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## Press release

5 October, 2020

# Nordic Paper intends to list on Nasdaq Stockholm

Nordic Paper Holding AB (publ) ("**Nordic Paper**" or the "**Company**"), a producer of speciality paper with a leading<sup>1</sup> position within kraft paper and natural greaseproof paper, is today announcing its intention to proceed with an initial public offering (the "**IPO**" or the "**Offering**") and listing of the Company's shares on Nasdaq Stockholm.

The Board of Directors and the senior management team of Nordic Paper, supported by Shanying International Holding Co., Ltd. (the "**Principal Owner**") (through Sutriv Holding AB), consider the Offering and listing of Nordic Paper to be a logical and important step in Nordic Paper's development. The Board of Directors and the senior management believe that a listing of Nordic Paper would further increase awareness of the Company and its operations, further enhance Nordic Paper's profile with investors, business partners, customers and other important stakeholders and support the Company's continued growth and development by expanding the shareholder base and enabling Nordic Paper access to the Swedish and international capital markets. In addition, the Offering and listing of Nordic Paper will allow for the Principal Owner to partially monetise its holding as a natural next step to further diversify its holdings and geographic exposure. Notwithstanding this fact, the Principal Owner will remain a committed shareholder and is, by retaining part of its holdings in Nordic Paper, able to participate in the future development of the Company.

Nasdaq Stockholm has assessed that the Company fulfils the applicable listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain conditions are fulfilled, including that the Company submits such application and fulfils the distribution requirement. Depending on market conditions, the IPO and listing on Nasdaq Stockholm is expected to be completed in 2020.

### **Anita Sjölander, CEO of Nordic Paper:**

"Nordic Paper's history goes back to the nineteenth century serving our customers with specialty paper. By hard work, experienced and committed employees as well as continuously using smart and cost-effective solutions, we have achieved leading positions in the niches we have selected. Providing society with sustainable products based on renewable resources attracts both existing and potential new customers. I am very enthusiastic about the prospects for Nordic Paper, and really look forward to the opportunity to continue our journey as a listed company."

### **Per Bjurbom, Chairman of the Board of Nordic Paper:**

"Nordic Paper is a stable business that has shown favourable development over the past years. I am convinced that Nordic Paper is well positioned to deliver continued strong performances in the coming years. The Board of Directors and the Principal Owner consider the listing of Nordic Paper to be a logical step to support continued growth and further increase the awareness of Nordic Paper's operation among all stakeholders."

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<sup>1</sup> Fisher International Market Study.

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### The Offering in brief

The Offering is expected to consist of existing shares in the Company, offered by the Principal Owner. The shares included in the Offering will be offered to institutional investors in Sweden and abroad as well as to the general public in Sweden.

Full terms, conditions and instructions for the Offering will be included in the prospectus that will be prepared by the Company in connection with the Offering and the listing. The prospectus will be published on Nordic Paper's website, [www.nordic-paper.com](http://www.nordic-paper.com).

### About Nordic Paper

Nordic Paper's history traces back to the late 1800s, with the establishment of the Bäckhammar mill in 1871. Today, Nordic Paper is a producer of speciality paper with leading<sup>2</sup> positions within kraft paper and natural greaseproof paper. The Company operates through four production sites located in Bäckhammar, Åmotfors, Säffle and Greåker, which manufacture high quality pulp and paper with an annual total production capacity of 286<sup>3</sup> ktonnes paper, whereas the volume of paper sold in 2019 amounted to 264<sup>4</sup> ktonnes. The Company's mills are strategically located in the heart of Scandinavia, in close proximity to favourable wood sourcing and with access to virgin long-fibre which is suitable for the manufacturing of strong paper. Nordic Paper has 619 full time employees<sup>5</sup>, approximately 700 customers located in approximately 70 countries<sup>6</sup> and close to 95 per cent of the Company's manufactured paper is exported<sup>7</sup>. Nordic Paper operates two business segments: Kraft Paper and Natural Greaseproof.

Nordic Paper's reported annual net sales has grown organically from SEK 2,131 million in 2012 to SEK 3,231 million in 2019, representing a CAGR of 6.1 per cent. Over the period, extensive operational improvements focused on both increasing volume growth and improving profitability have been made, which has resulted in significant expansion in EBITDA margins from 11.9 per cent in 2012 to 19.5 per cent in 2019, corresponding to a CAGR of 13.9 per cent.

(SEK million)	2017	2018	2019	Jan-Aug 2019	Jan-Aug 2020
Net sales	2,777	3,035	3,231	2,208	2,009
EBITDA	522	509	629	482	349 <sup>1</sup>
<i>EBITDA margin</i>	18.8%	16.8%	19.5%	21.8%	17.4%
<i>Cash conversion<sup>2</sup></i>	79.5%	67.3%	87.6%	86.8%	91.4%

1) EBITDA includes IPO costs of SEK 14.4 million. EBITDA excluding IPO costs amounted to SEK 363 million.

2) Cash conversion calculated as (EBITDA less capital expenditures and change in NWC) divided by EBITDA.

<sup>2</sup> Fisher International Market Study.

<sup>3</sup> Refers to the production capacity as per the year ended 2019.

<sup>4</sup> Refers to the volume of sold paper as per the year ended 2019.

<sup>5</sup> Average number of full time employees as per the year ended 2019.

<sup>6</sup> Number of countries with customers that have been invoiced during 2019.

<sup>7</sup> In 2019, 94 per cent of the paper was exported.

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#### **Key strengths and competitive advantages:**

- Structurally growing market supported by global megatrends, kraft and greaseproof paper market segments outperforming overall market
- Leading market positions within attractive key niche markets
- Balanced and well diversified product portfolio provides stability and resilience
- Unique asset base and efficient operational set-up tailored for targeted markets
- Strong and long-standing customer relationships
- Business model supporting green urbanisation
- Attractive financial track record with strong growth, stable margins and stellar cash conversion
- Multiple avenues for growth through organic growth initiatives and M&A opportunities

#### **Financial targets and dividend policy**

##### Growth

An annual long-term net sales growth rate of 2-4 per cent. In addition, Nordic Paper is looking to opportunistically grow through selective acquisitions.

##### EBITDA margin

EBITDA margin of approximately 20 per cent in the medium term.

##### Net debt / EBITDA

The net debt in relation to EBITDA is not to exceed 2.5x. However, the net debt to EBITDA ratio may temporary exceed 2.5x, for example in connection with acquisitions.

##### Dividend policy

Approximately 50-70 per cent of net profit is to be paid as dividend. The proposed dividend shall take Nordic Paper's financial position, liquidity position, future investment needs and general macroeconomic and business conditions into account.

#### **About Shanying International**

Shanying International is a paper products manufacturer based in China with an operation history of over 60 years. It is a family controlled company, and was listed on the Shanghai Stock Exchange in 2001. In 2019, Shanying International's production volume amounted to 4.7 million tonnes of paper, mainly containerboard, and 1.3 billion square meters of corrugated cardboard, and achieved revenue of RMB 23.2 billion. Shanying International has a growing presence also outside of China, with operations in Japan, the US, Europe and Australia, owning 10 paper mills globally.

#### **Advisors**

ABG Sundal Collier AB and Nordea Bank Abp, filial i Sverige are acting as Joint Global Coordinators and Joint Bookrunners. CLSA (UK) and DNB Markets, a part of DNB Bank ASA, Sweden Branch act as Joint Bookrunners. Advokatfirman Vinge KB and Shearman & Sterling (London) LLP are acting as legal advisors to the Company and Linklaters Advokatbyrå AB is legal advisor to the Joint Global Coordinators and Joint Bookrunners.

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