



PRESS RELEASE

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Rottneros interim report January-June 2022

Strong production and high pulp prices lead to record results

- **NET TURNOVER** increased by 32 percent to SEK 784 (593) million, driven by higher sales prices.
- **THE LIST PRICE of NBSK** pulp in Europe was 16 percent higher in USD and 36 percent higher in SEK compared with the second quarter of 2021. At the end of the quarter, the list price reached 1 430 USD and continued to rise at the beginning of Q3.
- **VOLUME PRODUCED** amounted to 110,5 (109,2) thousand tonnes, a record for production in the quarter.
- **SOLD VOLUME** amounted to 106,0 (103,2) thousand tonnes. Demand was strong in Europe but logistics problems negatively impacted sales.
- **EBIT (operating profit)** for the second quarter of 2022 was 219 (97) MSEK. A strong pulp market and a favourable exchange rate were the main reasons for the improvement in earnings.
- **NET PROFIT** for the second quarter of 2022 was 172 (74) MSEK. Earnings per share for the quarter were 1,13 (0,49) SEK.
- **THE BALANCE SHEET** has been further strengthened. The equity/assets ratio was 67 (57) percent and available liquidity totalled 553 (568) MSEK. Net cash amounted to 143 MSEK.
- **A DIVIDEND** of 0,60 SEK per share, totalling 91 MSEK, was approved and paid to the shareholders.

COMMENTS FROM THE CEO

Production at record levels, together with the continued strong pulp market, resulted in a record quarter in terms of profit. At the same time, our costs rose due to growing external imbalances and accompanying rising inflationary pressures. We have therefore intensified our long-term focus on profitability through continuous efficiency and productivity improvements.

We had one of our best quarters for production in our mills. The volume increased by 1 percent to 110 500 tonnes, compared with the same quarter last year. Our deliveries increased by 3 percent, to over 106 000 tonnes.





Net sales grew by 32 percent during the quarter and EBIT more than doubled to SEK 219 million, which was a new record for a single quarter. In addition to the volume growth, the increase in pulp prices and a stronger USD were the main factors behind the improvement. We also benefited from steady flows of sawmill chips and pulpwood.

INFLATION MEANS INTENSIFIED FOCUS ON COSTS

Efficiency measures are a top priority to address the clear cost inflation on our input goods and external services. The external situation is now gradually leading to a tighter pulp wood market after a few years of favourable balance with rising prices going forward. The supply of wood raw material for our mills takes place mainly from the local area and is based on long-term relationships with our suppliers, both in terms of pulpwood and sawmill chips. Through our raw material companies in Latvia, Rottneros Baltic and Nykvist Skogs AB in Värmland, we have a good structure that complements our industrial supplier relationships, secures supply and can handle changes in volume.

The tight electricity market continues to create significant challenges for the electricity-intensive production of Rottneros Mill, while electricity hedges continue to largely offset the negative impact on earnings. Because of the occasionally ultra-high spot price at which we buy electricity for production, we had to carry out some minor production shutdowns this quarter as well, corresponding to a production loss of about 800 tonnes. Electricity prices before hedging almost tripled in the second quarter compared with the second quarter of last year.

Because of the challenging electricity market, the grinding line is not in operation in July for the holiday period. Consequently, we will have a planned production reduction of more than 5 000 tonnes and a certain negative impact on earnings in the third quarter.

During the quarter, work continued on the in-depth strategic analysis to ensure that the Group's structure meets the requirements of sustainable profitability in line with our financial targets. The background is the changed situation on the energy market and the rising prices of other input goods.

MARKET REMAINED STRONG, PRICES ROSE FURTHER DURING THE QUARTER

The pulp market continues to be solid and the list price of NBSK climbed almost USD 90 during the quarter, to USD 1 430. The European market continues to benefit from strong demand for regionally produced pulp due to continued limited shipping opportunities, mainly from Asia. The list price continued up at the beginning of the third quarter to USD 1,470.

In conclusion, I would like to note that Rottneros Packaging's extensive investment project in Poland, together with Arctic Paper, is progressing according to plan, with start-up scheduled for the end of 2023.

Last but not least, once again I would like to thank all of our employees for their dedicated efforts to achieve our overall goal of constantly developing and improving Rottneros. I would also like to take this opportunity to thank our customers, suppliers and owners for their outstanding 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 22 July, 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.





Reminder; Invitation to Rottneros' presentation of interim report Q2 2022

All participants can follow the presentation via the web link 13.00 CET 22 July:
<https://www.finwire.tv/webcast/rottneros/q2-2022/>

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.

For further information please contact:

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

Pia Ohlson, CFO, Rottneros AB,
+46 (0) 270 622 70, pia.ohlson@rottneros.com

