



PRESS RELEASE

2023-04-26

# Rottneros interim report January-March 2023

## Stable results in uncertain times

**NET SALES** increased by 13 percent to 744 (660) MSEK despite the fact that sales of groundwood pulp were limited to remaining inventory from production that ceased in December 2022. Higher sales prices and sustained volume of other products were positive contributing factors.

**THE LIST PRICE** for NBSK pulp was 8 percent higher in USD and 21 percent higher in SEK compared to the first quarter of 2022. USD strengthened against the SEK by 12 percent during the same period.

**VOLUME PRODUCED** excluding groundwood pulp amounted to 89.6 (86.3) thousand tonnes, an increase of 4 percent.

**VOLUME SOLD** of sulphate pulp and CTMP amounted to 82.6 (83.1) thousand tonnes. Volume of groundwood pulp amounted to 4.6 (16.9) thousand tonnes.

**EBIT** (operating profit/loss) for the first quarter of 2023 was 149 (145) MSEK. Higher variable costs were offset by high sales prices and a better product mix.

**NET PROFITS** for the first quarter 2023 totalled 118 (114) MSEK. Earnings per share for the quarter totalled 0.77 (0.75) SEK.

**THE BALANCE SHEET** remains strong. The equity/assets ratio was 66 (67) percent and available liquidity amounted to 860 (416) MSEK. Net cash amounted to 475 MSEK.

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## Statement by the CEO

**We are reporting a strong start to 2023 in terms of both profits and production. Pulp prices were still at a historical high, which was a key factor behind the stable results. However, prices are declining. The Group's focus on niche areas with stable and increasing demand, together with our solid finances, makes us well equipped to face the challenges of an uncertain environment. We are maintaining focus on continuous improvements in the areas we can influence.**

Net turnover increased by 13 percent during the quarter to 744 MSEK. EBIT amounted to 149 MSEK. Excluding groundwood pulp, production increased by 4 percent, driven by a clear increase in sulphate pulp, while deliveries were largely stable. Production followed plan, with the exception of some minor production limitations in Rottneros Mill resulting from high electricity prices in January. During the quarter, the still historically high pulp prices and a strong USD continued to benefit our margins.





## **THE FIRST QUARTER WITH A NEW PRODUCTION STRUCTURE**

This was the group's first quarter without any groundwood pulp production after the closure of the groundwood line in December. In retrospect, the timing of the closure was advantageous, given the declining demand for graphic papers, the main application of groundwood pulp.

Signs of falling cost inflation were seen during the quarter. Peak chemical prices seem to have passed. Some of them have evened out and others have started to come down. The supply of wood raw material was stable for both sawmill chips and roundwood, but prices remained high. During the quarter, we therefore activated wood imports from the Baltic region in order to balance the domestic wood supply and counteract increasing competition for the raw material in Sweden.

## **PULP PRICES STILL AT HISTORICALLY GOOD LEVELS BUT DECLINING**

The balance on the pulp market during the quarter remained favourable for buyers, primarily because of the global economic downturn and the resulting gradual weakening of demand. Inventory levels on the market are generally high. Compared to the beginning of the year, the list price for NBSK thus fell by 60 USD to 1,370 USD at the end of March, a relatively modest decline in view of the apparent economic slowdown.

Demand is slowing most notably in Europe, but also in North America. At the same time, China is not forging ahead to the extent expected after the reopening of the economy. Demand within several of Rottneros' niche areas remains solid. This concerns not only filters and electrotechnical applications, where we deliver clear added value to our customers, but also tissue paper.

## **SUBSTANTIAL FINANCIAL BUFFERS**

We continue to maintain a high level of readiness for the challenges posed by the current global economic situation. Our solid balance sheet gives us an adequate financial buffer. The equity/assets ratio at end of the quarter was 66 percent, our liquid assets amounted to 578 MSEK and available liquidity amounted to a total of 860 MSEK. Net cash amounted to a robust 475 MSEK.

## **PACKAGING PROJECT IN POLAND GOING AS PLANNED**

During the quarter the 50/50 joint venture company with Arcitc Paper was formally established in Poland. The company will build and operate a factory for the production of moulded fibre trays on a large industrial scale. The project is on schedule. Production capacity is expected to reach some 80 million packagings per year, significantly more compared to our plant in Sunne. This gives us a strong starting point in the rapidly growing long-term market for climate-smart food packaging.

## **LAYOFFS AT VALLVIK MILL IN APRIL**

In April 24 employees at Vallvik Mill were given notice of redundancy. Against the background of cost inflation, falling pulp prices and a potentially weaker dollar, it is necessary to review staffing levels to ensure long-term profitability. It was a tough message to give our staff. Our focus is to carry out the layoffs as respectfully and considerately as possible.

## **INVESTMENTS**

In April, the board decided to invest in expanded CTMP capacity as well as renewable energy production and storage in Rottneros Mill. This is a milestone in the continued development of the group.

I would like to take this opportunity to thank all Rottneros employees who work every day to further develop the business, as well as our customers, suppliers, owners and the Board of Directors for their positive 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 26 April, 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.*

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## **Reminder; Invitation to Rottneros' presentation of interim report Q1 2023**

All participants can follow the presentation via the web link at 12.00 CET 26 April 2023.  
<https://www.finwire.tv/webcast/rottneros/q1-2023/>

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 had a turnover of approximately SEK 3 billion in the 2022 financial year and has about 306 employees.*

