneros and Vallvik mills have made a flying start towards the objective to achieve yearly production in the neighbourhood of 500,000 tonnes.

“Quality is another aim with our plan. Through these investments we are getting new tools to continue to develop our product quality.”

The next step of the plan is now under way. The work started in 2015 at Rottneros Mill will be completed:

**NEXT STEP**

“This involves, among other things, improved washing and bleaching at high consistency,” comments Olle Dahlin, Managing Director of Rottneros Mill. “We will also increase our flash drying capacity and build a new pulp warehouse. Together with removing a number of bottlenecks this will make it possible to raise the mill’s annual production by some 20,000 tonnes.”

The board of Rottneros has during 2015 approved an additional SEK 240 million for continued investments according to Agenda 500. Major new invest-

ment is also under way at Vallvik, mainly in the white liquor production and in re-building the screening plant.

As mentioned before, a pre-requisite for our continued investment programme is that sales keep up with the increased production volumes. Both Per Lundeen and Olle Dahlin are confident that this will be achieved according to plan.

“Our sales are growing well in line with Agenda 500,” says Olle Dahlin. “This applies especially for our new products [see separate article]. We have now a solid base for our groundwood production, where we achieved a substantial production increase last year. Considering the added confidence we have earned among our customers due to our new investments, I foresee no difficulties in keeping our sales in pace with Agenda 500 and reaching above 200,000 tonnes annually.” ■

**HISTORIC ANNUAL RESULT**

Rottneros reached a profit of SEK 259 (114) million after net financial items for the whole of 2015. This is the group’s best annual result in the current structure.

Also cash flow before investments was strong and totalled SEK 335 (104) million for the whole of 2015. Rottneros is debt-free and at year-end cash and cash equivalents totalled SEK 169 (89) million.

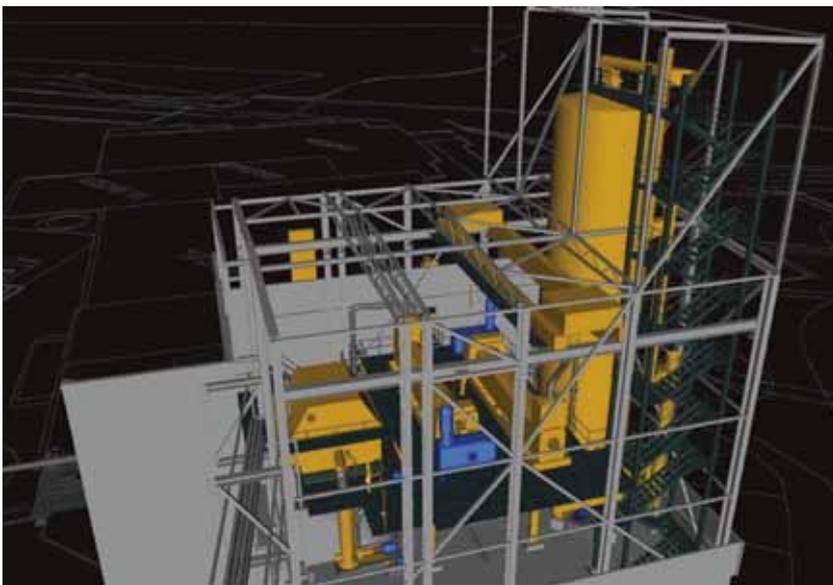
Net turnover for both the fourth quarter and full-year 2015 increased 16 percent compared with the previous year. Production volumes in the fourth quarter increased by 7 percent and for the full year, production volumes increased by 8 percent compared with the same period the previous year. Both Rottneros Mill and Vallvik Mill set new records for annual production.

“2015 was an extremely favourable year for the Rottneros Group,” says Per Lundeen, CEO and President of Rottneros AB. “The year as a whole represented a significant improvement in earnings, with operating profit more than doubling to SEK 263 million. We can thus report a return on capital employed of 25 percent. This means that we have met our target: return on capital employed shall exceed this figure for comparable pulp-producing companies.” ■

**VALLVIK MILL GRANTED A NEW ENVIRONMENTAL PERMIT**

Vallviks Bruk AB has been granted permission to produce the requested 255,000 tons of sulphate pulp. It is a comprehensive permit under the Swedish Environmental Code, which is associated with a number of conditions, which are broadly in line with the company’s previously stated position.

“The new permit will ensure that we can continue with our long-term industrial plan, Agenda 500 and increase the capacity of both our mills,” says Per Lundeen, CEO of Rottneros. “The permit also ensures that we can continue to develop the company and our organisation.” ■



Rottneros Mill’s improved washing and bleaching facilities are illustrated here, where two presses and a tower for high-concentration bleaching will be located in a new building, currently being built next to the CTMP plant.



Nils Hauri, production manager, and Fredrik Danielsson, manager technical sales and sales manager Scandinavia and Western Europe, are two of the key people that have developed the new pulp products.

TEXT: L-O Mattsson PHOTO: Lasse Forsberg

# TRIPLE INNOVATION AT ROTTNEROS

Ingenuity and teamwork has created three unique products from Rottneros. The reception by the market of Absorption Express, Bulk Booster and Opacity Extreme has been enthusiastic.



It was in early 2014 that the development work on the new pulp qualities started.

“From the beginning, it was a strategic decision that Rottneros must find and focus on the market segments that offered growth opportunities,” explains Fredrik Danielsson, manager of technical sales and who is also the sales manager for Scandinavia and Western Europe.

#### CARTON BOARD EXPERTISE

“Rottneros has a long history in printing&writing, but clearly that segment is now not the optimal one to be positioned in. However, we also have

◀ Fresh spruce is an important ingredient in the recipe for Rottneros Mill’s success.

very extensive experience in the area of carton board due to our CTMP production.

“This led to the conclusion that there was an interesting opportunity if we could develop a groundwood pulp that increases both bulk and bending stiffness when used in the middle ply of the board.”

#### BULK BOOSTER

“This was not an easy task, but a collective effort from our staff, led by our production manager Nils Hauri, resulted in a ground wood pulp in which the freeness could be raised from 100 ml to 320 ml. This was a major step going forward in our attempts to create a grade aimed for different board applications. Later on this has been developed further so that we now offer two varieties with a free-



The difference between Rottneros' unbleached pulp and a competitor's. ▲

ness of 400 ml and 450 ml, respectively. We chose the brand name Bulk Booster to drive home the product's advantages in a clear and concise way."

**ABSORPTION EXPRESS**

It was not, however, Bulk Booster that was the first to hit the market. In the course of the development work the team realised that the properties obtained, i.e. high absorption and better bulk, could be very useful for tissue producers. With some adjustments, among others enhanced brightness, Absorption Express was born.

"This product is unique," comments Fredrik Danielsson. "Its absorption properties are twice as good as with chemical pulps. When it comes to other pulp varieties, nothing on the market can beat Absorption Express' combination of price and properties.

"Launched at London Pulp Week 2014, Absorption Express went from 0 to 20% of our stone groundwood production in a year," Fredrik continues. "It has been tested on more than 50 tissue machines around the world, and is currently running continuously on a large number of them. Needless to say, we are

very happy about the market's reception of Absorption Express."

The third innovation by Rottneros is the recently launched Opacity Extreme. As the name suggests, opacity, not bulk, is the issue here. In addition, the product has excellent strength properties and very low shive content. The target customers are producers of thin printing and packaging papers and speciality applications.

"When we compared Opacity Extreme with competing products on the market, we have not found any that can match our combination of properties," says Fredrik. "This means that we, for example, achieve the highest opacity at any comparable brightness level.

"It looks like the interest in Opacity Extreme is going to be similar as that in Absorption Express. The phones started ringing the same day as the press release was published and we continue to get a lot of enquiries."

There seems to be little doubt that the small mill in western Sweden has developed three products of world class. What has made this possible?

"I joined the company when the development was already a bit underway,"

comments Fredrik. "I noted from the beginning that the attitude here was less conservative than in many other places I have worked. People are not afraid of trying new ideas. And this runs all the way through the organisation, everyone wants to do their best, not least the operators that are challenged with making real the ideas that are developed.

**FRESH WOOD**

"Another key factor is our raw material," Fredrik stresses. "We use only fresh wood, mainly acquired from a radius of no more than some 100 km from the mill. Fresh fibre is easier to process and also yields a higher brightness from the outset. We have actually had customers that have received samples of our unbleached pulp believing that they have received bleached pulp. That is how bright it is."

Is there perhaps more unique products under way?

"Well, we constantly look for new possibilities and listen very carefully to what our customers' demands are. We have a few ideas we want to explore further," Fredrik answers a bit secretively... ■

## THREE NEW ROTTNEROS PRODUCTS

**PRODUCT**

Absorption Express

Bulk Booster

Opacity Extreme

**KEY FEATURES**

Absorption capacity, Absorption speed, Excellent bulk in combination with cost efficiency

Increased bulk and stiffness

Superior opacity and strength

**APPLICATION AREAS/PRODUCTS**

Tissue, e.g. kitchen towels

Carbon board, incl. packaging, special applications

Thin printing paper, e.g. the IKEA catalogue

# CRISTINA HAS THE SOLUTION

The sales department at Vallvik Mill has been partly reorganised and a new position as technical and administrative sales manager has been created. This position is now with effect mid-March filled by Cristina Sjöberg, who brings with her competence from both paper and pulp production. And quite a few other areas as well.

“My job description says ‘develop and adapt Vallvik’s products to customer needs and co-ordinate administration with our customers,’” explains Cristina. “Another way of putting it is that I and the people I will work with will make sure that the customer get what they want. It also means finding solutions to problems – preferably before they arise. This involves working closely with our production organisation as well as with our customers.”

Cristina previous job was with tools and materials giant Sandvik where her last position was global manager for health and safety. Before that it was all production; she was responsible for a tube mill and before that a production engineer for a paper machine at Korsnäs for almost five years. At Korsnäs, Cristina also worked with technical customer support for some time.

## VALLVIK MILL BACKGROUND

Interestingly enough, Cristina is no stranger to Vallvik either. Between 1991 and 1998, she worked here as an environmental engineer and later as production engineer.

“Of course, much has happened in 18 years,” says Cristina. “I have followed Vallvik as far as possible and still know a few people here, but I have asked for an induction as if I were completely new to the mill.”

At Korsnäs, Cristina worked a lot with product development and was



Cristina Sjöberg is new technical and administrative sales manager at Vallvik.

very active in the development of Tetra Recart, the first carton based package for retortable food, providing an alternative to tin cans and glass jars.

“That is something I enjoy doing very much,” comments Cristina, “working with customers to develop new solutions or new products. I am looking forward to meeting Vallvik’s customers, getting to know them, and perhaps finding additional ways for us to meet their needs.”

## ACTIVE FAMILY

Cristina lives in Gävle with her very active family (spouse and two children). The family hobbies are downhill skiing, taekwondo, in which daughter Frida is competing, sailing and going to the gym. A house from the 20s also demands some work (“but externally we have done everything except painted the windows”). No wonder perhaps that Cristina is not worried about the hour it now will take to get to work:

“I see the car ride to Vallvik as a

little bit of time for just me, for contemplation and thinking in peace and quiet,” she says with a smile.

Will it not be a big change to go from a big company like Sandvik to Rottneros and Vallvik?

“I think I have learned a lot at Sandvik,” Cristina answers. “Now, however, I am looking forward to working in a company where you know everyone and know exactly who to speak to get something done.” ■



**Cover:** Fredrik Danielsson, manager technical sales and sales manager Scandinavia and Western Europe, with a sample of the latest innovative pulp from Rottneros Mill, Opacity Extreme.

**Photo:** Lasse Forsberg

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