



Forestry & Paper

Industry Insights

Key message: Fedrigoni results confirm further momentum for specialty papers and self-adhesive labels. Positive read-through for Mondi as Ahlstrom Munksjö's results point to strong release liner demand. Strong recovery likely to see H&M resume dividends.

- **Fedrigoni Q1 21A results (Europe's leading player in specialty papers and wine labels and 3rd largest self-adhesive materials producer globally):** Adjusted EBITDA increased by 11.3% y/y to EUR 48.3mn (FY 20A: Revenue EUR 1,315mn; EBITDA EUR 197mn and EBITDA margin 15.0%).
- **Positive read-through for Mondi from Ahlstrom Munksjö's Q1 21A results:** Their Industrial Solutions segment produces release liner (11.9% of group sales); electrotechnical insulation papers (7.9% of group revenue) and flexible packaging and coated label papers (5.0% of group revenue). Demand for release liner remains good, while demand for electrotechnical insulation papers is improving. Net sales for the segment were down 6% y/y (+8% q/q), while EBITDA was up 5% y/y (EBITDA margin: 11.7%, up from 10.5%) on the back of improved product mix and lower variable costs.
- **H&M Q2 21A results show strong rebound:** Revenue increased by 75% y/y, with online sales up 32% (38% of group sales). Based on the current outlook (strong recovery, the board believes there are good prospects for cash dividends to resume in 2021. 350 stores are expected to be closed in FY 21E vs. an addition of 100 new stores. Net sales for June are up 25% y/y and down by 4% over 2019.
- **Mondi approves EUR 125mn expansion in Finland:** MNP will increase semi-chemical fluting capacity (key component of fresh fruit and vegetable trays and boxes) by 55ktpa to 340ktpa at its Kuopia mill (Powerflute acquisition in 2018). This should add c. EUR 40mn of revenue to the Corrugated Packaging segment (<1% of FY 20A group revenue). The expansion will lower the cost base and improve environmental performance. The project includes an upgrade to the wood yard, fibre line, evaporation plant and paper machine, with start-up planned for Q4 23E. CapEx is expected to be mostly in FY 22/23E with a mid-teen return a few years after the start-up.
- **Norske Skog reaches FID to expand recycled containerboard capacity further:** The company will convert Golbey PM1, adding 550ktpa at a cost of EUR 250mn and is expected to start-up in Q4 23E with full ramp-up by H2 26E. As announced in June 2020, Norske Skog planned to introduce 760ktpa of recycled containerboard capacity in Europe by investing c.EUR 350mn to convert Golbey PM1 and Bruck PM3 (Austria). The final investment decision for the conversion of the Bruck PM3 was announced on 23 April 2021 (210ktpa: Q4 22E start-up).
- **SKG to invest EUR 24mn to expand its corrugated plant in Rethel, France:** The project is expected to be completed by FY 23E, with a focus on food and industrial markets. The investment will reduce CO2 emissions by at least 150t pa.

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Mondi newsflow

- **Mondi expands its plastic-free eCommerce packaging with range of sustainable paper solutions MailerBAG (up to 350mn bags p.a. replacing up to 7kt pa of plastic):** Made from kraft paper, it's fully recyclable in existing paper waste streams and replaces the need for plastic packaging. MailerBAGs protect products without transporting too much air, meaning less space in storage and transit due to their flexible properties.

Sappi newsflow

- **Sappi Europe partners with Shippeo, the European leader in real-time transportation visibility solutions:** This partnership will create a fully transparent supply chain helping to boost efficiency and customer satisfaction through innovative digital supply chain capabilities.

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