

PRESS RELEASE

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Preem and RenFuel to create the world's first lignin plant for biofuels

Preem and RenFuel are assessing, in collaboration with Rottneros, the construction of the world's first lignin plant for biofuels, at the pulp mill in Vallvik, Söderhamn. The plant is expected to produce an annual volume of 25,000-30,000 tonnes of lignin, and will be completed in 2021.

The collaboration between the companies means that Preem will be the first fuel manufacturer in Sweden to use lignin in its production. Via the company Lignolproduktion AB, which is jointly owned by Preem and RenFuel, the aim is to reach a total annual production capacity of 300,000-500,000 tonnes of lignin, based on the assumption that more plants similar to that in Vallvik are established in the future.

"Lignin can be refined to create both renewable diesel and renewable petrol, and used in all vehicles. Lignin, like tall oil, will help us phase out fossil fuels to an even greater extent. It is a valuable raw material in our renewable fuel efforts, and is based on by-products from the Swedish forestry industry. It is also available in large volumes," says Petter Holland, Managing Director of Preem.

"RenFuel's lignin oil, Lignol, has considerable climate benefits and is a key factor in achieving Sweden's goal of the transport sector reducing its fossil emissions by 70 percent between 2010 and 2030. Lignol makes today's petrol and diesel cars clean vehicles. All current vehicles can run on this type of fuel," says Sven Löchen, Managing Director of RenFuel, who also considers there to be major export opportunities for this innovation, to countries that, like Sweden, have good access to well-established forestry production.

Deliveries of samples of lignin from Rottneros's pulp mill in Vallvik are already being made to Renfuel's pilot facility, which was established for the production of Lignol with the assistance of the Swedish Energy Agency. The Lignol oil is then taken to Preem's refineries, where the raw material is processed to make biofuels.

"Rottneros is keen to contribute to strengthening Sweden's bioeconomy, in which the pulp industry is already a key element. In addition to contributing to the transport sector's shift to become fossil free, the extraction of lignin also gives us the opportunity to increase our pulp production. This ensures that all parties benefit from the collaboration," says Ragnar Lundberg, VP Technology at Rottneros.

In 2017, approximately 9,000,000 cubic metres of fuel were sold in Sweden, of which about 1,900,000 cubic metres were classified as biofuel, according to the Swedish Petroleum and Biofuels Institute (SPBI). About 15 percent of the biofuel was produced in Sweden, with the rest being imported from other countries.

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About Preem

Preem is the largest fuel company in Sweden. Our vision is to lead the transformation into creating a sustainable society. Preem's two refineries are among the most modern and environmentally-adapted such facilities in Europe, with a total refining capacity of over 18 million cubic metres of unprocessed oil per year. Our operations include production, sales, distribution, trading and product supply. We refine and sell petrol, diesel, heating oil and renewable fuel to companies and individuals in Sweden and Norway. More than 2/3 of the production is exported. We also have a nationwide service network of 570 fuel stations for private and commercial traffic. Preem has over 1,400 employees, of which 950 work at our refineries. Preem achieved a turnover of SEK 69 billion in 2017.

About RenFuel

RenFuel is a Swedish bioenergy company that has patented an energy-efficient catalytic process for converting lignin from forestry by-products into the renewable lignin oil Lignol®. RenFuel is a company of scientists, workers and owners with industrial experience, who with comprehensive knowledge of the forestry sector and green chemistry aim to replace fossil fuels with sustainable petrol and diesel.

About Rottneros

Rottneros is an independent producer of market pulp. The Group consists of the parent company Rottneros AB, which is listed on NASDAQ Stockholm, and its subsidiaries Rottneros Bruk AB and Vallviks Bruk AB, which work with 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. The Group has approximately 300 employees and had a turnover of approximately SEK 1.9 billion in the 2017 financial year.