

Press release

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Nordic Paper initiates consultations for a discontinuation of pulp production in Säfte and decides on investment

Nordic Paper has today decided to initiate consultations with trade unions regarding a restructuring of the production at the Säfte plant. The intention is to discontinue the production of pulp at the plant during the fourth quarter 2021 and replace it with purchased external pulp. For this purpose, a decision has also been made regarding investment of approximately SEK 70m in the plant. The planned measures enable an increase of approximately 10% of the natural greaseproof paper production capacity of the plant.

The Nordic Paper Säfte plant today consists of one pulp production line and two paper machines producing natural greaseproof papers. The paper is sold for use in food applications for example as baking papers and baking cups. With a current paper production capacity of 33,000 tonnes per year, the plant is one of the largest greaseproof paper plants in the world but the pulp production line is among the smallest in size in Europe.

- The restructuring at the Säfte plant is an important step in the long-term development of Nordic Paper. The plant has a long history in pulp production and by restructuring the production according to the proposal, we would increase our competitiveness and secure our position as a world leading producer of greaseproof papers, says Anita Sjölander, CEO of Nordic Paper.

The decided investment of approximately SEK 70m is primarily aimed at increasing the efficiency in handling of external pulp and will be carried out mainly during 2021. A discontinuation of the pulp production line would enable an increase of the annual production capacity of paper at the plant by about 10% and Nordic Paper estimates that the fixed costs, excluding depreciation, of the plant would be reduced by approximately SEK 30-40m on an annual basis at full utilisation of the production capacity. Nordic Paper estimates that the staffing would be reduced by about 20 positions. As a result of a discontinuation of the pulp production, one-off effects of SEK 110m will be incurred of which approximately SEK 80m are reservations related to remediation of buildings and land and approximately SEK 30m are write-downs of the existing pulp line.

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Nordic Paper is a Scandinavian specialty paper producer, manufacturing top-quality paper since the 19th century. We are a leading supplier of sustainable kraft and greaseproof paper. Our products are based on renewable raw material from local forests. From our four modern Scandinavian mills we supply customers in more than 70 countries. Nordic Paper had in 2020 net sales of SEK 2,900m, about 630 employees and is listed on Nasdaq Stockholm. www.nordic-paper.com