

SCA

Finding the EBIT trough

- Q2 in line, Q3 likely up q-o-q
- Weaker pulp, but higher kraftliner prices and SEK help
- Valuation support: share well below forest value

Q2 EBITDA as expected, Q3 likely up q-o-q

EBITDA of SEK 1,303m was in line with consensus at SEK 1,307m. Looking into Q3, we see SEK +80m from higher kraftliner prices, flat lumber prices, SEK +60m from lower wood costs (net for the group), lower maintenance (+60m), negative forest seasonality/silviculture (-150m), SEK -60m from refining margins and positive labour cost seasonality (+80m). This points to Q3 EBIT of ~SEK 850m. Consensus seems a bit high at SEK 1,050m, though.

Weaker pulp, but higher kraftliner prices and SEK help

Pulp appears to have found a peak for now. Chinese integrated pulp capacity seems to cap the upside, once prices rise above cash cost levels (USD 605/t). Asian HW prices rose 22% vs H2'25, but are down 3% lately (USD 585/t). On the other hand, kraftliner prices rose 7% in July and the SEK has weakened 3% lately. Keep in mind that SCA's FX exposure is high: a 10% weaker SEK increases EBITDA by SEK +1bn, or +15% of group EBITDA. Wood prices are falling across Scandinavia (-15-30%) now. This effect comes with a lag into N-Sweden, and also means weaker Forest EBITDA for SCA in '27.

Valuation support: share well below forest value

SCA's forest assets are valued at SEK 138/sh using H1'26 transaction prices (MTM), and our SOTP points to SEK 163/sh. The SCA share is trading at a 25% discount vs. its MTM forest value and the industry business is "on the house". Put differently, the market seems to be assigning a 40-45% discount to the forest assets (alternatively SEK -15/sh for industry). The risk is that the Stora forest spin-off in H1'27 will "cement" a larger discount for listed forest assets as the stock market uses a different WACC vs private transactions. Higher interest rates are negative for forest valuation - it's real estate. On the other hand, the implied forest valuation has halved now.

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SEKm	2024	2025	2026e	2027e	2028e
Sales	20,244	20,426	19,710	21,427	23,619
EBITDA	7,143	6,564	5,305	6,319	6,668
EBITDA margin (%)	35.3	32.1	26.9	29.5	28.2
EBIT adj.	5,027	4,432	3,004	4,003	4,352
EBIT adj. margin (%)	24.8	21.7	15.2	18.7	18.4
Pretax profit	4,521	3,999	2,663	3,710	4,145
EPS	5.18	4.56	3.08	4.23	4.72
EPS adj.	5.18	4.56	3.08	4.23	4.72
Sales growth (%)	12.0	0.9	-3.5	8.7	10.2
EPS growth (%)	0.4	-11.9	-32.6	37.4	11.7

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY



HOLD



SELL



Pulp & Paper

Estimate changes (%)

	2026e	2027e	2028e
Sales	2.0	4.0	4.3
EBIT	5.7	-6.9	0.2
EPS	10.3	-5.4	2.3

Source: ABG Sundal Collier

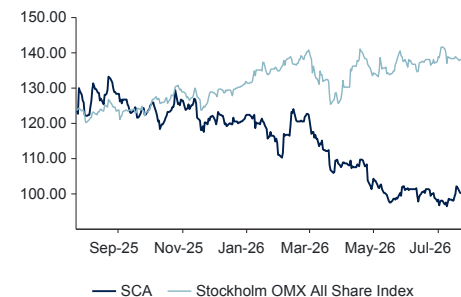
SCA.B-SE/SCAB SS

Share price (SEK)	21/7/2026	107.00
Target price	(115.00)	120.00

MCap (SEKm)	71,063
MCap (EURm)	6,422
No. of shares (m)	702.3
Free float (%)	89.6
Av. daily volume (k)	1,503

Next event Q3 report 23 October 2026

Performance



— SCA — Stockholm OMX All Share Index

	2026e	2027e	2028e
P/E (x)	34.8	25.3	22.7
P/E adj. (x)	34.8	25.3	22.7
P/BVPS (x)	0.75	0.74	0.73
EV/EBITDA (x)	15.9	13.1	12.0
EV/EBIT adj. (x)	28.0	20.7	18.4
EV/sales (x)	4.27	3.86	3.38
ROE adj. (%)	2.1	2.9	3.2
Dividend yield (%)	2.3	2.8	2.8
FCF yield (%)	3.5	1.9	2.6
Le. adj. FCF yld. (%)	3.5	1.9	2.6
Net IB debt/EBITDA (x)	1.9	1.4	0.9
Le. adj. ND/EBITDA (x)	1.7	1.2	0.7

Company description

SCA is engaged in the production of forest products. It holds Europe's largest privately owned forest assets (~6% of Sweden) and operates through the following segments - Forest, Wood Products, Pulp, Packaging, and Paper.

[Sustainability Information](#)

Risks

Risks include FX movements (a weaker USD is negative). Higher interest rates would be negative for the value of SCA's forest assets.

Quarterly results

P&L, SEKm	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26e
Forest	2,099	2,323	2,486	2,542	2,390	2,544	2,547	2,480	2,480
Wood	1,524	1,416	1,498	1,733	1,544	1,350	1,303	1,524	1,524
Pulp	2,085	2,052	1,940	1,794	1,651	1,758	1,623	1,735	1,961
Containerboard	1,597	1,618	1,674	1,819	1,755	1,744	1,735	1,828	1,477
Intra-group deliveries	-2,057	-2,274	-2,437	-2,509	-2,347	-2,503	-2,468	-2,434	-2,434
Total sales	5,248	5,135	5,161	5,379	4,993	4,893	4,740	5,133	5,007
Depreciation	-534	-536	-532	-529	-532	-539	-564	-579	-579
Forest	714	837	815	1,006	841	860	817	798	609
Wood	215	161	165	237	159	3	-23	17	56
Pulp	391	111	148	95	78	-241	-132	-75	-65
Containerboard	117	46	41	253	-4	28	-100	-72	190
Renewable Energy	81	71	116	69	61	122	165	175	115
Other	-42	-113	-166	-156	-23	-75	-184	-119	-55
EBIT	1,476	1,113	1,119	1,504	1,112	697	543	724	850
Clean EBIT	1,476	1,113	1,119	1,504	1,112	697	543	724	850
Net financial items	-131	-108	-114	-114	-103	-102	-86	-90	-87
PTP	1,345	1,005	1,005	1,390	1,009	595	457	634	763
Taxes	-275	-185	-205	-302	-177	-110	-77	-111	-153
Minorities	0	0	0	0	0	0	0	0	0
Net Profit	1,070	820	800	1,088	832	485	380	523	610
EPS	1.52	1.17	1.14	1.55	1.18	0.69	0.54	0.74	0.87

Source: ABG Sundal Collier, company data

Q2 EBITDA of SEK 1,303m was as expected

EBITDA of SEK 1,303m was 0% vs cons at SEK 1,307m (ABGSCe at SEK 1,244m). The EBITDA margin rose to 25.3% vs 23.4% in Q1'26. Maintenance was SEK 167m vs the guided SEK 150m. EBIT of SEK 724m was -4% vs cons at SEK 754m (ABGSCe SEK 680m). Depreciation rose to SEK 579m (564m). Interest costs totalled SEK -90m (SEK -86m in Q1'26). EPS was SEK 0.74, 0% vs cons at SEK 0.74 (ABGSCe SEK 0.64).

Note that consensus had come down SEK 150-200m for Q2 since our preview.

Renewable Energy better, but Forest and Wood weaker

The mix was a bit soft with Renewable Energy above. Pulp was in line at EBITDA of SEK 107m vs. cons at SEK 107m. Containerboard was better at SEK 135m vs. cons at SEK 127m. Sawmills (wood) was below at SEK 89m vs. cons at SEK 113m. Forest was weaker at SEK 866m vs cons at SEK 897m. Forest revaluation was SEK 420m (normal level is ~SEK 450m). Renewable Energy was better: SEK 217m vs cons at SEK 170m. Cash flow was SEK 700m - net debt fell to SEK 10.86bn vs. SEK 11.94bn at the end of Q1.

Outlook: Q3 likely up q-o-q

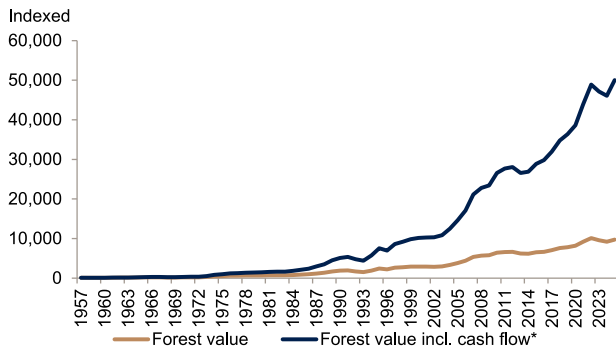
Regarding Q3, SCA should see SEK +80m from higher kraftliner prices, flat lumber prices, SEK +60m from lower wood costs (net for the group), lower maintenance (+60m), negative forest seasonality/silviculture (-150m), SEK -60m from refining margins and positive labour cost seasonality (+80m). This would point to Q3 EBIT of ~SEK 850m (cons has SEK 1,050m).

Kraftliner prices rose 7% in July and the SEK has weakened 3% lately. SCA's FX exposure is high: a 10% weaker SEK increases EBITDA by SEK +1bn - or +15% of group EBITDA.

SOTP of SEK 160-180/sh

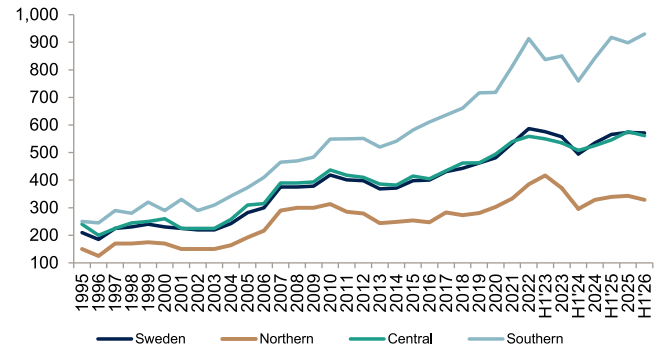
Swedish forest assets have generated a rather impressive historical return. The annual return CAGR from 1970 to 2024 is ~7.4% for Swedish forest assets. This is in line with the performance of the S&P 500, despite significantly lower risk (real estate vs. equities, long duration and harvesting flexibility). Note that this calculation does not include the cash flow from the forest (annual harvest). The "cash flow" yield has historically been 2-4%, which would give a total return CAGR of ~9.4% for Swedish forest assets.

Historical return on Swedish forest assets



Source: ABG Sundal Collier, FactSet, LRF, *Assuming reinvestments

Swedish transaction prices



Source: ABG Sundal Collier, Ludvig & Co

In early July 2026, the Swedish forest broker, Ludvig&Co, released transaction statistics for H1'26. They reported prices down 2.6% in Central Sweden vs. FY'25 (prices rose 10% in '25), -4.1% in Northern Sweden (+4%) and +3.6% in Southern Sweden (+7%). Sweden overall fell -0.3% at SEK 571/m³ (+7%). Lower wood prices and higher interest rates are negatives.

Note that this is a weighted average, and that the prices vary across different regions. For example, SCA has the majority of its forest assets in Västernorrland and Jämtland, but we do not have the regional prices yet (hence our calculations may prove somewhat inaccurate as we are awaiting the relevant regional prices). SCA and Holmen have most of their forest assets in Northern Sweden (where prices fell 4%). Stora's forest assets are mainly located in Central Sweden.

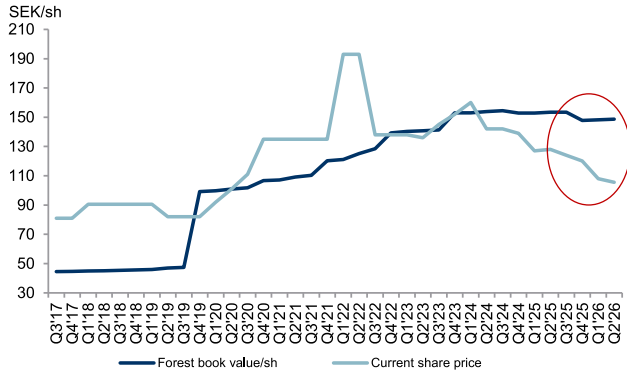
Keep in mind that SCA revalues its forest assets in Q4. [Using the recent Ludvig H1'26 transaction data](#), the three-year average transaction prices point to ~5% lower forest values in SEK/m³ for SCA as we shift out 2023 with the lower 2026 in the base. This would imply SEK 5bn lower forest values for SCA. Reported Forest values per share drop by SEK 8 to SEK ~140/sh.

However, we like to use a MTM approach and only focus on the most "fresh" set of prices, to capture the true underlying value. Our MTM SOTP points to ~SEK 163/sh and the forest alone is worth ~SEK 138/sh. If we include the growth projects, the value rises to ~SEK 180/share. The forest value is likely to be a USD or EUR asset, and a stronger SEK against USD and EUR is likely to lower the forest value in SEK over time.

We note that our MTM valuation (SEK 138/sh forest value) is starting to approach reported 3Y average valuation (140/sh), as the high 2022/'23 valuations are dropping out of the 3Y average calculation.

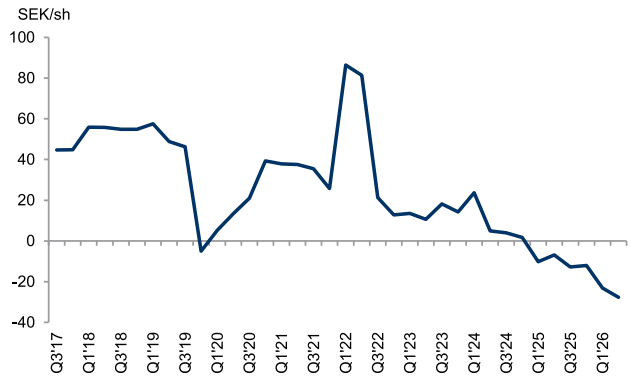
Note that SCA has invested SEK +9bn or SEK +13/sh in its kraftliner, pulp and biorefinery projects recently. These projects have started up, but are in ramp-up and are not included in our SOTP below in terms of EBIT contribution, but they are included in the net debt (this should be a quite conservative assumption).

SCA forest value/sh vs. share price



Source: ABG Sundal Collier, SCA

SCA implied value of indust. assets



Source: ABG Sundal Collier, SCA

SCA SOTP sensitivity to different forest values

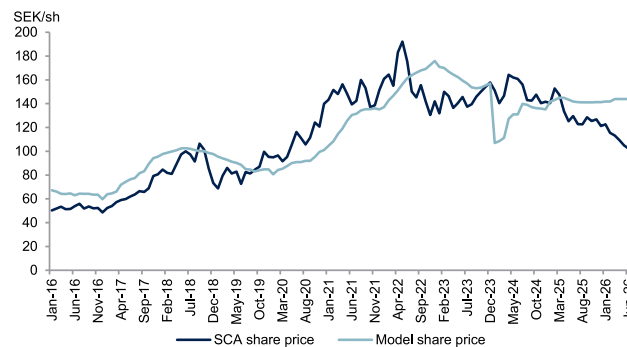
SCA SOTP			SCA SOTP sensitivity							
	SEKm	SEK/share								
EBIT (average '18-'24)	5,166									
Forest EBIT	2,304									
EBIT excl. forest	2,863									
Industry multiple	10x									
Value of industry	28,626	41								
Forest transaction price (SEK/m3)	347									
Forest volume (mill m3)	279									
Forest value (SEKm)	96,670	138								
Enterprise value	125,295	178								
NIBD	10,859	15								
Equity value	114,436	163								
Share price	163	163								

		Industry multiple (EV/EBIT)						
		7x	8x	9x	10x	11x	12x	13x
Forest transaction prices (SEK/m3)	250	112	116	121	125	129	133	137
	347	151	155	159	163	167	171	175
	361	156	161	165	169	173	177	181
	372	161	165	169	173	177	181	185
	484	205	209	213	217	221	226	230
	521	220	224	228	232	236	240	244
	600	251	255	260	264	268	272	276

Source: ABG Sundal Collier, Company data, Using MTM value on forest assets

As a large forest owner and pulp producer, SCA's share price is intuitively tied to both the NBSK price and the forest transaction values in northern Sweden. Using a model that factors in both the NBSK list price and forest transaction prices in northern Sweden (correlation 86%), the results indicate an SCA price of ~SEK 140/sh.

Regression: SCA's SP follows pulp and wood



Source: ABG Sundal Collier, RISI, Ludvig, FactSet

Mid-cycle valuation

Our mid-cycle calculations are based on the average data from '18-'24. Sector earnings peaked in '18 before reaching recession levels from '19-'20. Earnings peaked again in '22 and dropped to trough levels in '23. OECD IP growth was positive for nine quarters from Q3'20, after a long recession with seven negative quarters from Q3'18 to Q2'20 (normal recession and COVID). We therefore see this period as a reasonable proxy for a full cycle. We find that SCA's mid-cycle EBITDA is ~SEK 6.7bn (excl. growth projects).

To arrive at the mid-cycle cash-flow from operations, we first add the cash flow from any growth projects (where the capex is already taken), and take out cash flow from energy assets and forest assets (valued using transaction prices). A mid-cycle valuation approach points to ~SEK 190-200/sh.

Valuation based on normalised free cash-flow	Mid-cycle	2024	2025	2026	2027	Build-up of mid-cycle cash-flow from operations	Mid-cycle
Cash-flow from operations (1)	5,716	3,612	2,778	2,003	3,487	EBITDA	6,735
Capex (2)	1,537	1,537	1,537	1,537	1,537	Growth projects	1,500
Free cash-flow before financial cost	4,179	2,075	1,241	466	1,950	Cash-flow from forest	2,519
After tax (21%)	3,301	1,639	980	368	1,541	Cash-flow from energy	
Fair free cash-flow multiple (3)	13.7	13.7	13.7	13.7	13.7	Mid-cycle cash-flow excl forest/energy	5,716
EV	45,224	22,457	13,431	5,044	21,104		
Net debt (4)	10,859	10,859	10,859	10,859	10,859		
Forest (5)	104,393	104,393	104,393	104,393	104,393		
Energy (6)							
Equity value	138,758	115,991	106,965	98,578	114,638		
Per share value	198	165	152	140	163		

(1) Assume cash-flow from operations before capex = EBITDA

(2) Maintenance capex = 8.5% capex/sales

(3) WACC 7.3%, g = 0%

(4) Net debt last reported

(5) Book value

(6) Transaction-based

Source: ABG Sundal Collier, Company data

SCA's growth projects could add ~33% to industrial EBIT

SCA has a pipeline of new growth projects. It will increase its kraftliner capacity at Obbola, invest in CTMP pulp production at Ortvikén and start a biofuel JV with St1. We estimate that these projects could add ~SEK 1.1bn to EBIT if we use normalised, mid-cycle price assumptions.

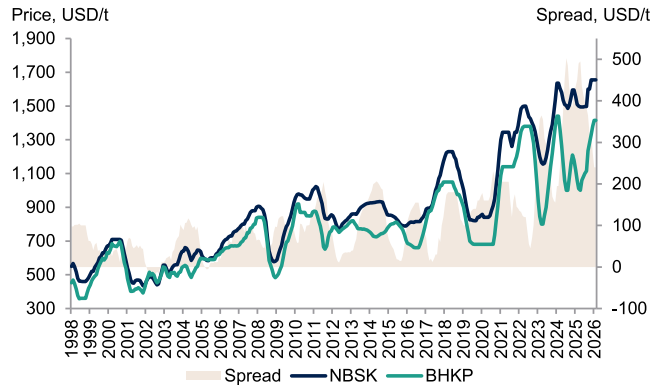
Growth projects

Announced projects	Volume	Capex	EBIT	EPS	When
Östrand I pulp	470	7,800	800	0.7	2020
Ortviken paper exit	-775	2,000	0	0.0	2021
Windpower I			35	0.0	2022
Obbola kraftliner	275	7,500	599	0.4	2023-2026
Ortviken CTMP pulp	200	1,450	242	0.2	2023-2025
Biofuel St1 JV	50	625	250	0.2	2023-2024
Östrand II pulp	150	2,000	339	0.3	2027?
Windpower II			29	0.0	2025?
Östrand III Biorefinery					2028?
SUM		11,575	1,126	1.3	
EBIT excl forest (2018-2022)			3,383		
Increase in %			33%		

Source: ABG Sundal Collier

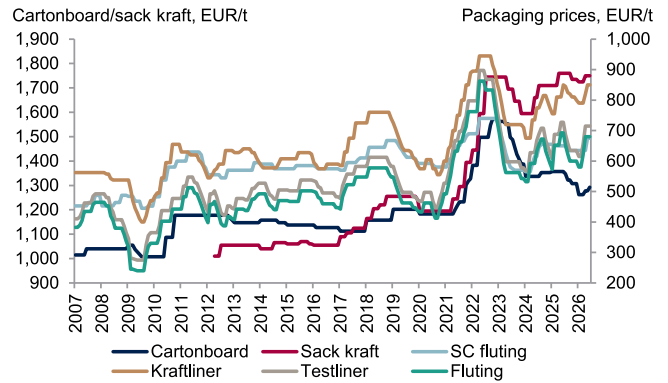
A deep dive into SCA's forests also reveals that it can lift harvesting volumes from 4.3 mill m3 in '21 to 5.4 mill m3 by '25. Wind power production on SCA land rose from 6.5 TWh in '21 to 9 TWh in '23. SCA's repowering plans involve taking over old, leased-out projects and building its own wind power projects (this could be significant from '25-'30).

European pulp prices (USD/t)



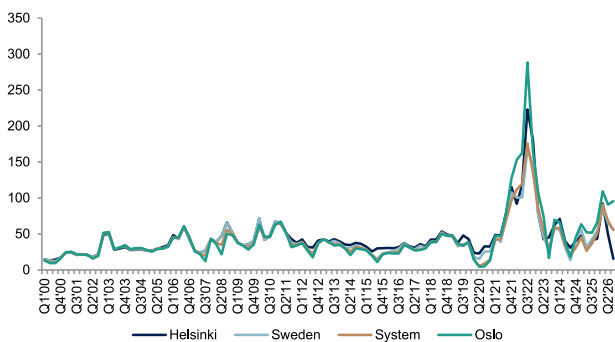
Source: ABG Sundal Collier, RISI

Packaging prices



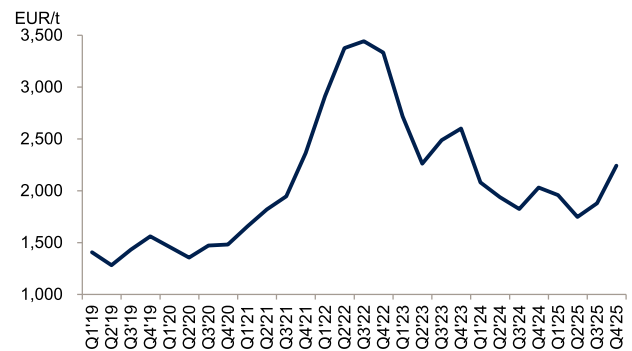
Source: ABG Sundal Collier, RISI

Electricity prices, Nordics



Source: ABG Sundal Collier, Bloomberg

Neste renewable: Realised prices



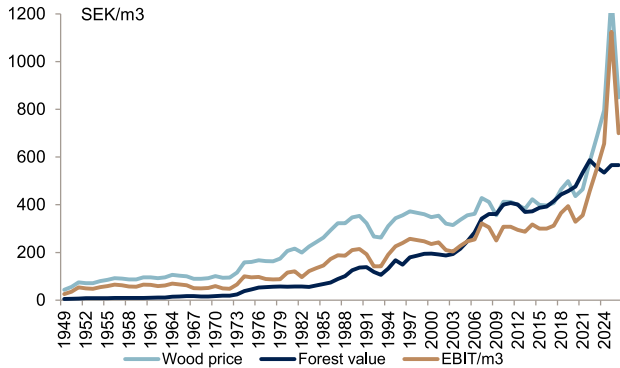
Source: ABG Sundal Collier, Neste

- **Östrand I pulp:** SCA has invested SEK 7.8bn in NBSK pulp production, which doubled its pulp production. The capex has already been taken, but pulp prices have been too low to show the full effect in its EBIT.
- **Windpower I & II:** Wind power production on SCA land will rise from 6.5 TWh in '21 to 9 TWh in '23. It will also increase its capacity to 11 TWh by 2025. SCA leases out the land and receives rent today.
- **Obbola kraftliner:** SCA has invested SEK 7.5bn to revamp and increase its capacity at its Obbola kraftliner mill.
- **Ortviken paper exit:** SCA has closed its publication paper production at Ortviken (775kt) i.e. exiting publication paper.
- **Ortviken pulp:** SCA has invested SEK 1.45bn in CTMP pulp production at Ortviken. The new pulp capacity will be 300kt, while 100kt CTMP pulp capacity at Östrand will be phased out, i.e. the net pulp increase will be 200kt.
- **Östrand II pulp:** Further pulp capacity increase at Östrand. The investment will amount to ~SEK 2bn and could increase its pulp capacity by 100-200kt.
- **Biofuel St1 JV:** SCA has established a joint venture with St1. They will construct a new facility with a capacity of 100,000 m3 per year.
- **Östrand III biorefinery:** SCA has started a process to look into a further biorefinery investment at Östrand.

Forest asset prices have not followed wood prices

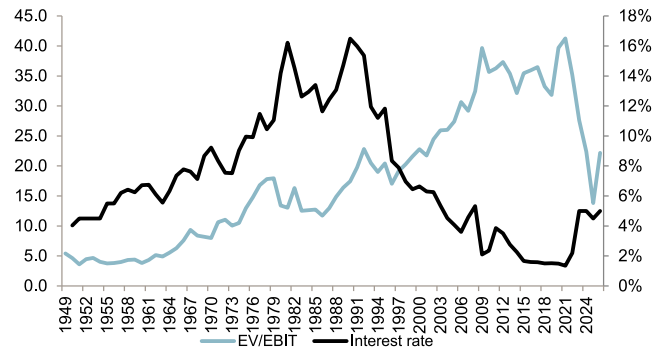
Wood prices have more than doubled, but forest asset values have remained relatively stable over the last three years. Typically, higher wood prices and EBIT/m³ ('rotnetto') result in higher forest asset values, but this has not occurred this time. This is likely due to higher interest rates and investors being sceptical about how long wood prices will remain high, as well as EU forest regulations. Wood prices are dropping again now.

Asset prices have not followed wood prices



Source: ABG Sundal Collier, Skogsstyrelsen

EV/EBIT vs. interest rate

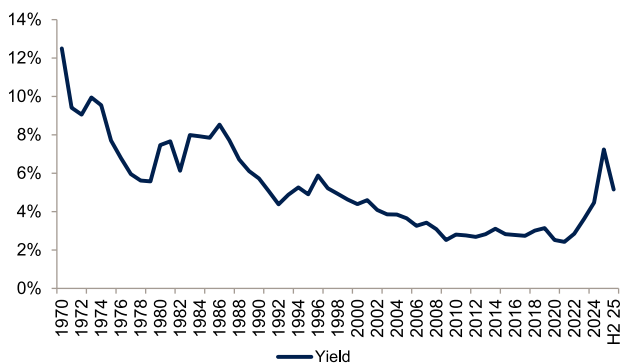


Source: ABG Sundal Collier, Skogsstyrelsen, Bloomberg

Higher prices and flat asset prices imply that forest valuation multiples have decreased, which is indeed reflected in our data set. The forest EV/EBIT multiple has dropped to 21x compared to 41x at the peak in 2021 and an average of 28x since 1990. We have to go back to the mid-1990s to find similarly 'low' valuation multiples. The implied forest yield has risen to 4–5% versus the low point of 2–3% between 2009 and 2022.

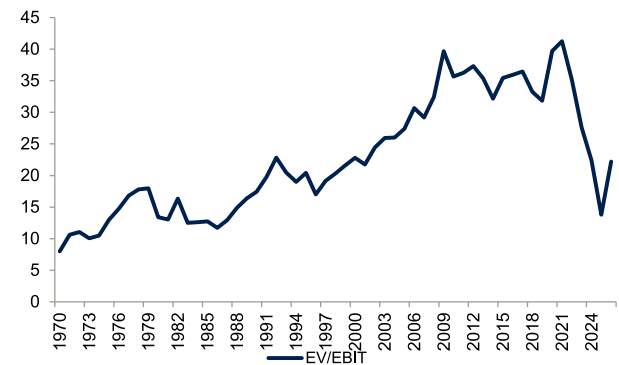
For simplicity, in this exercise we have only used the average m³/ha and the average growth in m³/ha/year for Sweden, and we have assumed that the harvest is equal to the growth (steady state). Actual harvesting will vary depending on the property and the age distribution, and we have not considered silviculture costs or hunting revenues. The focus here is on the comparison over time rather than the current level.

Yield



Source: ABG Sundal Collier, Skogsstyrelsen

EV/EBIT

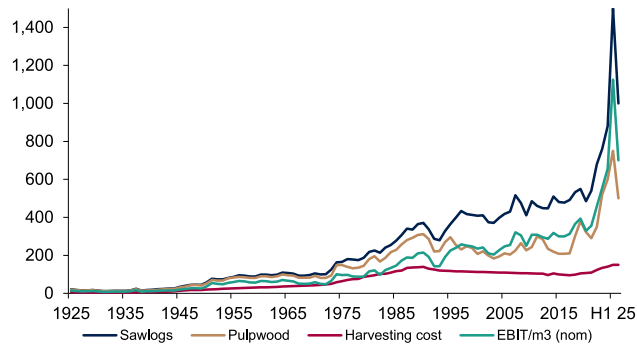


Source: ABG Sundal Collier, Skogsstyrelsen

The forest owners have been the winners in the tight wood market. The forest owners' EBIT rose to +SEK 1,000/m³, but has come down again to SEK 600-700/m³. This still represents a doubling vs. the historical average of ~SEK 300/m³. In this exercise, we have only looked into wood prices and harvesting costs. If we lower the increase to SEK 250/m³ and add it to the companies' annual harvest, the EBIT potential is significant, as the table shows.

Ti

Long-term wood prices (nominal)



Source: ABG Sundal Collier, Luke

EBIT effect of wood price increase

Company*	Harvest (mill/m3)	Potential EBIT effect**	In % of mid-cycle EBIT
Company*	Harvest (mill/m3)	Potential EBIT effect**	% of mid-cycle EBIT
SCA	5.0	1238	24%
Holmen	2.8	700	18%
UPM (Nordics)	2.1	47	3%
Stora (Nordics)	5.6	129	11%

* SEKm for SCA and Holmen, EURm for UPM and Stora

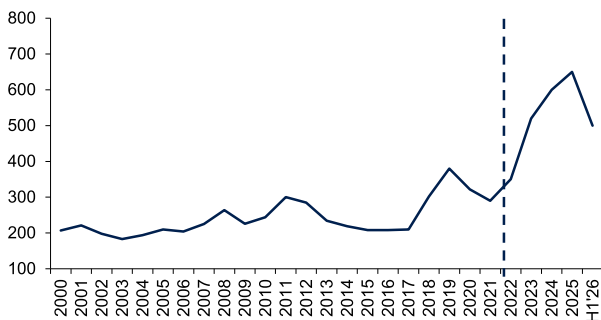
** Calculated as 250 SEK/m3 * harvest in m3

Source: ABG Sundal Collier, Companies

Wood costs down 15-30%

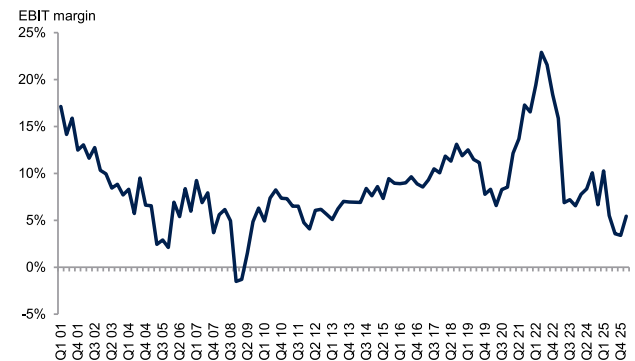
It has now been [one year](#) since we first flagged lower pulpwood costs, and prices are now down 20-25% since the peak in mid '25. Our weekly roadside price tracker for spruce pulpwood in Finland shows a fall of 27% compared to the July 2025 peak. Norwegian semi-annual prices fell by NOK 130/m3 (or +20%) from H1'26, having dropped by NOK 50/m3 in H2 '25. It is rumoured that prices could drop by a further 5-7% in H2'26 (NOK 25/m3). Prices in Sweden appear to have fallen by less, at 10-15%, following several reductions by Södra, Billerud, Mellanskog, etc. Estonian prices have fallen by 35% since the peak in mid-2024.

Pulpwood up since the invasion



Source: ABG Sundal Collier, Luke

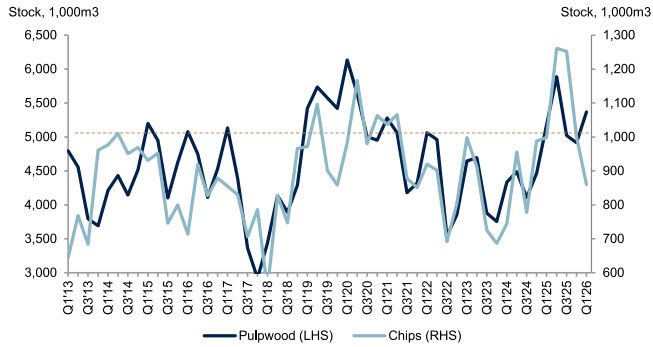
Sector average EBIT margin



Source: ABG Sundal Collier, Companies

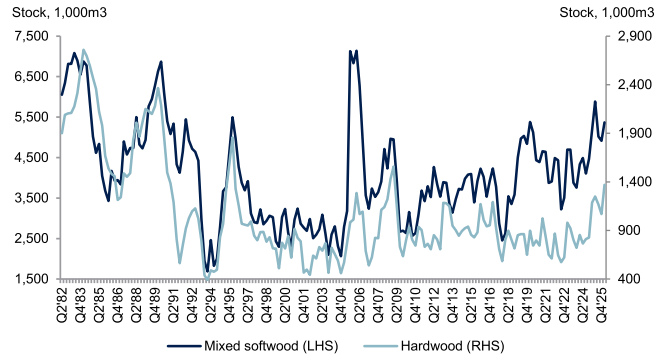
Swedish pulpwood inventories were up +4% y-o-y, but down 9% q-o-q in Q1'26. Inventories have decreased, but remain high in a historical context, and the recent storm in Sweden likely will result in higher fellings/inventories. Overall, inventories are up due to less demand (P&P curtailments, no demand from the energy sector) and more supply (higher prices = higher harvesting). Notified areas of final felling are up 6% y-o-y YTD. Swedish pellet prices are down ~3% y-o-y. Bear in mind the 2022 energy shortage, when pulpwood was used as an energy source in coal plants, etc. New, high energy prices could increase demand for pulpwood.

Swedish stocks by type of raw material



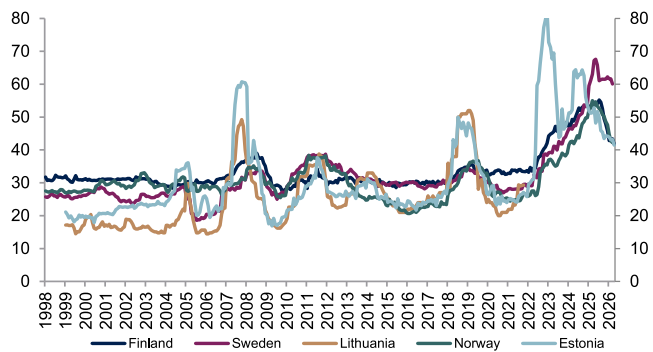
Source: ABG Sundal Collier, Skogsstyrelsen

Swedish stocks of pulpwood



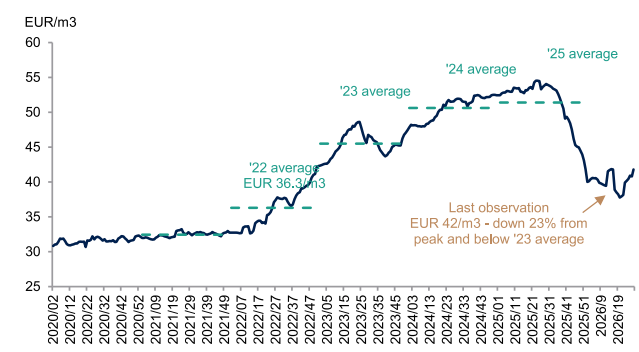
Source: ABG Sundal Collier, Skogsstyrelsen

Pulpwood prices



Source: ABG Sundal Collier, Country statistics

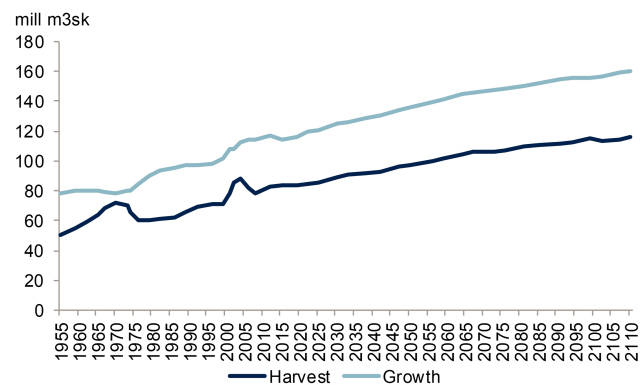
Weekly roadside pulpwood prices in Finland



Source: ABG Sundal Collier, Luke

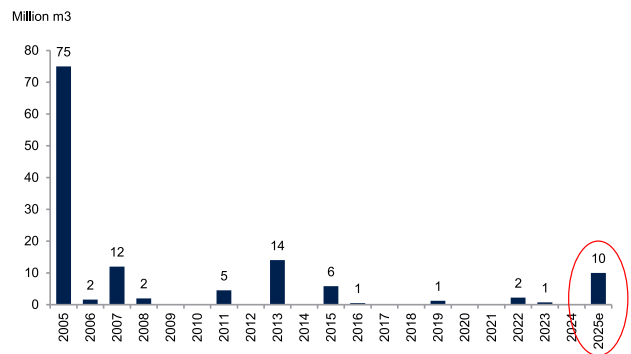
Sweden was recently hit by storm "Johannes", which was reportedly the most extensive storm to hit Swedish forest owners in 10 years. The storm is estimated to have felled nearly 11m m3 of timber, which is ~10% of the normal harvesting volumes in Sweden (80-90 mill m3), which should help to pull wood prices down. Note the big storms in 1969 and 2005 in the graph below.

Swedish harvesting volumes



Source: ABG Sundal Collier, Skogsdata 2016, Per-Erik Wikberg

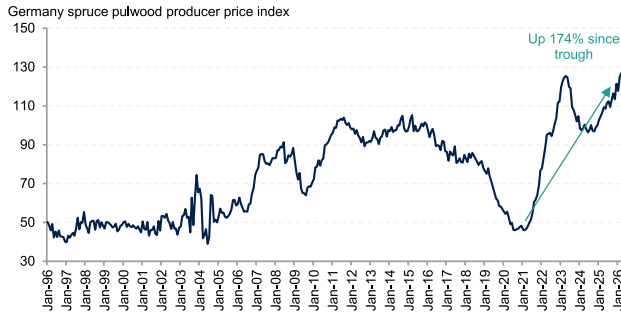
Storm damage Sweden



Source: ABG Sundal Collier, Skogsstyrelsen

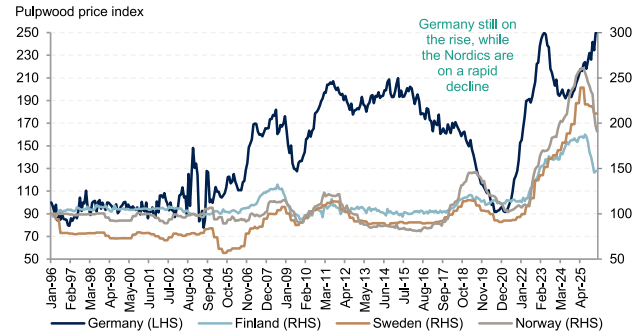
While prices in the Nordic countries have started to decline, prices in Germany remain high and have yet to follow suit. This reflects a structurally tighter German wood market with a limited log supply. The shortage of supply has been exacerbated by a sharp drop in the availability of damaged wood, particularly beetle-affected logs. As this material has largely disappeared from the market, the overall wood supply has tightened, which supports high prices. This strengthens the competitiveness of Nordic producers.

German pulpwood price index



Source: ABG Sundal Collier, Statistisches Bundesamt

Pulpwood prices by country



Source: ABG Sundal Collier, Country statistics

Pulpwood prices more than doubled between 2021 and 2025. Lower pulpwood prices would benefit the Nordic P&P sector in particular. EBIT will rise by ~10% if the price of pulpwood drops by 10% for companies with the largest wood exposure, such as Billerud, Stora, Metsä and Norske. Billerud is the largest buyer of pulpwood in Sweden and is therefore the most sensitive to wood costs. SCA and Holmen (which have large forest assets) would be the relative losers, but bear in mind that they are net short pulpwood.

Effects of lower wood prices on mid-cycle EBIT

	UPM EUR	Holmen SEK	Stora EUR	Metsä EUR	SCA SEK	Billerud SEK	BRG NOK	Essity SEK	NSKOG NOK	Huhtamäki EUR	Elopak NOK
Mid-cycle EBIT ('18-'24)	1,366	3,790	1,048	249	5,166	2,281	1,489	15,064	929	395	72
24 EBIT	1,225	3,723	598	60	5,027	2,307	1,648	18,808	163	417	107
Wood exposure (mill m3)	-12	-6	-19	-12	-4	-12	-1	0	-1	0	0
Current wood price in rep. Currency	46	674	46	46	674	674	674	674	674	46	674
Wood costs (millions)	-549	-3,997	-849	-560	-2,966	-7,818	-674	0	-539	0	0
<i>Assuming prices down 10%</i>											
Wood price in rep. Currency	41	607	41	41	607	607	607	607	607	41	607
Wood costs (millions)	-494	-3,597	-764	-504	-2,669	-7,037	-607	0	-485	0	0
EBIT effect vs. current wood costs	55	400	85	56	297	782	67	0	54	0	0
In % of mid-cycle EBIT	4%	11%	8%	22%	6%	34%	5%	0%	6%	0%	0%
In % of '24 EBIT	4%	11%	14%	93%	6%	34%	4%	0%	33%	0%	0%

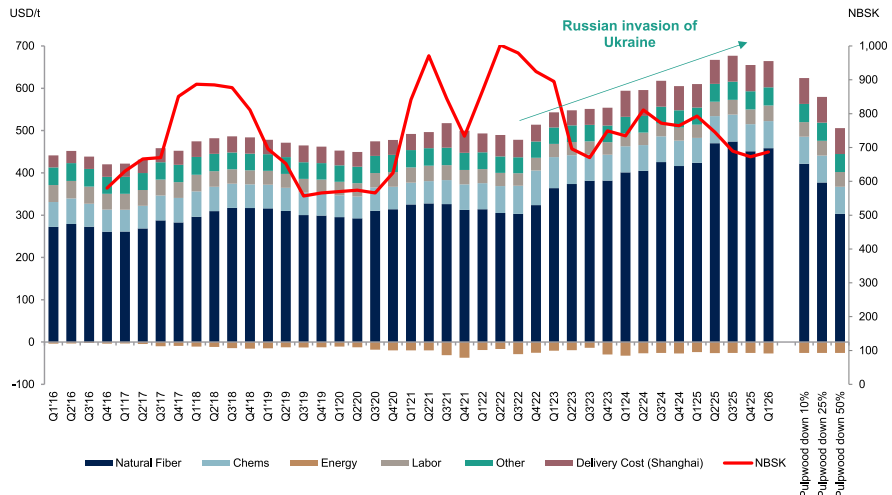
Source: ABG Sundal Collier, Companies

Footnote: The presented wood exposures reflect our best estimates given the available information. The companies provide different measures, and calculating the exact exposures is therefore challenging.

We have examined the cost structure of Nordic pulp mills. Prior to the Russian invasion, the average cash cost was USD 475/t, with pulpwood accounting for 64% of the total. Following the sharp rise in pulpwood prices, the average cash cost increased to USD 650/t (a 38% increase), with pulpwood accounting for 75% of costs.

The current European NBSK spot price is roughly equivalent to the 2022 average, which means tighter margins for Nordic producers. The ~USD 170/t increase in pulpwood costs alone has effectively wiped out ~USD 1.7bn in Nordic pulp EBITDA. It should be noted that the rapid increase in cash costs has not resulted in a significant rise in prices. This implies that a reduction in Nordic pulpwood costs would not necessarily lead to lower pulp prices.

Nordic pulp cash cost curve development



Source: ABG Sundal Collier, RISI

Stora Enso: Going once, twice... sold to the highest bidder

Stora targets to list its Swedish forest assets

After selling 12% of its Swedish forests at P/B 1x, Stora has completed its strategic review of the remainder. It intends to create a: 1. Pure play forest company and a 2. Packaging/pulp company. 1. would be largest listed pure play forest company in Europe (listing likely during 2027). Following the divestment in May'25, the company retains over 1.2m hectares in Sweden (1.0m hectares of productive forestland), with a book value of ~EUR 5.8bn as of Q4'25.

To assess the value potential of Stora Enso's upcoming split, we reference our SOTP analysis based on "mid-cycle" performance (here defined as 2018–2024). Over this period, average EBIT for the industrial segments (packaging, pulp, lumber) was ~EUR 850m, while the Forest segment averaged ~EUR 200m. Applying our valuation framework, we arrive at a value of EUR 11/sh for the industry operations, EUR 9/sh for the Nordic forest assets (incl Tornator), and net debt of EUR 4/sh, implying a total SOTP value of ~EUR 16/sh.

However, Stora's industrial EBIT fell ~70% from "mid-cycle" to 2024. Anchoring the SOTP on 2024 alone, the industry valuation declines to just EUR 4/sh, and hence the SOTP to ~EUR 8/sh. The key reason is that pulpwood costs have more than doubled.

Stora Enso SOTP (mid-cycle)

Stora Enso SOTP		
	EURm	EUR/share
EBIT (average '18-'24)	1,048	
Forest EBIT	198	
EBIT excl. forest	850	
Industry multiple	10x	
Value of industry	8,500	11
Forest transaction price (SEK/m3)	461	
Forest volume (mill m3)	171	
Forest value (EURm)	7,294	9
Enterprise value	15,795	20
NIBD	3,535	4
Equity value	12,260	16
Share price	16	16

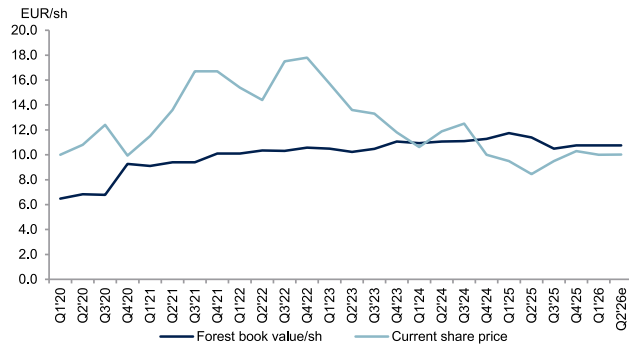
Source: ABG Sundal Collier, Company data

Stora Enso SOTP (2024)

Stora Enso SOTP		
	EURm	EUR/share
EBIT'24	598	
Forest EBIT	308	
EBIT excl. forest	290	
Industry multiple	10x	
Value of industry	2,900	4
Forest transaction price (SEK/m3)	461	
Forest volume (mill m3)	171	
Forest value (EURm)	7,294	9
Enterprise value	10,194	13
NIBD	3,535	4
Equity value	6,659	8
Share price	8	8

Source: ABG Sundal Collier, Company data

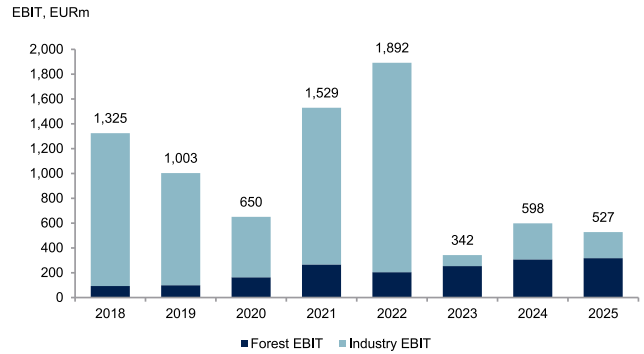
Stora forest value/sh vs. share price



Source: ABG Sundal Collier, Stora Enso

Footnote: Incl. Guangxi, Veracel (50%) and MdP (50%)

Stora Enso EBIT split



Source: ABG Sundal Collier, Company data

This may at first glance seem pessimistic, but it is important to note the high sensitivity to input costs. 10% lower pulpwood prices would add ~EUR 100m to Stora's industrial EBIT, equivalent to EUR 1.3/sh in industry value. 10% lower wood cost then implies EUR 10/sh (the share landed here post the announcement). The forest asset should be seen as the downside protection in these calculations, but the upside will come from better industrial EBIT, as always.

Stora Enso share price sensitivity

	Industry EBIT, EURm						
	1,100	950	800	650	500	350	200
250	16.2	14.3	12.4	10.5	8.6	6.7	4.8
454	20.7	18.7	16.8	14.9	13.0	11.1	9.2
461	20.8	18.9	17.0	15.1	13.2	11.3	9.4
485	21.3	19.4	17.5	15.6	13.7	11.8	9.9
599	23.8	21.9	20.0	18.1	16.2	14.3	12.4
645	24.8	22.9	21.0	19.1	17.2	15.3	13.4
700	26.0	24.1	22.2	20.3	18.4	16.5	14.6
			Mid-cycle		'26 cons	Now	

Source: ABG Sundal Collier

Below we provide a simplified overview of how the new companies could look post the listing. We divide Stora into a 1. Swedish forest company and a 2. Packaging/pulp company. The latter includes Tornator - the Finnish forest assets (0.7 mill ha where Stora holds 41%). We have allocated EUR 800m in net debt to the forest company. This implies a Forest LTV of ~14%. Below we have built a simplified mid-cycle P&L. Note that the Swedish forest EBIT is our best guess based on available information. We value the industry on EV/EBIT 10x and use transaction prices for the forest.

Our key findings are the following:

- Our SOTP framework points to EUR ~14/sh for the combined companies
- The divestment could make the Packaging company more healthy in terms of lower leverage (~2x on a mid-cycle approach, ~11% earnings yield).
- The yield of the Swedish forest company would probably be too low for the stock market to price the forest at book value, and a discount is likely.
- SCA and Holmen seem to trade at a discount of 30-40% vs the forest asset values.
- At a 35% discount to the forest book value (implies 3.6% earnings yield), we find a ~15% upside for Stora in a break-up scenario.

Simplified overview of Stora spin-off

Swedish forest company	Mid-cycle	EUR/sh	Packaging company	Mid-cycle	EUR/sh
<i>P&L</i>			<i>P&L</i>		
EBITDA	160		EBITDA	1,352	
D&A	20		D&A	570	
EBIT	140		EBIT	782	
Net financials	-34		Net financials	-117	
Net profit	106		Net profit	665	
<i>Valuation</i>			<i>Valuation</i>		
Forest transaction price (SEK/m3)	465		Forest transaction price (EUR/m3)	43	
Forest volume (mill m3)	135		Forest volume (mill m3)	36	
Forest value (EURm)	5,769	7.3	Remaining forest value	1,535	1.9
			P&P Co. industrial EBIT (excl. forest division)	742	
			Industry multiple	10x	
			Value of industry	7,420	9.4
Enterprise value	5,769	7.3	Enterprise value	8,955	11.4
NIBD	800	1.0	NIBD	2,735	3.5
Equity value	4,969	6.3	Equity value	6,220	7.9
<i>Key KPIs</i>			<i>Key KPIs</i>		
Earnings yield	2.1%		Earnings yield	10.7%	
Net debt/adj. EBITDA	5.0x		Net debt/adj. EBITDA	2.0x	
LTV	14%		LTV	31%	

Source: ABG Sundal Collier, Company data

Stora has too much debt and the balance sheet is stretched post two EUR 1bn projects (De Jong and Oulu). To provide some headroom, Stora has initiated a strategic review of its Central European sawmills and building solutions operations. Stora intends to divest ~3 million m3 sawmill capacity, in addition to three CLT (cross-laminated-timber) mills. This could be smart long-term as they do not fit well with the rest of Stora, which is more a Nordic operation now. On the other hand, it is not smart to sell at the trough of the market.

We have looked at some recent transactions, and find that the divestment could fetch ~EUR 580m in cash for Stora. This would reduce the Packaging company net debt down to 1.2bn, and our mid-cycle gearing falls to 0.8x ('26e gearing would then be ~1.2x). Below we provide some further background information regarding the spin-off.

Valuation of Stora's sawmills under review

Comparable transactions valuation	Stora Enso	Mayr-Melnhof	Holmen	Vida	Canfor	Bergs Timber
Year	2024/25	2022	2020	2020	2019	2018
Acquired company/seller	Junnikkala	Bergkvist Siljan	Martinsons	Bergs Timber	Vida	Norvik
Buyer	Stora	Mayr-Melnhof	Holmen	Vida	Canfor	Bergs Timber
Capacity ('000m3)	700	850	500	400	2,600	390
EV (EURm)	137	n.a.	100	36	518	72
EV/Capacity (EUR/m3)	196	n.a.	200.0	90.9	199.3	185.2
Average	174					
Stora capacity ('000m3)	3,000					
Implied EV (EURm)	523					
CLT capacity	310					
Assume same multiple	174					
Implied CLT EV (EURm)	54					
Total EV (EURm)	577					

Source: ABG Sundal Collier, Companies, RISI

If Stora moves forward with a listing of its Swedish forest assets, there is a risk that the market may not assign the same valuation multiple or accept the same yield level as seen in the previously disclosed private transactions. There is often a difference between trading and transaction multiples.

The stock market often focusses on yield per year, but a forest asset is an appreciating asset class with rising volumes and "eternal life". The yield per year is low here as the rising terminal is more important, and we fear that the market will struggle to price this right/high enough at the start (before pension funds take over the shareholder list).

As a reference point, we highlight US-listed timber REITs (which focus on owning and managing forest land) and their trading levels. That said, the comparison is not like-for-like due to accounting differences between IFRS and US GAAP.

US REITS valuation

	'26 EV USDm	EV / EBITDA			EV / EBIT			P / E			EBIT margin			Dividend yield		
		2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
US REITS																
Weyerhaeuser Company	22,926	20.7x	15.0x	12.1x	45.1x	24.6x	18.4x	84.9x	33.1x	22.1x	7%	12%	16%	3%	4%	3%
Rayonier Inc.	6,600	17.1x	13.2x	11.7x	46.9x	28.9x	23.3x	64.5x	39.2x	29.1x	12%	16%	17%	5%	5%	5%
Average		18.9x	14.1x	11.9x	46.0x	26.7x	20.8x	74.7x	36.1x	25.6x	11%	16%	16%	4%	4%	4%
Median		18.9x	14.1x	11.9x	46.0x	26.7x	20.8x	74.7x	36.1x	25.6x	12%	16%	16%	4%	4%	4%

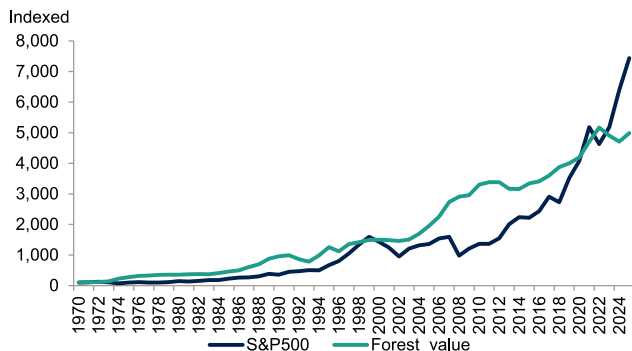
Source: ABG Sundal Collier, FactSet

Keep in mind that a forest is an appreciating asset over time, and the annual return CAGR from 1970-2025 has been ~7.4% for Swedish forest assets. This is on a par with the performance from the S&P 500 despite significantly less risk (real estate vs. stocks, long duration and harvest flexibility). Note that this calculation does not include the cash flow from the forest (annual harvesting). The “cash flow” yield has historically been 2-4%, which would put the total return CAGR at ~9.4% for Swedish forest assets. Breaking down the total forest return, we find that the 9.4% CAGR comprises:

- +6% land value
- +1% growing asset base (forest growth exceeds harvesting)
- 2-4% cash flow

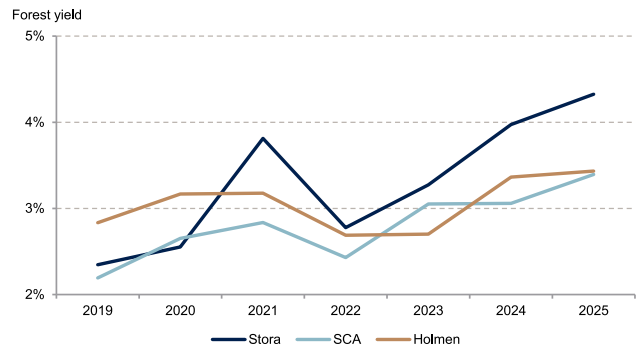
Below is an overview of the Nordic forest yield, defined as reported EBIT relative to the book value of forest assets. Since 2019, this yield has ranged between 2% and 4%, but it has shown an upward trend in recent years. Note we are unable to fully break down Stora's EBIT based on its reporting, and cannot fully backtrack all components included in the reported figure, which may affect comparability. Also note that SCA's forest is relatively young, leading to high revaluation gains and weaker near-term cash flow due to lower harvest volumes and higher thinning costs (can harvest more in +20y).

Swedish forest value vs. S&P 500



Source: ABG Sundal Collier, FactSet, LRF

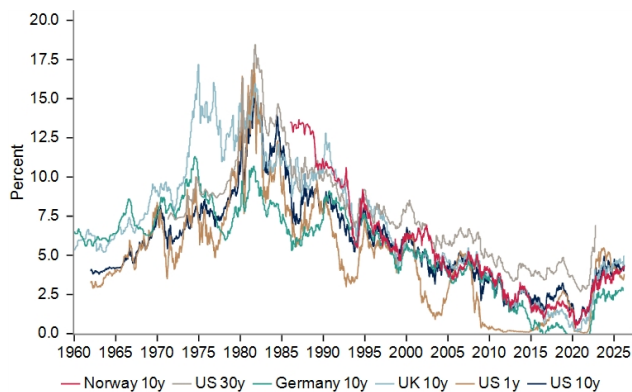
Nordic forest yield



Source: ABG Sundal Collier, Companies

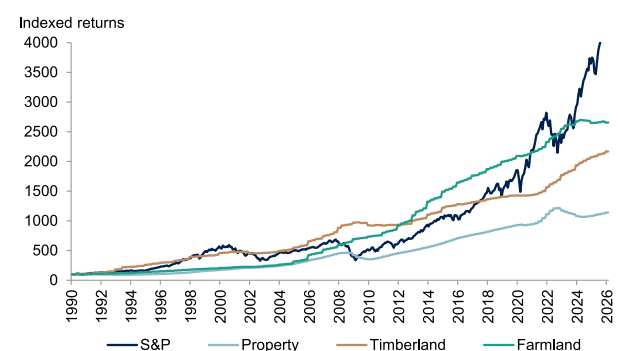
Footnote: Incl. IFRS effect, EBIT for Holmen

Interest rates



Source: ABG Sundal Collier

Indexed returns, S&P vs. US REITS



Source: ABG Sundal Collier, Bloomberg

RCP and energy set prices ST

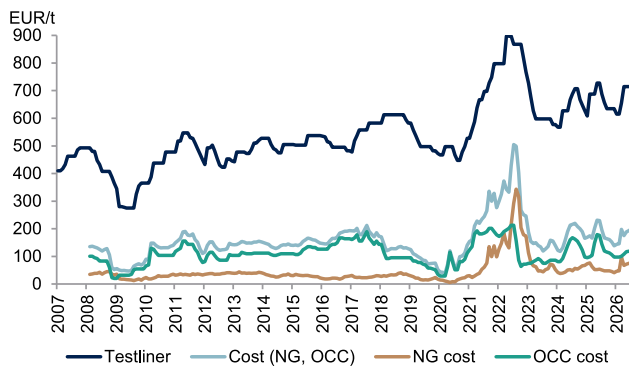
Containerboard and paper prices set by fibre and energy costs

All P&P prices rose to extreme levels in '21-'22, driven by much steeper cash cost curves and very supportive macro growth. Pulp prices rose 80%, paper by 100% and packaging by 30-100%, all of which led to another super-profit cycle for the Nordic companies. Most of the price increases (+2x) in this period were due to very expensive gas (NG, +4-10x) as well as recovered fibre (RCP, +1-2x) input costs. This effectively doubled the marginal producers' cash cost, which meant that paper/packaging prices doubled. However, what goes up too fast must come down: OECD IP growth fell from +4% to -4% during '22, which lowered both input costs and paper and packaging prices in '23.

Input costs rose materially in mid '24 with RCP +100% and natural gas +50%. The cost increases pointed to ~20% higher testliner and newsprint prices, and indeed this played out: testliner/kraftliner prices rose 25%/21% vs. the trough, while newsprint price only rose +3%.

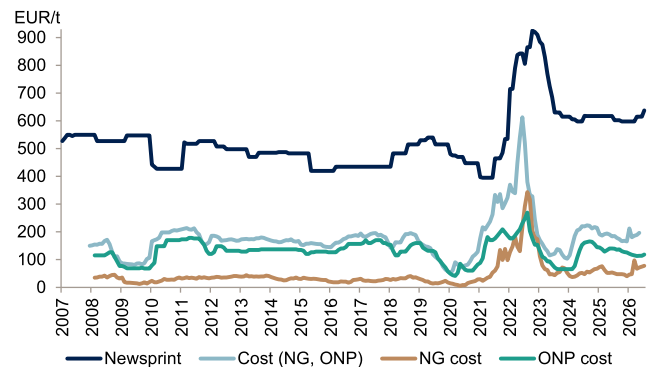
Testliner and kraftliner rose 20-13% in H1'25, which was triggered by Smurfit Westrock's +100 EUR/t hike from Jan and higher OCC costs/natural gas costs. However, OCC/gas inputs costs fell 35%, and testliner prices were down 16% since the recent peak in June'25. However, with increased gas prices in the beginning of '26, several testliner price hikes were announced, and the testliner price rose 9% m-o-m in April '25.

Testliner prices set by NG and OCC



Source: ABG Sundal Collier, Bloomberg, RISI

Newsprint prices set by NG and ONP

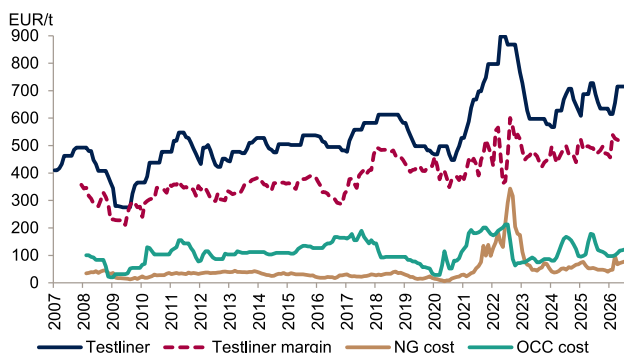


Source: ABG Sundal Collier, Bloomberg, RISI

The graphs below show the implied margin for the marginal producer. Testliner prices fell in H2'25, but so did input costs, and hence the margin was flat since June. With the increased input costs (gas), testliner prices are hiked, and the margin has increased.

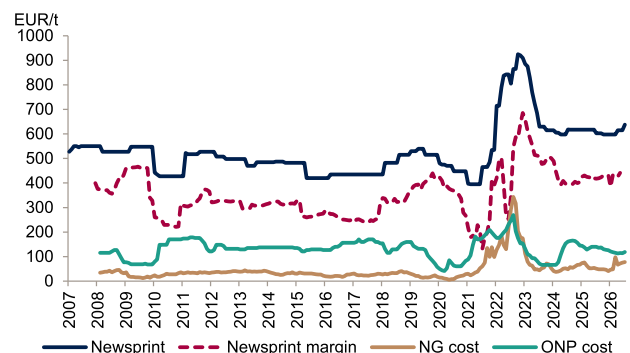
The newsprint margin is relatively flat as the latest modest price increase offset higher input cost.

Testliner prices and margins



Source: ABG Sundal Collier, Bloomberg, RISI

Paper prices and margins (newsprint)

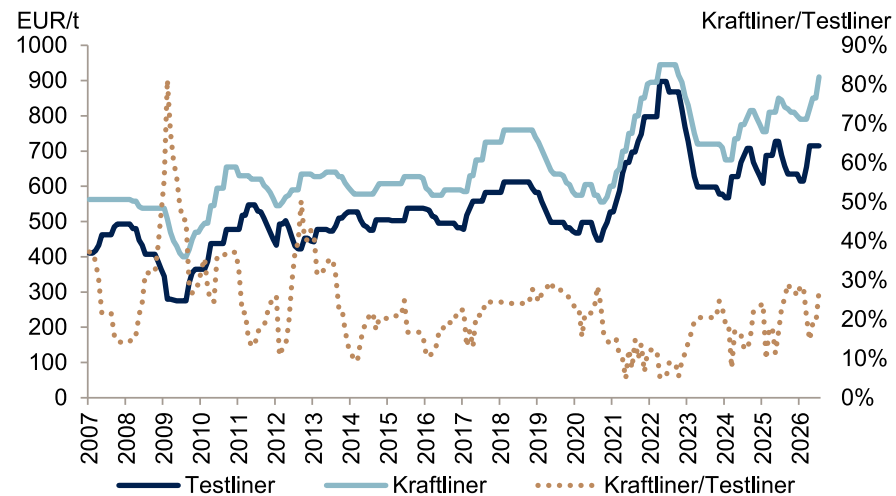


Source: ABG Sundal Collier, Company data

We have established that testliner prices are set by natural gas and RCP (correlation of 85%). Kraftliner prices follow testliner, as it is the virgin fibre substitute, with a correlation of

+95%. The Nordic companies typically make kraftliner based on virgin fibre (one could argue that they are semi-long natural gas). SCA, Stora, Billerud, Metsä Board fit the bill here.

Kraftliner prices follow testliner prices



Source: ABG Sundal Collier, Bloomberg, RISI

The Nordic sweet spot fades away

In the '21-'22 period, the marginal producers in continental Europe needed price increases to compensate for more expensive energy and fibre (a steeper cost curve), and they got them (+85%). Key prerequisites here were of course a high utilisation rate and that the marginal producers in continental Europe make up a significant part of the installed capacity. This situation benefited the Nordic players due to lower Nordic energy and fibre costs. They got the higher prices set by the marginal producers, but did not experience the same cost increase (Nordic sweet spot).

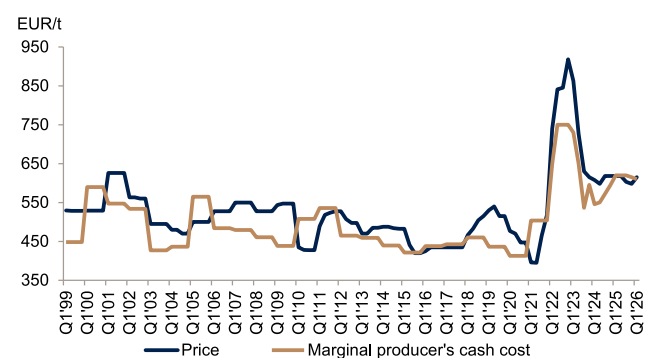
Lower input costs and weaker utilisation rates have been negative for the Nordic players. They get the lower prices, but do not experience the same drop in costs as the marginal producers in continental Europe. Additionally, Nordic wood costs have 2x and become very problematic. Hence, the Nordic sweet spot has weakened overall vs the marginal producer. However, if the current energy prices were to maintain at current levels, a return of the Nordic sweet spot could happen.

Costs up 2x for the marginal producer

	% share	2020	% chg	2022
Variable costs				
Fibre	22%	22	200%	67
Energy	12%	12	450%	64
Chemicals	11%	11	40%	15
Distribution	12%	12	40%	17
Other variable costs	7%	7	10%	7
Total variable costs		64	168%	170
Fixed costs				
Personnel	16%	16	3%	16
Other fixed costs	13%	13	2%	13
Depreciation	8%	8	0%	8
Sum	100%	100	107%	208

Source: ABG Sundal Collier

Price vs the marginal producers cash cost



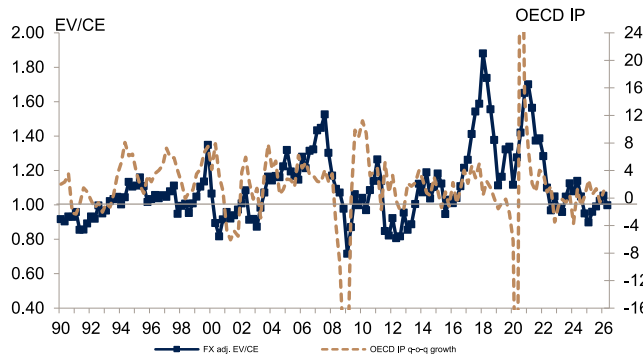
Source: ABG Sundal Collier, RISI

Summary

1) Valuation down, macro better

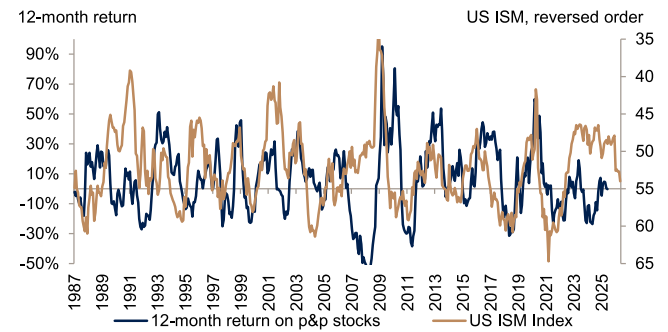
The stocks have already dropped due to soft macro data, a weak USD and higher wood costs. The EV/CE ratio has fallen from 1.2x to 1.0x, which is ~10% below the historical average (FX-adjusted). Historically, it has been smart to buy when the macro environment is weak. Based on the historical pattern, an ISM index of 50–55 usually results in 12-month returns of 8–15%.

EV/CE vs. OECD industrial production growth



Source: ABG Sundal Collier, Macrobond

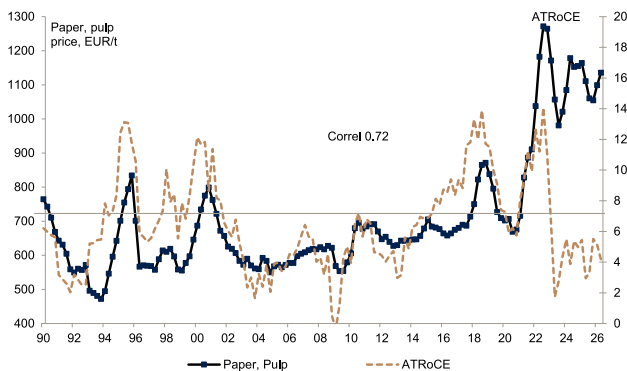
P&P stocks 12-month return vs. ISM index



Source: ABG Sundal Collier

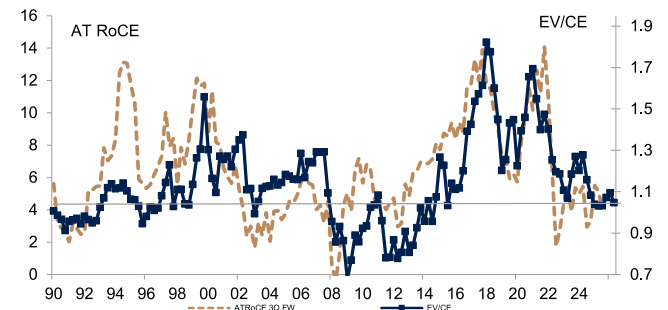
The key driver of margins and return on capital employed (ATRoCE) is, of course, the price of pulp and paper. There has historically been a strong correlation between the two, at 72% since 1990. The graph below highlights four strong cycles: 1995, 2000, 2018 and 2022, when ATRoCE was 12–14% due to very high prices.

ATRoCE vs. P&P prices



Source: ABG Sundal Collier, RISI

ATRoCE vs. EV/CE



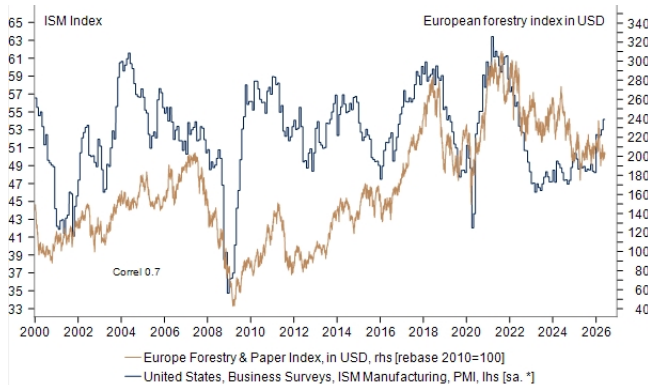
Source: ABG Sundal Collier, Company data

Pulp and paper prices jumped by 85% between 2021 and 2022 due to high energy and fibre costs. The sector's ATRoCE increased to +14% by Q3 2022, but then fell to just 2% in Q2 2023 as prices and volumes both dropped significantly. Prices rose in 2024 and are now 50% above their historical average. Consequently, ATRoCE recovered to 5% in 2024, before dropping to 4.3% in 2025 due to increased Nordic wood costs. ATRoCE is likely to be around 5% in H1. The current valuation at EV/CE of ~1.0x seems to discount a normal historical cycle (8.6% ATRoCE over the last 10 years versus a 6.6% average since 1990).

ISM index moves higher

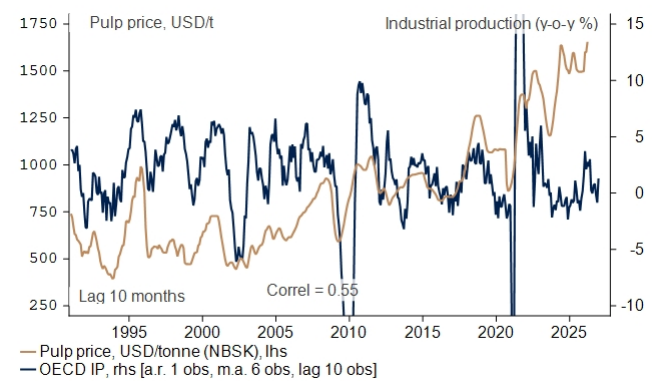
Over time, P&P share prices follow macro growth. The US ISM index rose to 54 in May versus 48 in December, which is a good sign of better IP growth. However, a potential supply-driven oil price shock due to wars in the Middle East is not, and much seems to be driven by AI-related capital expenditure (which has less of an impact on P&P). Actual IP growth increased in H1'25, but decreased in H2 (landing at +1% for 2025).

P&P stocks vs ISM index



Source: ABG Sundal Collier

Pulp price vs OECD IP growth



Source: ABG Sundal Collier

As highlighted in the correlation matrix below, the key driver for the pulp and paper sector is OECD IP growth. Share prices move in tandem with IP growth. Pulp prices lag behind IP growth by three quarters, while the different paper and packaging grades lag behind the pulp price by between zero and three quarters. A 10% change in the pulp price tends to impact product prices by 3–5%. Share prices are typically 3Q forward-looking.

Correlation analysis between P&P grades, macro and product prices

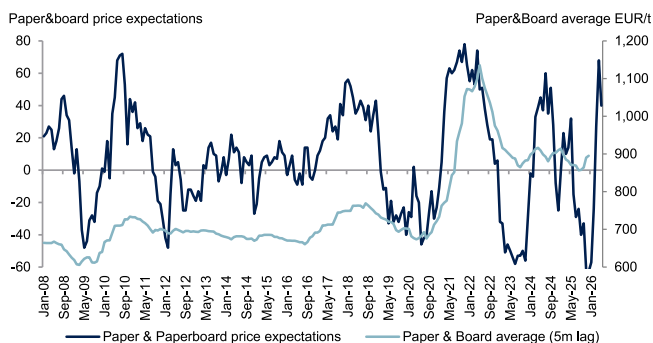
Correlation analysis		Time lag (quarters)				
Product price	vs variable	0	1	2	3	4
P/BV paper stocks	OECD IP q-o-q	60%				
Pulp (NBSK)	OECD IP q-o-q				65%	
Sawn goods	Pulp (NBSK)	79%				
Containerboard	Pulp (NBSK)	85%				
Coated fine paper	Pulp (NBSK)	80%				
Uncoated fine paper	Pulp (NBSK)	80%				
Kraft paper	Pulp (NBSK)		81%			
Magazine paper (LWC)	Pulp (NBSK)		65%			
Magazine paper (SC)	Pulp (NBSK)			65%		
Cartonboard	Pulp (NBSK)			57%		
Newsprint	Pulp (NBSK)				80%	
Tissue	Pulp (NBSK)				86%	

Early cyclicals: Pulp (NBSK) at lag 0, Sawn goods, Containerboard, Coated fine paper, Uncoated fine paper, Kraft paper, Magazine paper (LWC), Magazine paper (SC), Cartonboard, Newsprint, Tissue.

Late cyclicals: Pulp (NBSK) at lag 3, Magazine paper (LWC), Magazine paper (SC), Cartonboard, Newsprint, Tissue.

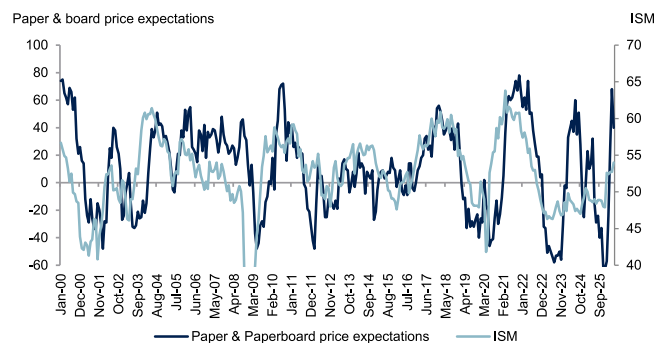
Source: ABG Sundal Collier

Paper&Board prices vs. price expectations



Source: ABG Sundal Collier, RISI, konj.se

Paper&Board price expectations vs. ISM



Source: ABG Sundal Collier, Bloomberg, konj.se

2) A new round of price hikes – pulp leads as normal

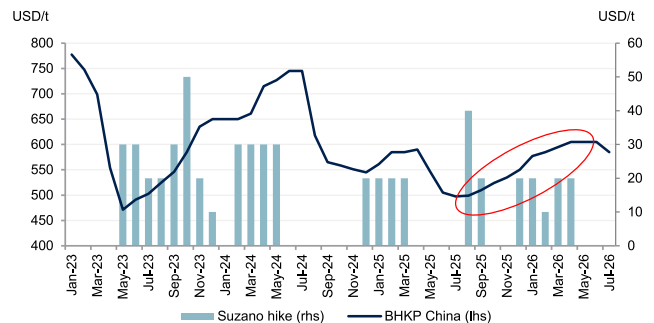
Since August 2025, Suzano has announced nine hardwood price hikes of +30% for the Asian market and +42% in Europe (USD 430/t). Following this, similar moves have been made by Klabin, April, Eldorado, Bracel, etc. As the graph below shows, most of Suzano's price increases become visible one month after announcement, and Chinese hardwood prices have risen by 22% since the increases were announced. However, note the relatively flat prices since April.

Suzano: Hardwood (BEK) price announcements

Month	Increase, China	Increase, Europe	Price, China	Price, Europe
Jan'24			650	1,140
Feb'24	30	80	650	1,220
Mar'24	30	80	655	1,300
Apr'24	30	60	720	1,380
May'24	30	60	745	1,440
Aug'24	-100	-100	618	1,295
Sep'24			565	1,160
Oct'24			559	1,060
Nov'24			551	1,000
Dec'24	20	100	545	1,000
Jan'25	20	60	561	1,075
Feb'25	20	60	585	1,160
Mar'25	20	60	585	1,160
Aug'25	20		495	1,000
Aug'25	20	80	495	1,000
Sep'25	20	50	510	1,060
Oct'25			524	1,080
Nov'25			535	1,100
Dec'25	20		550	1,115
Jan'26	20	120	577	1,235
Feb'26	10	30	588	1,280
Mar'26	20	50	605	1,330
Apr'26	20	50	605	1,380
May'26		50	605	1,380
Sum	150	430	110	380
Increase in %	30%	42%	22%	38%

Source: ABG Sundal Collier, RISI

Suzano hikes and BEK pulp prices



Source: ABG Sundal Collier, RISI

'Early-cyclical' containerboard typically follows pulp. In September, Heinzel announced a price increase of EUR 100/t, to take effect in October 2025. However, Smurfit and Mondi quickly shut this move down. Following the surge in gas prices, several companies, including Smurfit, have pushed for higher prices, with containerboard rising by around 12%. Testliner rose by EUR 100/t (15–25%). Note that sack kraft has increased too (Billerud announced an increase of 8%).

In the paper sector, "early-cyclical" fine paper has been announced as rising by 5–10% by several companies (Navigator, Sappi, Burgo, Lecta, etc.). Note Billerud's +6% increase in coated fine paper from May. Even more late-cyclical magazine and newsprint prices have been announced, with the latter rising by 17% after increasing by 20% in India (40% year on year). This will benefit Norske (restricted), Holmen and UPM. A 10% increase in label paper prices would also benefit UPM.

Speciality cellulose prices have increased by 18% thanks to the market leader, Rayonier, which has a ~40% market share. This is good news for Borregaard. They should receive higher prices and increased demand as a result. Conversely, BRG has sold most of its 2026 output at a low price (-3–4%), and higher prices are expected in 2027.

We also hear that Tissue has been raised by 5–7%, which should benefit Essity into H2.

Announced	Company	Grade	Market	Price hike, %
Packaging				
Sep'24	Metsä Board	Cartonboard	Europe	6%
Nov'24	Pack. Corp of Am.	Containerboard	North America	9%
Nov'24	International Paper	Containerboard	North America	9%
Nov'24	Georgia-Pacific	Containerboard	North America	8%
Nov'24	Smurfit Westrock	Containerboard	North America	8%
Dec'24	Billerud	Liquid pack. board	Europe	6%
Jan'25	Smurfit Westrock	Containerboard	Europe	16%
Jan'25	SCA	Kraftliner	Europe	12%
Jan'24	Heinzel, Billerud	Sack kraft	Europe	7%
Mar'25	Saica	Containerboard	Europe	9%
New round of price hikes				
Sep'25	Heinzel	Containerboard - but cancelled	Europe	15%
Dec'25	Nippon	Liquid carton	Japan	4%
Jan'26	Hamburger	Containerboard	Europe	15%
Feb'26	Heinzel	Containerboard	Europe	8%
Feb'26	Heinzel+Navigator	Sack kraft	Europe	8%
Feb'26	Smurfit Westrock	Containerboard	Europe	16%
Mar'26	SCA	Containerboard	Europe	13%
Mar'26	RDM	Cartonboard	Europe	10%
Mar'26	Billerud	Sack Kraft	Europe	8%
May'26	Klabin	Containerboard	Europe	6%
Jun'26	Saica	Containerboard	Europe	8%
Paper				
Nov'24	Suzano	UF	Brazil	7%
Nov'24	Asia P&P	Fine paper	Global	5%
Nov'24	APRIL	UF	Global	4%
Dec'24	The Nav. Comp.	UF	North America	8%
Jan'25	Billerud	Fine paper	North America	5%
Jan'25	APRIL	UF	Global	3%
Feb'25	Perlen Papier	Newsprint	Europe	9%
Feb'25	Burgo Group	Fine paper	Europe	7%
Mar'25	Sappi	UF	Europe	8%
Mar'25	Domtar	Newsprint	North America	15%
New round of price hikes				
Sep'25	Billerud	CF	North America	4%
Sep'25	UPM	SC & LWC	North America	8%
Oct'25	APRIL	UF	Global	3%
Dec'25	Navigator	UF	Europe	7%
Dec'25	APP	Fine paper	Global	3%
Dec'25	Suzano	UF/CF	Global	5%
Dec'25	White Birch	Newsprint	India	14%
Jan'26	Sylvamo	Fine paper	Global	5-8%
Feb'26	Arctic Paper	Fine paper	Europe	8-10%
Feb'26	Sappi+Burgo	Label paper	Europe	8-10%
Feb'26	Sappi+Lecta	CF, LWC	Europe	5%
Feb'26	White Birch, Kruger	Newsprint	North America	6-9%
Feb'26	Sylvamo, Domtar, Suzano	UF	Global	4-7%
Mar'26	White Birch, Domtar	Newsprint	Europe + N-Am.	17%
May'26	Billerud	CF	N-Am.	6%
May'26	Leipa	Graphic paper	Global	6%
May'26	Suzano	UWF,CWF	Europe	6%
Jun'26	Arctic Paper	UWF,CWF	Europe	4-8%
Pulp+Tissue				
Feb'25	Domtar, GFC, Rayonier	Fluff pulp	Global	5%
Feb'26	SCA, Domtar, Rayonier	NBSK	Europe	6%
Feb'26	Rayonier	Specialty cellulose	Global	18%
May'26	Navigator	Tissue	Global	5-7%

3) Relative ideas

Pulp and containerboard have the best capacity utilisation rates in the sector at 91% and 87%. Cartonboard, paper and tissue are more problematic at 80%, 77% and 76%, respectively.

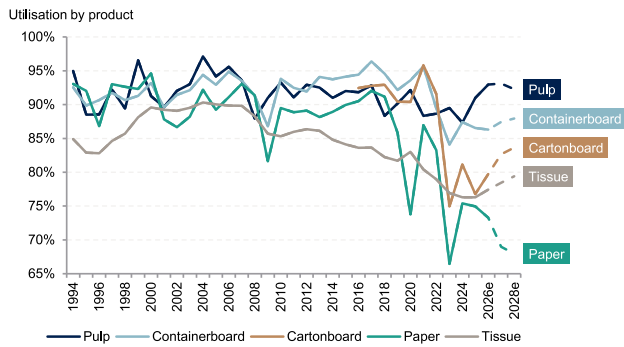
The current setup indicates the following:

1. **Higher pulp prices** help UPM, Stora, Metsä and SCA relative to Essity. Hardwood is best, up ~30% from trough (UPM, Stora). Softwood flat (SCA, Metsä).
2. **Higher containerboard prices** (gas, pulp) helps Norske, Stora, SCA, Billerud and Metsä.
3. **Lower wood costs** benefit the P&P players: EBIT rises by 10% if pulpwood drops 10%. BILL has the highest wood sensitivity. The relative losers here would be SCA and Holmen.
4. **Higher energy prices** are negative. Relative losers are Essity, Billerud vs UPM, Holmen as relative winners.
5. **Weaker USD vs. EUR** is negative. The P&P exporters are the relative losers vs Essity, Huhta and Elopak.

Therefore, we prefer companies with exposure to lower wood costs and higher pulp prices. Higher containerboard prices and a strong energy position would also be advantageous. Stora, UPM, SCA and Norske (restricted) fit the bill. Note that the cons seems high on SCA

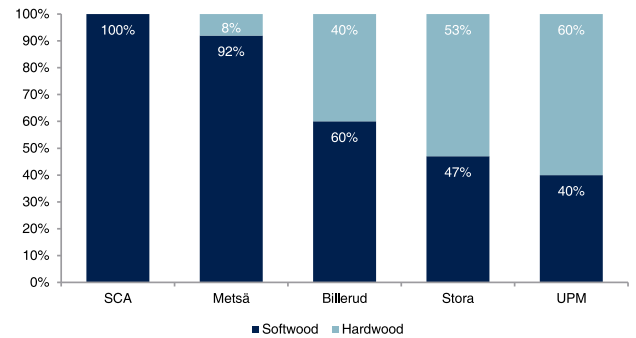
again (and UPM). UPM is long electricity and hardwood pulp, but not containerboard. Higher interest rate are negative for forest values in SCA and Stora though.

Utilisation by product



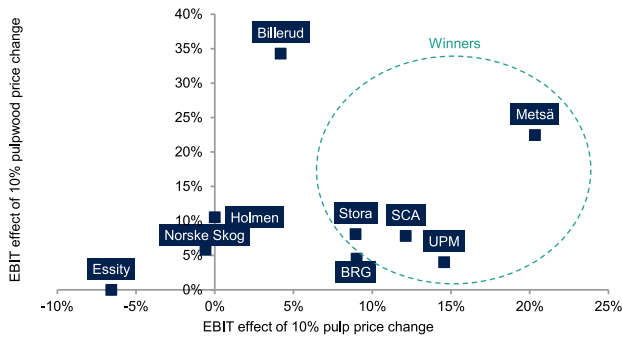
Source: ABG Sundal Collier, RISI

Softwood/hardwood split by company



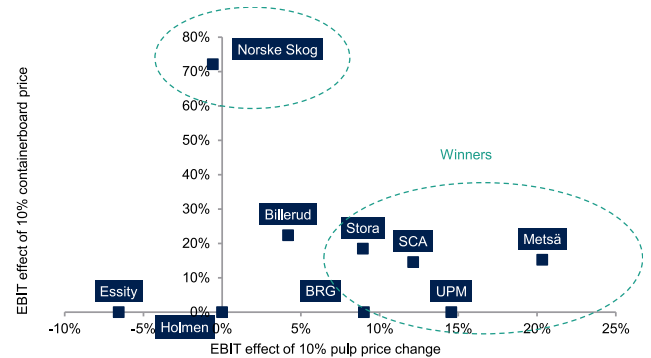
Source: ABG Sundal Collier, Companies

Winners on pulp up and wood down



Source: ABG Sundal Collier, Company data

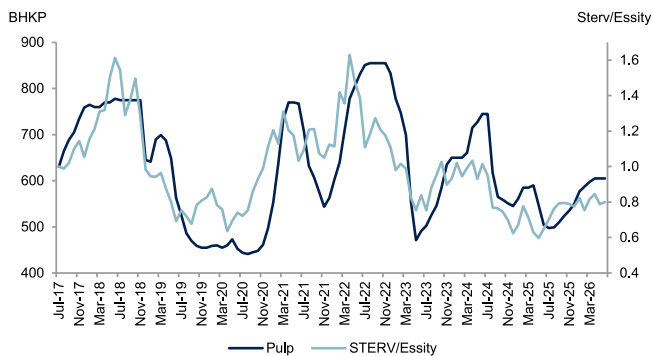
Winners on pulp and containerboard up



Source: ABG Sundal Collier, Company data

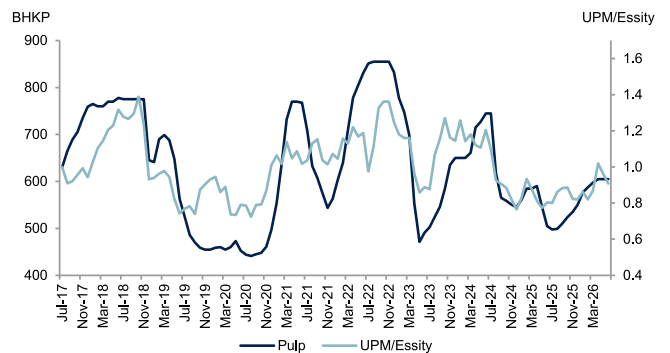
Relative spread ideas

Sterv/Essity vs. pulp

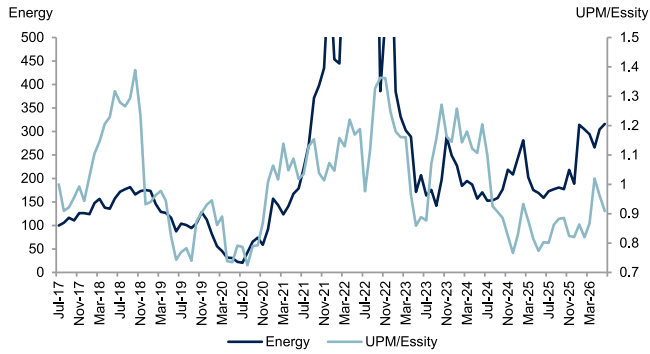


Source: ABG Sundal Collier, RISI, FactSet

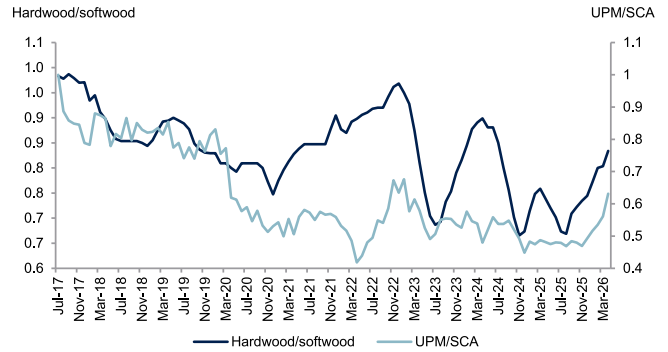
UPM/Essity vs. pulp



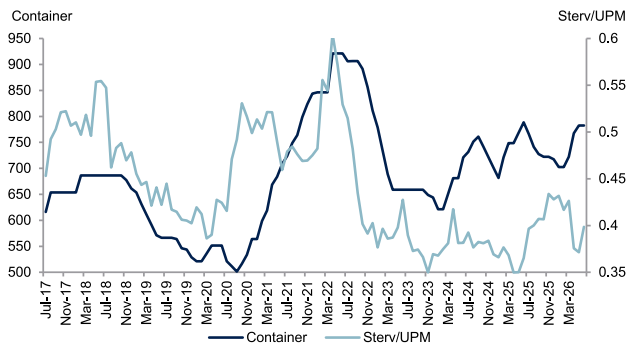
Source: ABG Sundal Collier, RISI

UPM/Essity vs. Energy

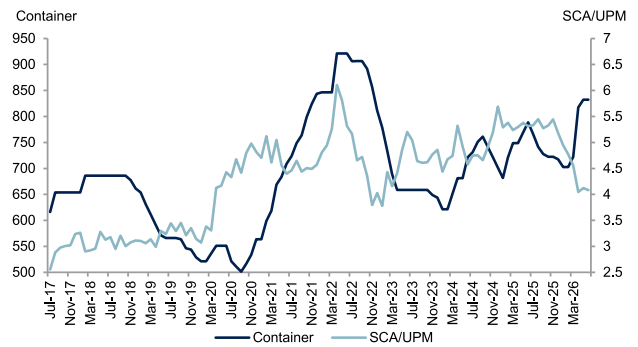
Source: ABG Sundal Collier, RISI, Bloomberg, FactSet

UPM/SCA vs. Hardwood/softwood pulp

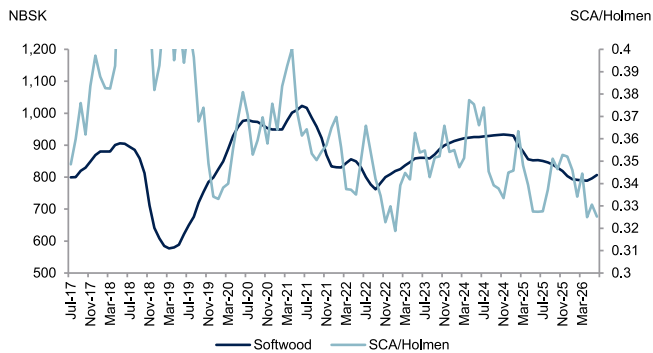
Source: ABG Sundal Collier, RISI, FactSet

Sterv/UPM vs. container

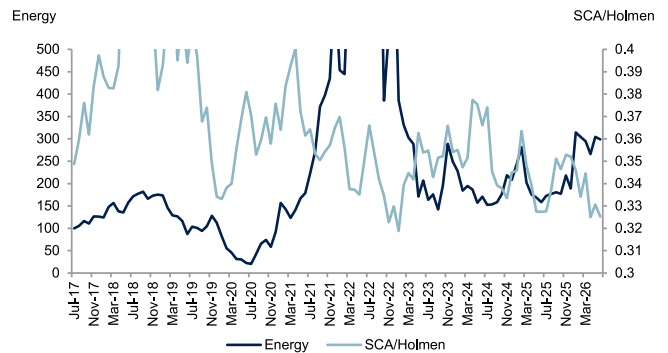
Source: ABG Sundal Collier, RISI

SCA/UPM vs. container

Source: ABG Sundal Collier, RISI

SCA/Holmen vs. softwood

Source: ABG Sundal Collier, RISI

SCA/Holmen vs. energy

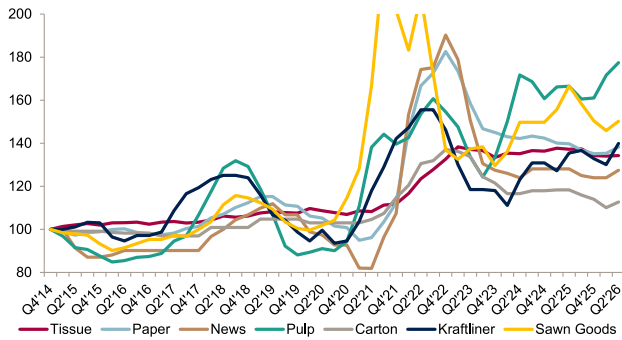
Source: ABG Sundal Collier, Bloomberg

Key prices in Q2 and exposures

The key point in Q2 is that pulp prices rose by 6% q-o-q (hardwood/softwood by +9%/+2%). Containerboard prices increased by 10%, due to higher gas costs. Cartonboard and paper prices increased by around 2%. Tissue prices were likely flat/up slightly q-o-q. Wood costs continued to decline (with a lag in P&L), but higher recovered paper costs did not help (OCC up 16%, ONP down 4%). Electricity costs fell seasonally, but remain relatively high (elevated electricity prices help UPM and Holmen at the expense of others). Sawn goods prices rose ~2% (seasonally higher prices).

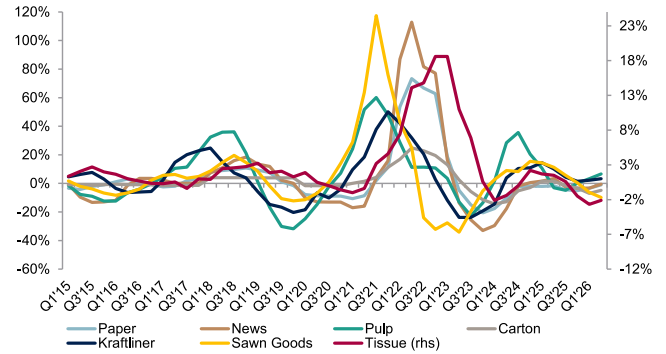
US prices rose +1% on coated fine and +8% on newsprint (good for BILL and Norske). Asian cartonboard was flat. Indian newspaper rose 15-16% q-o-q, after the fourth straight quarterly price increase.

Prices: early-cyclical vs. late-cyclical grades



Source: ABG Sundal Collier, RISI, Company data

Early-cyclical vs. late-cyclical grades, y-o-y



Source: ABG Sundal Collier, RISI, Company data

The key exposures per company: cyclicality, energy, forest

	Early cyclicals	Late cyclicals	Forest	Energy position	Defensive position
	Pulp, sawmill, container	Paper, carton, tissue			
UPM	✓	✓	✓	●	●
Holmen	✓	✓	✓	●	●
Stora	✓	✓	✓	●	●
Metsä	✓	✓		●	●
SCA	✓		✓	●	●
Billerud	✓	✓		●	●
Borregaard				●	●
Essity		✓		●	●
Norske Skog		✓		●	●
Huhtamäki		✓		●	●
Nordic Paper		✓		●	●
Elopak		✓		●	●

Source: ABG Sundal Collier, Company data

EBIT effect of a 10% price change in key output/input prices

	EBIT effect of 10% price change									EBIT effect
Company	Pulp	Sawmill	Containerb.	Cartonb.	Kraft	Paper Publ.	Paper Fine	Wood cost	RCP cost	of new hikes
UPM	15%	1%				12%	9%	-4%	-1%	28%
Holmen		4%		20%		14%		-11%		7%
Stora	9%	5%	18%	33%		3%	1%	-8%	-1%	24%
Metsä	20%	1%	15%	50%				-22%		52%
SCA	12%	4%	15%					-8%	-1%	42%
Billerud	4%		22%	51%	31%	23%	8%	-34%		93%
BRG	9%							-5%		18%
Essity	-7%								-1%	-7%
Norske Skog	-1%		72%			69%		-6%	-5%	69%
Huhtamäki				-34%					-1%	19%
Elopak				-7%						4%

Source: ABG Sundal Collier, Company data

Net pulp exposure and sales split by product type

Segments' share of Sales	UPM	Stora	Holmen	Huhtamäki	Metsä	SCA	Billerud	BRG	Essity	Norske S.	Elopak
Paper	47%	10%	23%				30%			100%	
Packaging		35%	28%	100%	86%	23%	70%				100%
Pulp	26%	12%			14%	22%					
Forestry		20%	28%			28%					
Wood products	4%	15%	19%			27%					
Energy	5%		2%								
Biochemicals								100%			
Health & hygiene									100%		
Other	18%	8%									
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Net pulp exp. kt	UPM	Stora	Holmen	Huhtamäki	Metsä	SCA	Billerud	BRG	Essity	Norske S.	Elopak
	3,645	2,029			862	988	159		-1,800	-8	

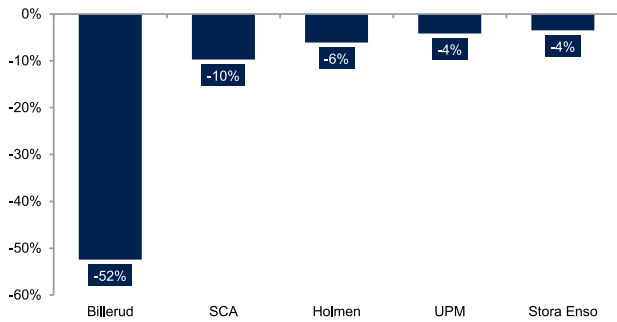
Source: ABG Sundal Collier, Company data

Essity, Huhtamäki and Elopak are defensive, consumer staples-like firms while Borregaard is a specialised niche player with similar attributes. SCA/Holmen have large forest assets and smaller exposure to industrial EBIT vs. peers. Essity is a counter-cyclical company with short positions in pulp and energy (with a lag of 75 days).

4) ABGSCe MTM dashboard

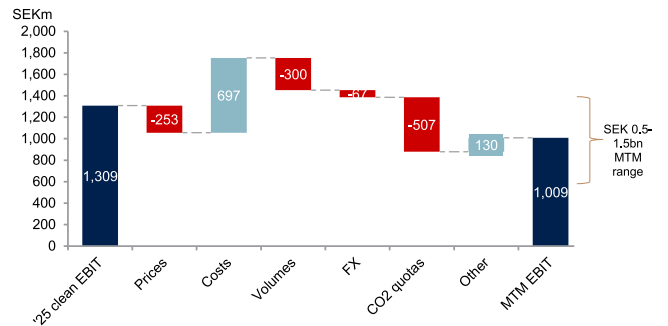
ABG MTM vs. consensus overview

ABGSC MTM vs. consensus



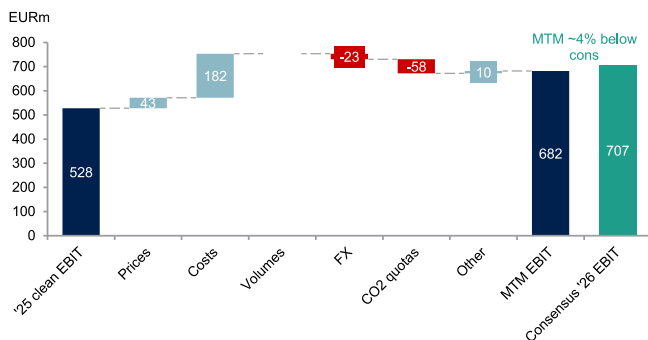
Source: ABG Sundal Collier, FactSet

Billerud MTM



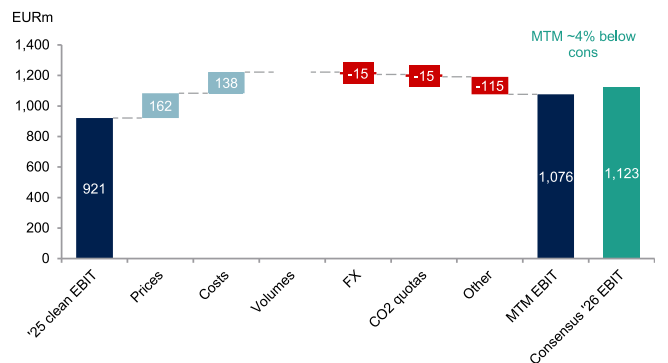
Source: ABG Sundal Collier, Company data

Stora Enso MTM



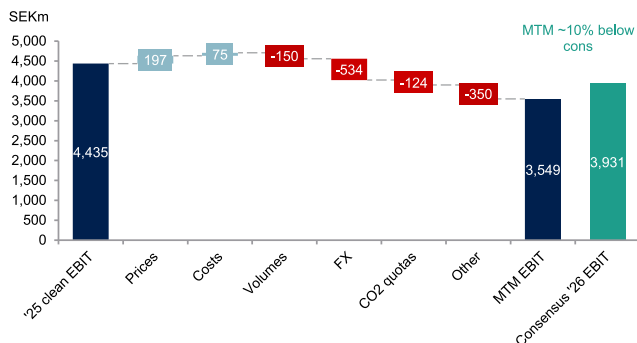
Source: ABG Sundal Collier, Company data

UPM MTM



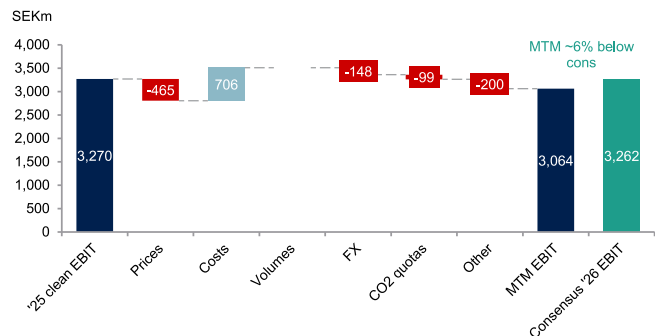
Source: ABG Sundal Collier, Company data

SCA MTM



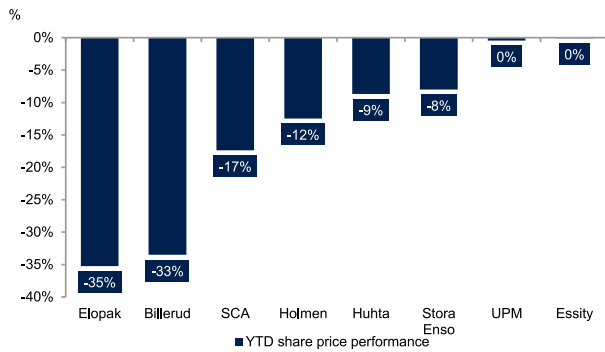
Source: ABG Sundal Collier, Company data

Holmen MTM



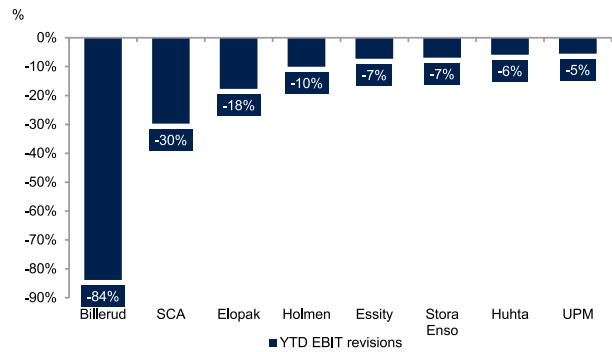
Source: ABG Sundal Collier, Company data

YTD share price performance



Source: ABG Sundal Collier, FactSet

YTD EBIT revisions



Source: ABG Sundal Collier, FactSet

5) M&A efforts; Essity, Stora, UPM

In the wake of problematic market balances, financial engineering has finally come to the P&P world. Several companies are trying to add value by getting smaller, i.e. selling businesses with low multiples in an attempt to re-rate the rest, or spinning off assets (breaking up to level up).

Essity moves higher on a consumer tissue exit. UPM's paper break-up has similar features, and Stora's forest spin-off and large cost cuts are interesting as well. Norske (restricted) has announced asset sales and a potential data centre deal, which fixes previous balance sheet problems.

We support the M&A efforts in theory, but we also question whether shrinking will lift the shares. Smaller companies may simply draw less attention.

Essity – Consumer tissue exit, targets give +SEK 340/sh

In May, Essity initiated a strategic review of the Consumer Tissue business area at its CMD. This follows the recent split of the 'Consumer Goods' segment into Personal Care and Consumer Tissue, a change [we flagged](#) as a potential precursor to divesting the margin-dilutive Consumer Tissue business. Having already exited Vinda, Essity would be fully out of the consumer tissue market with this divestment. The review also follows the recent Suzano-KC Tissue joint venture and other deals in which pulp producers have acquired tissue production capacity. This could lead to changes in tissue pricing dynamics (the previous tissue market leaders were short of pulp) and an increased use of low-cost hardwood pulp in Europe.

Our SOTP points to SEK 310-320/sh; Consumer Tissue = SEK 60/sh

We have constructed an SOTP using KC-Suzano JV multiples for Consumer Tissue, Convatec/Smith & Nephew for Health & Medical products, and KC/P&G multiples for everything else. This SOTP indicates a value of SEK 310–320 per share. Consumer Tissue would be worth around SEK 40bn, or around SEK 60 per share. The proceeds would cover most of Essity's SEK 25bn net debt and would likely fuel speculation around bolt-on M&A in priority areas such as Personal Care.

Consumer Tissue has delivered ATROCE of ~10%, implying a fair EV/CE ratio of 1.4x at a WACC of 7.5%. Applying this to SEK 35bn of capital employed points to an EV of ~SEK 47bn, or ~SEK 70 per share (a 10% WACC would imply SEK 52 per share).

Essity currently trades at a 20–30% discount to hygiene peers (KC, P&G). However, versus H&M peers, Essity trades broadly in line — therein lies the risk: a Consumer Tissue divestment could leave a cleaner H&M pure play, potentially cementing the current multiple rather than unlocking a re-rating towards hygiene peers.

Essity SOTP

	EV/EBITDA			EV/EBIT			P/E			
	2026	2027e	2028e	2026	2027e	2028e	2026	2027e	2028e	Avg.
Hygiene										
K-C	11.3x	11.5x	10.8x	14.5x	14.3x	13.5x	13.6x	13.5x	12.6x	
P&G	15.7x	15.2x	14.4x	18.1x	17.6x	16.7x	21.7x	21.2x	20.0x	
Ontex	4.3x	3.7x	3.3x	8.0x	6.6x	5.6x	5.1x	3.7x	3.3x	
Average, K-C and P&G	13.5x	13.3x	12.6x	16.3x	16.0x	15.1x	17.6x	17.3x	16.3x	
K-C Suzano deal	7.0x	7.0x	7.0x	10.0x	10.0x	10.0x	13.0x	13.0x	13.0x	
H&M peers	9.3x	8.3x	7.5x	11.7x	10.3x	9.2x	13.9x	12.3x	11.1x	
Essity	EV/EBITDA			EV/EBIT			P/E			Avg.
Sum-of-the-parts	2026	2027e	2028e	2026	2027e	2028e	2026	2027e	2028e	
Health & Medical	51,858	49,761	46,642	48,188	44,006	41,445	58	53	51	
Personal Care	85,364	93,930	94,975	75,990	80,250	81,628	83	88	90	
Consumer Tissue	37,611	41,124	42,774	39,727	41,897	43,954	52	55	58	
Professional Hygiene	103,111	111,007	111,234	91,788	94,840	95,603	100	104	105	
Other/minorities	-21,930	-22,691	-21,326	-19,522	-19,386	-18,329	-21	-21	-20	
EV	256,014	273,132	274,298	236,172	241,607	244,301				
NIBD	23,925	20,031	17,118	23,925	20,031	17,118				
Equity value	232,089	253,100	257,181	212,247	221,576	227,183	185,385	190,563	193,126	
Value per share	341	372	378	312	326	334	272	280	284	322
Essity	Price			Price			Price			
Sum-of-the-parts	per share			per share			per share			
Health & Medical	64									
Personal Care	113									
Consumer Tissue	59									
Professional Hygiene	134									
Other	-27									
NIBD	-20									
Value per share	322									

Source: ABG Sundal Collier, FactSet

Solid upside at targets

Consumer Tissue generated sales of SEK 43,537m in 2025, 31% of group. Clean EBITA was SEK 5,187m (27% of group), with an 11.9% margin vs. the group margin of 14.1% (target >15%). A divestment would make Essity a less cyclical company (due to the pulp exposure) with higher margins, hence making it easier to deliver on the group targets.

Essity reiterated its group targets of >3% organic growth and clean EBITA margin of >15%. However, Essity has now provided a split of individual targets per reporting segment:

- **Health and Medical:** Sales growth 3-4%, clean EBITA >19%
- **Personal Care:** Sales growth 5-6%, clean EBITA >16%
- **Professional Hygiene:** Sales growth 2-3%, clean EBITA > 18%
- **Consumer Tissue:** Sales growth 1-2%, clean EBITA >12%

If we exclude Consumer Tissue from the P&L, the business targets imply annual growth of ~4%, alongside a clean group EBITA margin of more than 16% (18% on segment level).

When looking at Essity's targets and excluding consumer Tissue, we find a potential share price of SEK 340-360/sh.

Valuation based on targets points to ~SEK 340-360/sh

Valuation based on targets, excl. CT	2025 at margin target	2027 at target
Sales ²⁵	94,957	102,298
EBITDA margin	16%	16%
EBITDA	15,388	16,658
Depreciation	4,206	4,531
EBITDA (cash flow from operations) (1)	19,594	21,188
Capex (2)	4,273	4,603
FCF	15,321	16,585
After tax (25%)	11,491	12,439
FCF multiple (3)	18.5	18.5
EV	212,787	230,348
Net debt (4)	-16,453	-16,453
Equity value	229,240	246,801
Per share	338	364
adj. EPS	17.6	19.2
Current P/E on targets	15.3x	14.0x

- 1) Assume CFO = EBITDA
- 2) Maintenance capex = 4.5% of sales
- 3) WACC = 7.4%, g = 2%
- 4) Net debt last reported, excl. Consumer Tissue

Source: ABG Sundal Collier, Company data

Our MTM clean EBITA stands at SEK 18.4bn, 2% below Infront consensus of SEK 18.9bn. However, we note that peers have announced tissue prices up 5-7% in May, with demand described as "very good". Our tracker has not yet captured the move, so we read this as a

potential Q3 rather than a Q2 story. Flexing our MTM for the 5-7% tissue price hike would lift MTM EBITA to 9-14% above consensus.

Essity MTM calculation

	Consumer Tissue price hike			
	0%	2.5%	5.0%	7.0%
2025 clean EBITA	19,572	19,572	19,572	19,572
MTM effects	-1,140	-51	1,037	1,908
MTM EBITA	18,432	19,521	20,609	21,480
vs. <i>infront cons</i>	-2%	3%	9%	14%
adj. P/E	14.2x	13.4x	12.6x	12.1x

Source: ABG Sundal Collier, Company data

Stora – Forest spin-off and large cost cuts

The company-specific story concerns the forest spinoff and significant cost reductions (~current EBIT). Stora will split into two entities: 1. pure-play forest company and 2) a packaging/pulp company. The first would be the largest listed pure-play forest company in Europe (listing in H1 2027, with CMD in H2 2026). Stora appears to be undervalued in the event of a break-up, with our mid-cycle SOTP standing at EUR 16 per share. Stora's industrial EBIT has fallen by 70–80% due to higher wood costs, but Nordic wood prices have now fallen by 15–30%. A 10% decrease in pulpwood prices would add ~EUR 100m to EBIT, equivalent to EUR 1.3 per share in industry value.

Stora Enso SOTP (mid-cycle)

Stora Enso SOTP		
	EURm	EUR/share
EBIT (average '18-'24)	1,048	
Forest EBIT	198	
EBIT excl. forest	850	
Industry multiple	10x	
Value of industry	8,500	11
Forest transaction price (SEK/m3)	461	
Forest volume (mill m3)	171	
Forest value (EURm)	7,294	9
Enterprise value	15,795	20
NIBD	3,535	4
Equity value	12,260	16
Share price	16	16

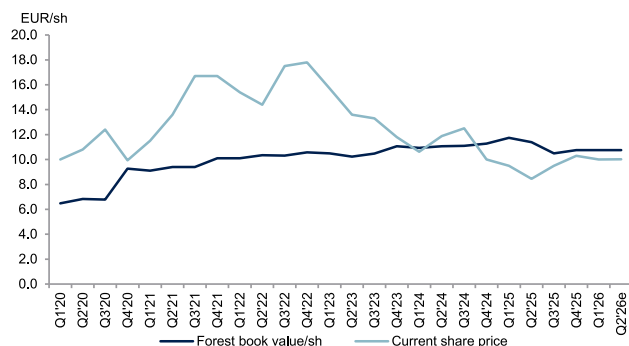
Source: ABG Sundal Collier, Company data

Stora Enso SOTP (2024)

Stora Enso SOTP		
	EURm	EUR/share
EBIT'24	598	
Forest EBIT	308	
EBIT excl. forest	290	
Industry multiple	10x	
Value of industry	2,900	4
Forest transaction price (SEK/m3)	461	
Forest volume (mill m3)	171	
Forest value (EURm)	7,294	9
Enterprise value	10,194	13
NIBD	3,535	4
Equity value	6,659	8
Share price	8	8

Source: ABG Sundal Collier, Company data

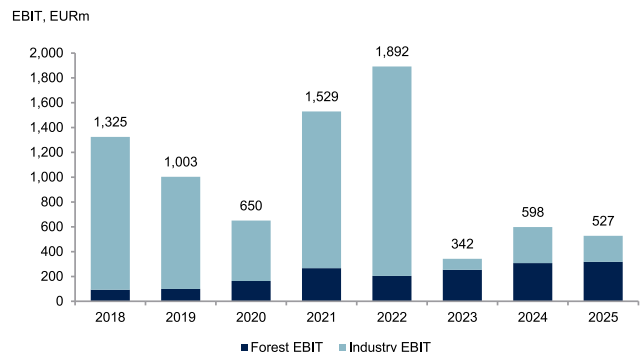
Stora forest value/sh vs. share price



Source: ABG Sundal Collier, Stora Enso

Footnote: Incl. Guangxi, Veracel (50%) and MdP (50%)

Stora Enso EBIT split



Source: ABG Sundal Collier, Company data

Stora promises new cost cuts of EUR 500-700m through its own actions in order to deliver on (or above) its new target of a +10% EBIT margin for the group excluding the forest

assets. This compares to an EBIT of around EUR 500m and a margin of around 5% over the last three years, including the forest assets, i.e. more than double.

Our MTM calculation suggests an EBIT of EUR 650–700m. If we add EUR 250m of cost cuts (i.e. 50% of the lower estimate) and EUR 150m in the long term from Oulu, we would arrive at a value of EUR 14 per share, which is up ~45% from current levels. Stora Enso's target is an EBIT margin of over 10% in its core business. On current sales (assuming no market recovery but including the ramp-up in Oulu), this would imply an EBIT of around EUR 700m and a share price around EUR 14.

We understand that the Swedish forestry company to be listed would take on around EUR 800m of net debt, leaving around EUR 2.7 billion at RemainCo. This seems a little low to us, and Stora has issued a EUR 1 billion hybrid bond. Depending on whether 50% or 100% of the hybrid is treated as debt, this would leave RemainCo's '26e net debt/EBITDA at 2.0-2.7x post-split.

Valuation based on MTM and projects

Valuation	EURm	EUR/sh
25 clean EBIT	528	
MTM effects	154	
MTM EBIT	682	
<i>Projects</i>		
Cost cuts	250	
Oulu	150	
MTM EBIT potential	1,082	
Forest EBIT	317	
EBIT excl. forest	765	
Industry multiple	10x	
Value of industry	7,651	10
Forest transaction price (SEK/m3)	461	
Forest volume (mill m3)	171	
Forest value (EURm)	7,294	9
Enterprise value	14,945	19
NIBD	3,535	4
Equity value	11,410	14
Value per share	14	14

Source: ABG Sundal Collier, Company data

Valuation based on targets

Valuation	EURm	EUR/sh
2025 sales ex. Forest	6,112	
Oulu	800	
Market recovery	0	
Sales ex. Forest	6,912	
EBIT margin	>10%	
Industry EBIT on targets	691	
Industry multiple	10x	
Value of industry	6,912	9
Forest transaction price (SEK/m3)	461	
Forest volume (mill m3)	171	
Forest value (EURm)	7,294	9
Enterprise value	14,206	18
NIBD	3,535	4
Equity value	10,671	14
Value per share	14	14

Source: ABG Sundal Collier, Company data

UPM – Paper break-up, +40% upside to SOTP

Our transaction-based SOTP framework points to ~EUR 37 per share (trading multiples using Suzano and Fortum would point to EUR 26/sh). At the current share price, the market effectively values UPM at the level of its industrial and growth assets alone, implying roughly an 80% discount to the value of its hard assets (energy and forests).

[The planned Paper JV with Sappi](#) could become an important structural catalyst. By combining twelve mills into a single entity, the JV should be better positioned to address overcapacity through capacity cuts (higher prices). It could open the door for UPM to exit paper later on.

Further, the planned Plywood demerger into WISA Group (will be listed in Nov '26) shows UPM is breaking up the old structure and removing the "conglomerate" label. Step by step, the portfolio is being stripped back to the bark. In the end, UPM could become a pulp and electricity company.

UPM SOTP points to ~EUR 37/share

	UPM SOTP		Comment
	EURm	EUR/share	
UPM mid-cycle EBIT (avg. '18-'25, excl. '22)	1,245		
Mid-cycle Uruguay EBIT	346		
Mid-cycle Communication Papers EBIT	248		
Mid-cycle Energy EBIT	186		
Mid-cycle Forest EBIT	100		
Mid-cycle EBIT remaining industry	366		Softwood, Raflatac, Specialty Papers, Plywood & others
Uruguay pulp business	8,781	16	Comparable transactions
Communication paper business	991	1.9	4x EV/EBIT
Remaining industry	3,660	7	EV/EBIT 10x
Value of industry	13,431	25	
Forest assets	2,685	5	Comparable transactions
Energy assets	5,047	9	Comparable transactions
Value of hard assets	7,732	14	
Value of current business	21,163	40	
Leuna	975	2	
Uruguay expansion	625	1	
Value of growth projects	1,600	3	
UPM enterprise value	22,763	43	
NIBD	2,962	6	Last reported
Equity value	19,801	37	
Fair share price	37	37	
Current share price	25		
Implied upside	50%		

Source: ABG Sundal Collier, Company data

Following the recent UPM x Sappi paper JV, we have valued UPM's three Finnish paper mills in the context of a data centre. The sites are located on "powered land", which is precisely what data centre developers are paying for. Based on our estimates and comparable transactions, we believe that UPM could realise EUR 0.4–1m per MW in a sale to data centre developers. This equates to EUR 304/t of paper capacity. This compares well with single-asset paper mill transactions (see below).

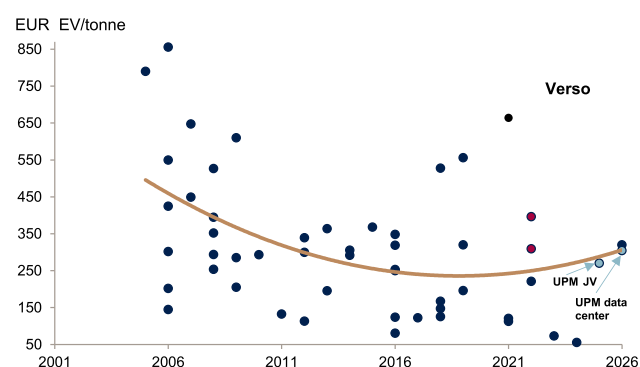
More interestingly, UPM could be paid to close capacity, as site closures are expensive and an asset sale would be preferable. We estimate that the three mills account for ~9% of Western European capacity (range 7–20%; see the table below), and our regression models indicate a direct relationship between changes in utilisation rates and price increases. UPM could therefore be paid to balance the market and achieve ~9% higher selling prices for the remaining mills. This could raise paper margins from 7% to ~15%. Therefore, at constant valuation multiples, the value of the remaining communications business could double (a true win-win situation).

UPM paper mills as data centers

Powered land	Kymi	Rauma	Jämsänkoski	Total
Installed capacity (kt)	730	700	350	1,780
WE market share	7%	20%	9%	9%
MW	317	304	152	774
EUR/MW, low				400,000
EUR/MW, high				1,000,000
EUR/MW, avg.				700,000
Value low				310
Value high				774
Value, EURm				542
EUR/t				304

Source: ABG Sundal Collier, Company data, EMEA

EV/t for paper transactions



Source: ABG Sundal Collier for graphics, Fastmarkets RISI and FactSet for data

Below we highlight UPM RemainCo after a potential paper exit. After paper is reconsolidated, UPM is likely to initially appear more expensive before we factor in the full potential from the Uruguay pulp operations. On a mid-cycle basis (including mid-cycle assumptions for Paso de los Toros), we estimate an EBIT potential of EUR 1.4bn and ~7% ATRoCE.

UPM break-up overview

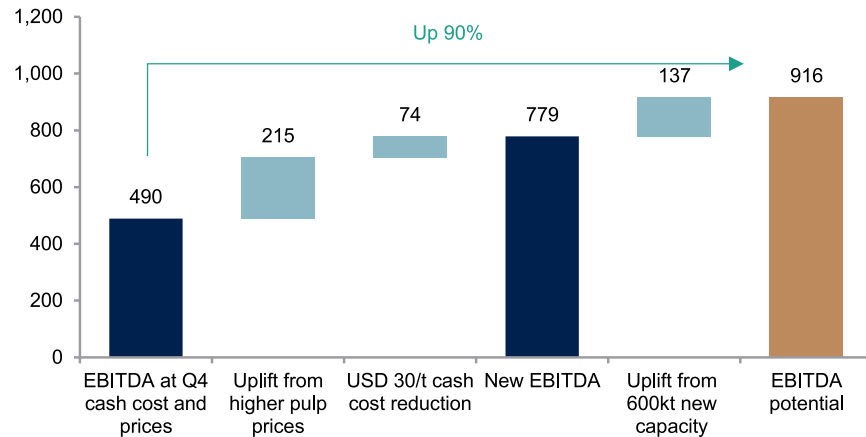
	2025			Mid-cycle			
	UPM Group	UPM Com. Papers	RemainCo	UPM Group	UPM Com. Papers	UPM Paso de los Toros	RemainCo
Sales	9,656	2,493	7,628	10,233	3,938	950	7,245
Comparable EBIT	921	181	740	1,381	301	330	1,411
EBIT margin	9.5%	7.3%	9.7%	13.5%	7.6%	34.7%	19.5%
Capital employed	14,791	1,085	13,706	14,791	1,085	2,730	16,436
ROCE	6.2%	16.7%	5.4%	9.3%	27.7%	12.1%	8.6%
ATRoCE	5.0%	13.4%	4.3%	7.5%	22.2%	9.7%	6.9%
EV	16,293	1,100	15,193	16,293	1,100	-	15,193
EV/EBIT	17.7x	6.1x	20.5x	11.8x	3.7x	-	10.8x

Source: ABG Sundal Collier, Company data

The Uruguay pulp business is UPM's crown jewel. In 2025, UPM reduced its Uruguay pulp cash cost by USD 25/t and has stated its ambition to save a further USD 25–30/t in the coming years. Based on a Q4 2025 clean run-rate, we estimate that UPM's Uruguay EBITDA potential is close to EUR 470-510m, implying a cash cost of ~USD 320/t. Using the current spot price of around USD 605/t, UPM's EBITDA would increase by around EUR 215m. Adding a further USD 30/t cash cost reduction would increase EBITDA by ~EUR 70m. This would give a total potential of EUR 780 million. Also bear in mind that UPM aims to increase its capacity in Uruguay from 3.4mt to 4mt by 2030. This could add EUR 140m. Therefore, we find that Uruguay's pulp EBITDA could rise from the YE'25 run rate of EUR 470–510m to ~EUR 900m, i.e. an increase of ~90%.

Uruguay pulp potential

EURm

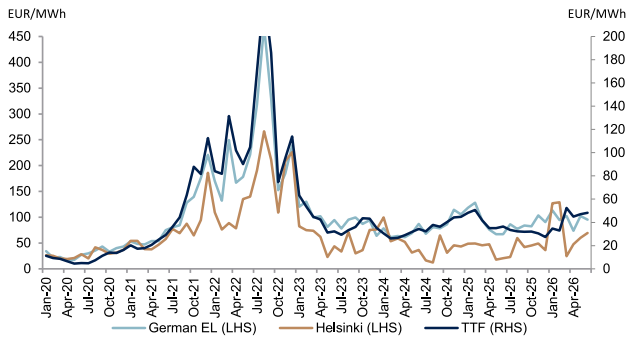


Source: ABG Sundal Collier, Company data. *excl. maintenance

6) High energy prices – direct pain

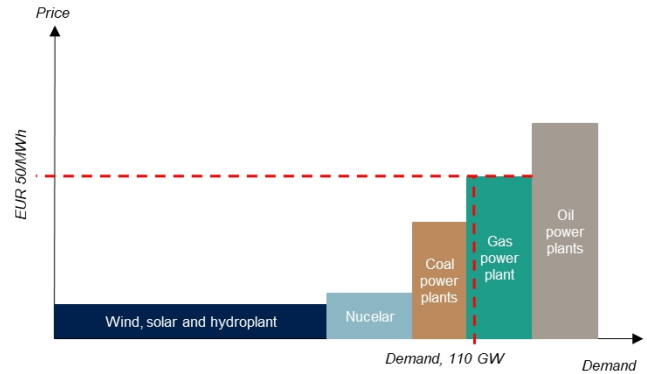
As major energy users, Nordic P&P companies are sensitive to shifts in power, oil and gas prices. Following the recent geopolitical unrest in the Middle East, oil and gas prices have surged. As gas-fired power stations often determine the marginal price of electricity in Europe, higher gas prices could lead to increased wholesale electricity prices across the region. However, the Helsinki price is down, as the OL3 nuclear plant keeps the Finnish power market in balance (and winter is over).

Energy prices



Source: ABG Sundal Collier, Bloomberg

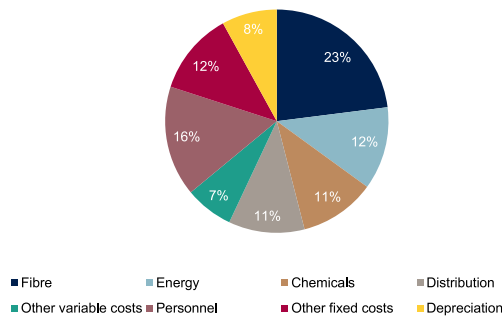
Merit order



Source: ABG Sundal Collier, Illustrative

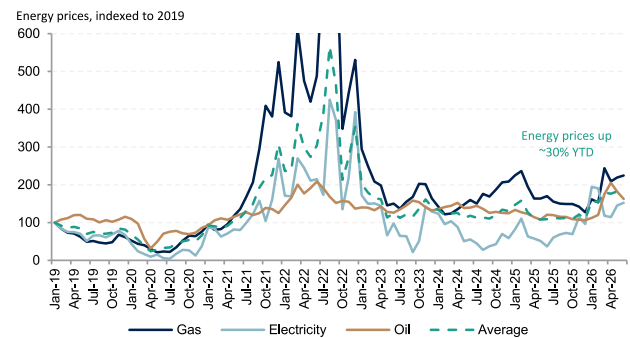
The Nordic pulp and paper companies typically have a shortfall in terms of electricity and gas, and the higher prices are hurting the sector in general in terms of direct costs. Historically, energy has accounted for ~10% of the companies under our coverage's cost base. Note that chemicals and transportation costs each account for 10% of costs and will also increase with higher energy prices. Therefore, the current higher energy prices could directly impact ~30% of the cost base.

Cost base



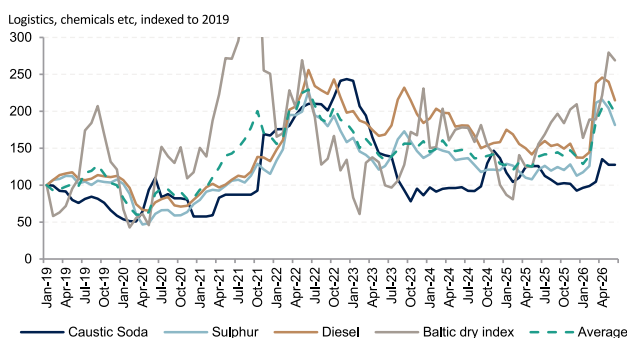
Source: ABG Sundal Collier, Company data

Energy prices on the rise



Source: ABG Sundal Collier, Bloomberg

Logistics, chems. etc



Source: ABG Sundal Collier, Bloomberg

When it comes to energy cost inflation, UPM and Holmen appear to be the relative winners in our coverage universe. At the other end of the spectrum, Essity and Billerud are the companies most negatively affected by rising energy costs. Huhtamäki and Elopak benefit from pass-through mechanisms in their contracts, meaning that cost increases are offset to some extent by higher prices. This results in a less pronounced impact on EBIT than indicated below.

UPM is long on Nordic electricity but short on gas. Holmen is short 3 TWh in Board & Paper (85% hedged) and long 2.2 TWh in Renewable Energy (the new Blisterliden wind power project adds 0.3 TWh). UPM is the only company that is long on ~6 TWh of Nordic electricity

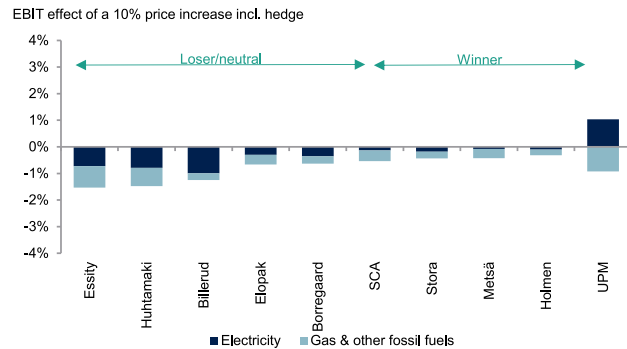
(this figure will rise to 11-12 TWh following the Sappi paper JV deal, if we exclude the JV).
UPM is short ~4 TWh of gas, but their biodiesel and chemical businesses will mitigate the impact.

P&P players energy exposure

	UPM	Stora	SCA	Holmen	Norske S.	Metsä	Billerud	Huhtamäki	Essity	Borregaard	Elopak
Energy costs in % of costs	9%	6%	5%	5%	15%	10%	5%	3%	5%	9%	3.0%
Energy (TWh)											
Electricity (net)	7.2	-2.4	-0.4	-0.6	-3.3	-0.1	-2.7	-1.1	-4.0	-0.8	-0.1
Gas	-4.2	-0.5	0	0.0	-0.4	-0.4	-0.2	-1.0	-7.0	-0.3	0.0
Other fossil fuels	-4.4	-3.9	-0.8	-0.2	-0.7	-0.2	-0.4	-0.1	0.1	-0.3	0.0
Energy hedging position											
Electricity	50%	80%	60%	85%	75%	0%	80%	30%	35%	85%	50%
Gas/other fossil fuels	50%	80%	35%	0%	75%	65%	75%	30%	55%	85%	0%

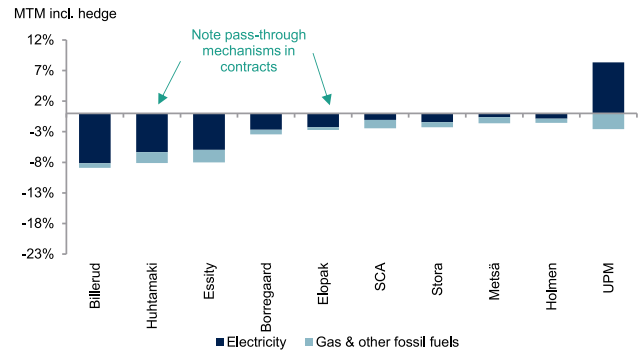
Source: ABG Sundal Collier, Companies

EBIT effect of 10% price increase incl. hedging



Source: ABG Sundal Collier, Companies

Energy MTM effects



Source: ABG Sundal Collier, Bloomberg, Company data

Note that the presentation above is somewhat simplified, as several of the companies have production outside the EU, while our analysis is based solely on EU pricing.

A potential indirect gain – Nordic sweet spot

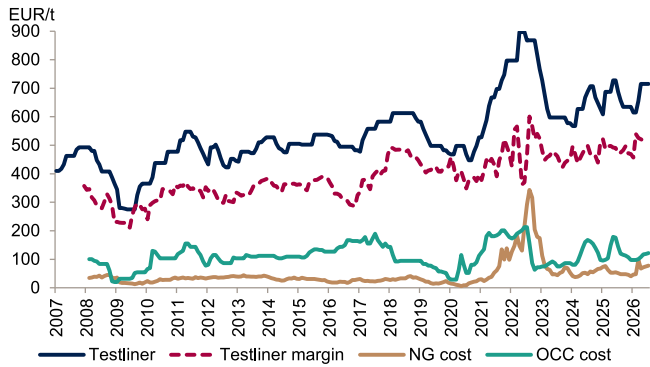
The Nordic players are mostly short energy, but the overall picture is more complicated. Indirectly, the Nordic companies could actually benefit from high energy prices through surcharges on product prices (marginal producers need higher prices, while Nordic companies are less affected).

All P&P prices rose to extreme levels in 2021–22, driven by steeper cash cost curves, supportive macro growth and good utilisation rates. Pulp prices rose by 80%, paper by 100%, and packaging by between 30% and 100%. This led to a super-profit cycle for the Nordic companies. Most of the price increases in this period (+2x) were due to the high cost of gas (NG, +4-10x) and recovered fibre (RCP, +1-2x), as well as good utilisation rates. Consequently, marginal producers in continental Europe required price hikes to compensate, and they were granted them (e.g. testliner prices doubled).

This situation benefited the Nordic companies due to their lower energy and fibre costs (the so-called 'Nordic sweet spot'). However, note that we are lacking a good utilisation rate across paper and packaging now (a key ingredient). The TTF gas price was above 100 EUR/MWh in 2022 (peaking at 340), compared to ~40-45 EUR/MWh now.

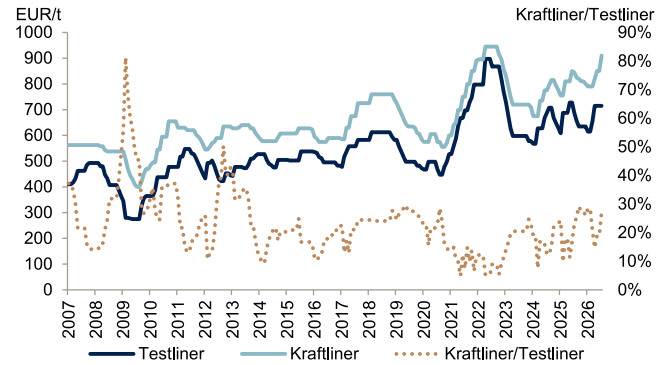
The graph below shows that the prices of recycled containerboard and testliner are set by natural gas and RCP (with a correlation of 85%). Kraftliner prices follow testliner as it is a substitute for virgin fibre, with a correlation of +95%. Nordic companies typically produce kraftliner using virgin fibre, so one could argue that they are semi-long natural gas. SCA, Stora, Billerud and Metsä Board fit this description.

Testliner prices and margins



Source: ABG Sundal Collier, Bloomberg, RISI

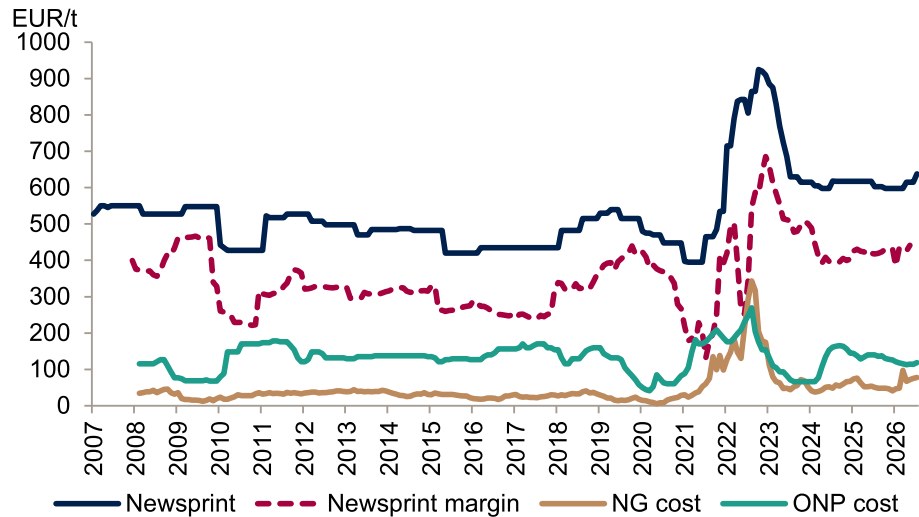
Kraftliner prices follow testliner prices



Source: ABG Sundal Collier, Bloomberg, RISI

Containerboard prices rose ~12% in Q2, with manufacturers raising prices to offset higher gas costs. Smurfit announced a EUR 100/t increase in testliner and secured it (much more than the gas price increase would justify). Nordic players such as SCA followed suit. However, prices were flat in June, and energy costs are likely too low to justify further increases.

Paper prices and margins (newsprint)



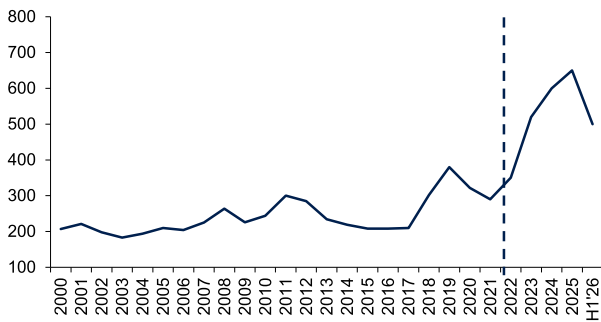
Source: ABG Sundal Collier, Company data

The spring 2026 price increases largely offset the higher gas costs, leaving improved testliner margins. In contrast, newsprint margins have remained unchanged as higher energy costs have not yet been fully offset by price increases. This suggests that further price increases are needed to raise the margin. The problem here is weak utilisation rates.

7) Wood costs down 15-30%

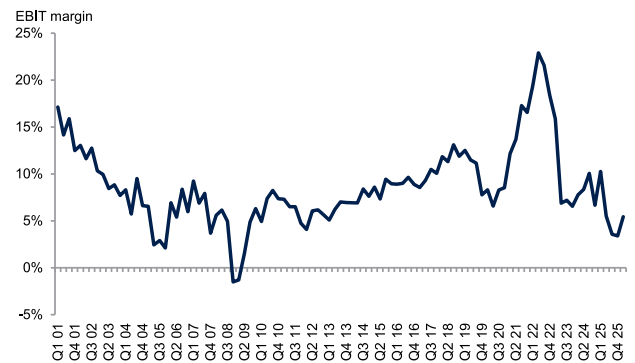
It has now been [one year](#) since we first flagged lower pulpwood costs, and prices are now down 20-25% since the peak in mid '25. Our weekly roadside price tracker for spruce pulpwood in Finland shows a fall of 27% compared to the July 2025 peak. Norwegian semi-annual prices fell by NOK 130/m³ (or +20%) from H1'26, having dropped by NOK 50/m³ in H2 '25. It is rumoured that prices could drop by a further 5-7% in H2'26 (NOK 25/m³). Prices in Sweden appear to have fallen by less, at 10-15%, following several reductions by Södra, Billerud, Mellanskog, etc. Estonian prices have fallen by 35% since the peak in mid-2024.

Pulpwood up since the invasion



Source: ABG Sundal Collier, Luke

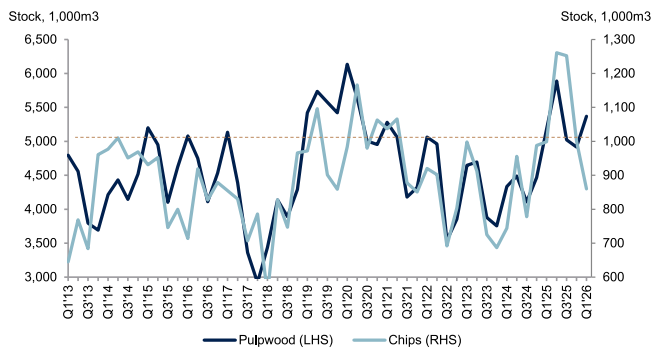
Sector average EBIT margin



Source: ABG Sundal Collier, Companies

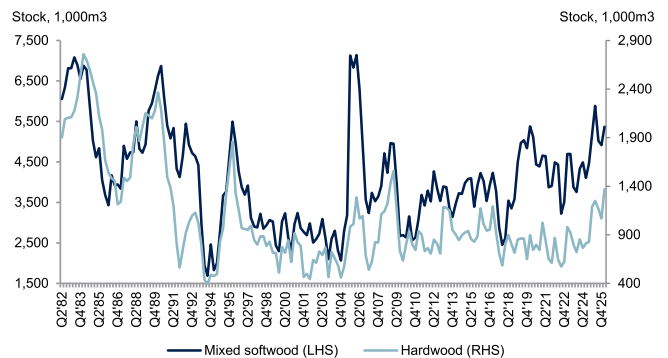
Swedish pulpwood inventories were up +4% y-o-y, but down 9% q-o-q in Q1'26. Inventories have decreased, but remain high in a historical context, and the recent storm in Sweden likely will result in higher fellings/inventories. Overall, inventories are up due to less demand (P&P curtailments, no demand from the energy sector) and more supply (higher prices = higher harvesting). Notified areas of final felling are up 6% y-o-y YTD. Swedish pellet prices are down ~3% y-o-y. Bear in mind the 2022 energy shortage, when pulpwood was used as an energy source in coal plants, etc. New, high energy prices could increase demand for pulpwood.

Swedish stocks by type of raw material



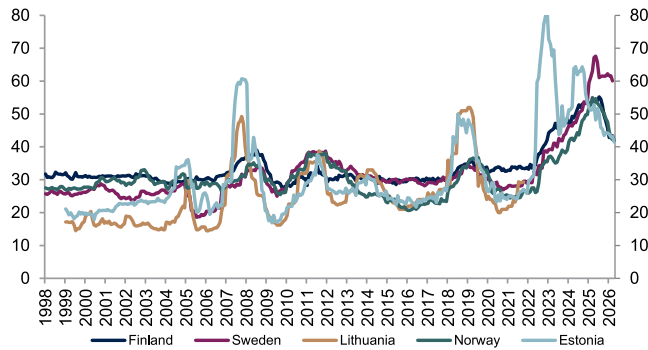
Source: ABG Sundal Collier, Skogsstyrelsen

Swedish stocks of pulpwood



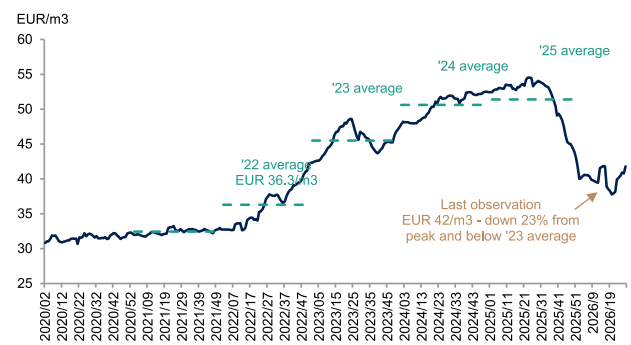
Source: ABG Sundal Collier, Skogsstyrelsen

Pulpwood prices



Source: ABG Sundal Collier, Country statistics

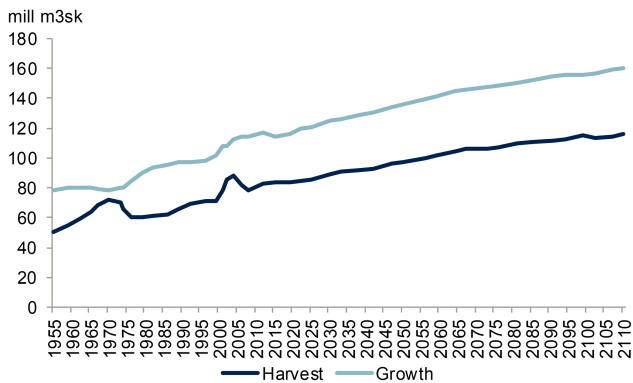
Weekly roadside pulpwood prices in Finland



Source: ABG Sundal Collier, Luke

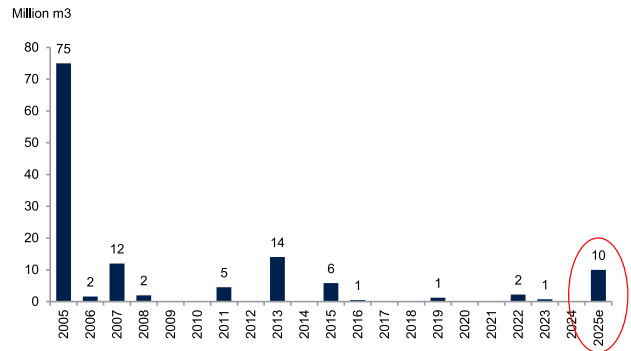
Sweden was recently hit by storm "Johannes", which was reportedly the most extensive storm to hit Swedish forest owners in 10 years. The storm is estimated to have felled nearly 11m m3 of timber, which is ~10% of the normal harvesting volumes in Sweden (80-90 mill m3), which should help to pull wood prices down. Note the big storms in 1969 and 2005 in the graph below.

Swedish harvesting volumes



Source: ABG Sundal Collier, Skogsdata 2016, Per-Erik Wikberg

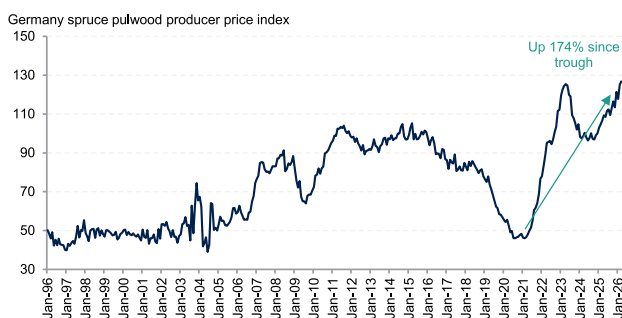
Storm damage Sweden



Source: ABG Sundal Collier, Skogsstyrelsen

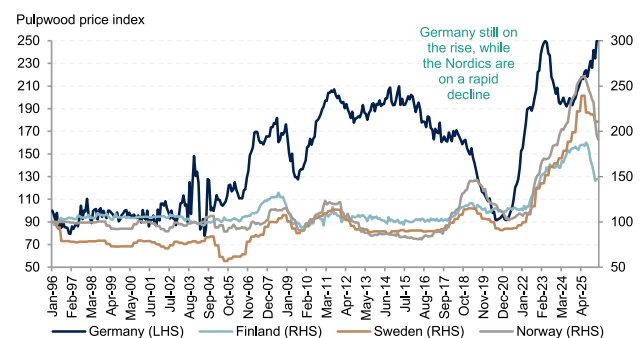
While prices in the Nordic countries have started to decline, prices in Germany remain high and have yet to follow suit. This reflects a structurally tighter German wood market with a limited log supply. The shortage of supply has been exacerbated by a sharp drop in the availability of damaged wood, particularly beetle-affected logs. As this material has largely disappeared from the market, the overall wood supply has tightened, which supports high prices. This strengthens the competitiveness of Nordic producers.

German pulpwood price index



Source: ABG Sundal Collier, Statistisches Bundesamt

Pulpwood prices by country



Source: ABG Sundal Collier, Country statistics

Pulpwood prices more than doubled between 2021 and 2025. Lower pulpwood prices would benefit the Nordic P&P sector in particular. EBIT will rise by ~10% if the price of pulpwood drops by 10% for companies with the largest wood exposure, such as Billerud, Stora, Metsä

and Norske. Billerud is the largest buyer of pulpwood in Sweden and is therefore the most sensitive to wood costs. SCA and Holmen (which have large forest assets) would be the relative losers, but bear in mind that they are net short pulpwood.

Effects of lower wood prices on mid-cycle EBIT

	UPM EUR	Holmen SEK	Stora EUR	Metso EUR	SCA SEK	Billerud SEK	BRG NOK	Essity SEK	NSKOG NOK	Huhtamäki EUR	Elopak NOK
Mid-cycle EBIT ('18-'24)	1,366	3,790	1,048	249	5,166	2,281	1,489	15,064	929	395	72
24 EBIT	1,225	3,723	598	60	5,027	2,307	1,648	18,808	163	417	107
Wood exposure (mill m3)	-12	-6	-19	-12	-4	-12	-1	0	-1	0	0
Current wood price in rep. Currency	46	674	46	46	674	674	674	674	674	46	674
Wood costs (millions)	-549	-3,997	-849	-560	-2,966	-7,818	-674	0	-539	0	0
Assuming prices down 10%											
Wood price in rep. Currency	41	607	41	41	607	607	607	607	607	41	607
Wood costs (millions)	-494	-3,597	-764	-504	-2,669	-7,037	-607	0	-485	0	0
EBIT effect vs. current wood costs	55	400	85	56	297	782	67	0	54	0	0
In % of mid-cycle EBIT	4%	11%	8%	22%	6%	34%	5%	0%	6%	0%	0%
In % of '24 EBIT	4%	11%	14%	93%	6%	34%	4%	0%	33%	0%	0%

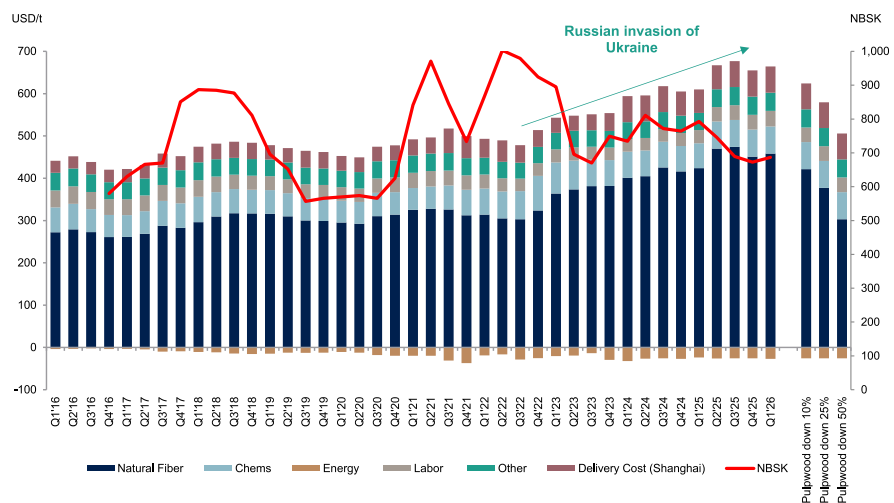
Source: ABG Sundal Collier, Companies

Footnote: The presented wood exposures reflect our best estimates given the available information. The companies provide different measures, and calculating the exact exposures is therefore challenging.

We have examined the cost structure of Nordic pulp mills. Prior to the Russian invasion, the average cash cost was USD 475/t, with pulpwood accounting for 64% of the total. Following the sharp rise in pulpwood prices, the average cash cost increased to USD 650/t (a 38% increase), with pulpwood accounting for 75% of costs.

The current European NBSK spot price is roughly equivalent to the 2022 average, which means tighter margins for Nordic producers. The ~USD 170/t increase in pulpwood costs alone has effectively wiped out ~USD 1.7bn in Nordic pulp EBITDA. It should be noted that the rapid increase in cash costs has not resulted in a significant rise in prices. This implies that a reduction in Nordic pulpwood costs would not necessarily lead to lower pulp prices.

Nordic pulp cash cost curve development



Source: ABG Sundal Collier, RISI

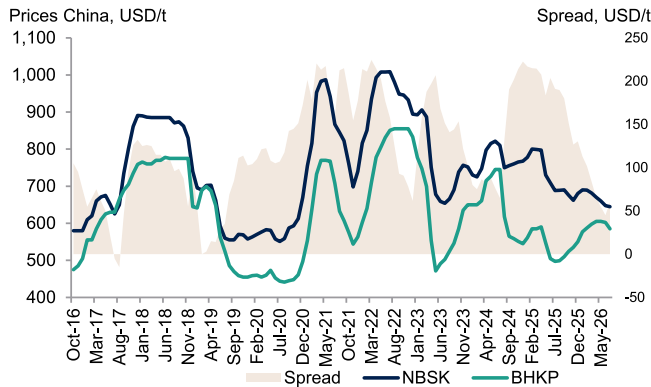
8) Pulp prices up following Suzano hikes

Higher pulp prices were seen at the beginning of 2025, but prices fell by around 13% after Trump's Liberation Day. These levels proved unsustainable as prices fell below the cash cost threshold. Following the low price levels, there were price hikes from major companies such as Suzano, April, Klabin and Eldorado, and the price momentum turned positive in 2026.

Suzano has announced nine hardwood price increases since August 2025, equating to a +30% increase. Asian pulp prices have risen by around 8% (hardwood by 22% and softwood by 5%), while European pulp prices have risen by around 25% (hardwood by 40% and softwood by 11%). However, discounts have increased by 4–5 percentage points since the beginning of 2026. Chinese pulp futures have fallen by 10% year to date following the war in Iran.

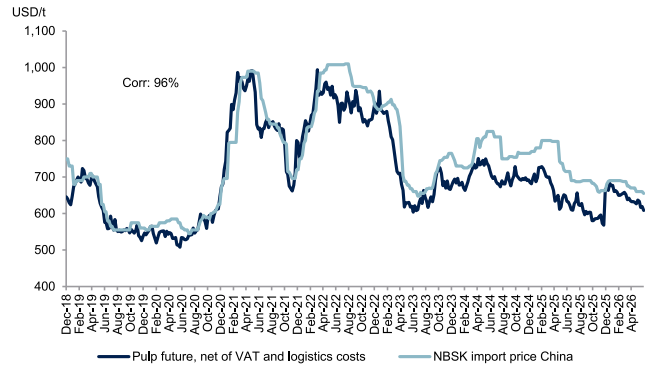
Higher prices are generally positive for Nordic pulp and paper companies, most of which are long on pulp (e.g. UPM, SCA, Metsä Board and Stora). Essity is the exception, holding a significant short pulp position.

Chinese pulp prices (USD/t)



Source: ABG Sundal Collier, RISI

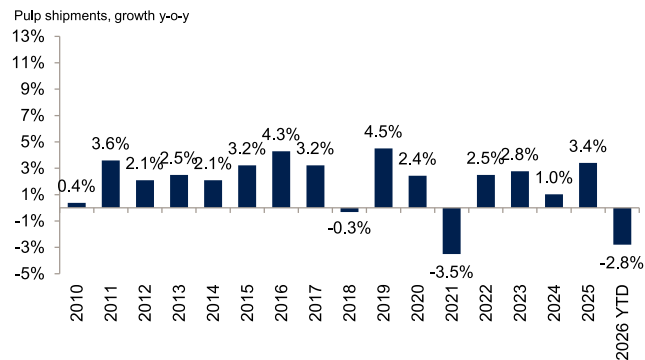
Shanghai pulp future



Source: ABG Sundal Collier, Bloomberg

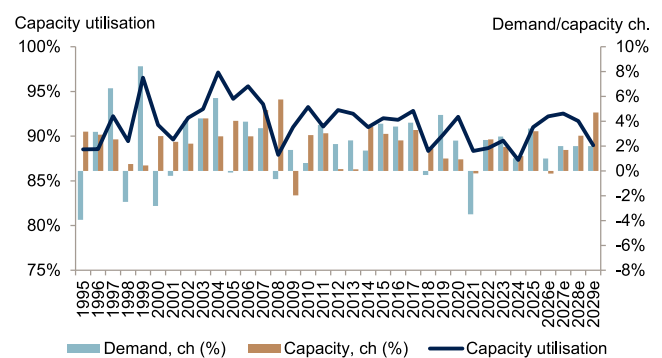
Our detailed pulp market data indicates gross supply growth of -0.2% in 2026 and 1.4% in 2027. Demand growth of ~3.4% in 2025 was good compared to the historical average of ~2% (0.8% in 2024), and utilisation rose to 91% in 2025 (87% in 2024). We anticipate the utilisation rate will improve somewhat in 2026/27 compared to 2024/25, reaching ~92–93%. Please note that shipments are down 2.8% year to date (Chinese demand is down as prices are up; see below).

Global shipments of market pulp, chg. y-o-y



Source: ABG Sundal Collier, PPPC

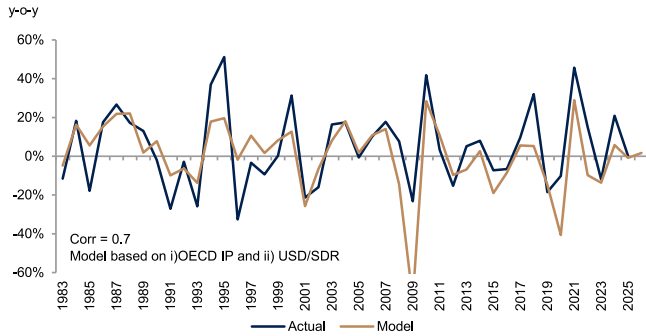
Capacity utilisation versus supply/demand



Source: ABG Sundal Collier, PPPC, RISI

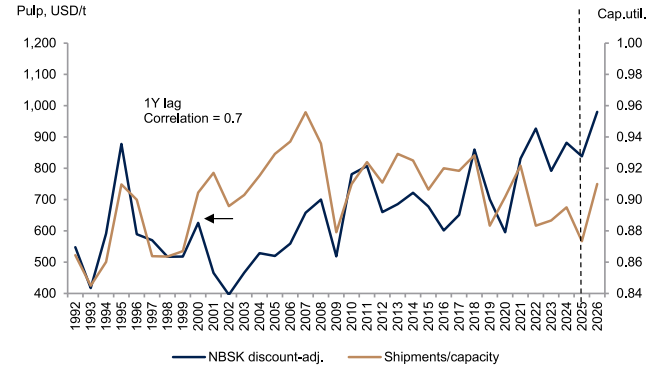
Pulp prices in USD/t usually increase when the USD depreciates, as the marginal producer is more likely to be based in EUR or CAD. OECD industrial production (IP) growth improved to ~1% in 2025 vs. -1% in 2023 and 2024. The pulp utilisation rate fell by 2 pp in 2024, but rose by 3.7 pp in 2025. This was negative for the pulp price in 2025, but should be positive in 2026 (there is a one-year lag historically). The average of our two pulp models indicates a 10% increase in prices in 2026 (and a decrease in 2025).

Pulp price model 1



Source: ABG Sundal Collier, RISI

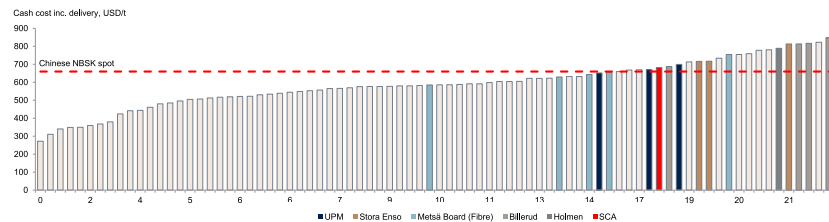
Pulp price model 2



Source: ABG Sundal Collier, RISI

Pulp is currently trading below the marginal producer's cash costs, which is not usually a long-lasting situation. However, the situation has improved for hardwood, with prices up by 20%.

Global softwood pulp cash cost curve

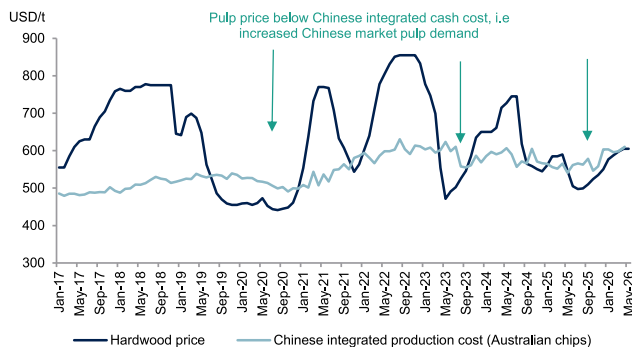


Source: ABG Sundal Collier, RISI

China could cap the upside for pulp

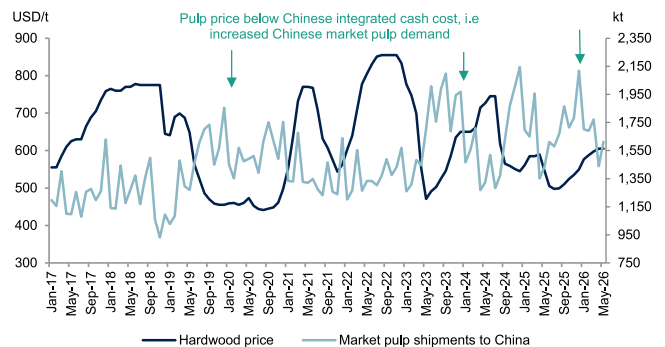
The build-up of Chinese integrated pulp capacity reduces demand for market pulp. This capacity could set both the minimum and maximum prices for global pulp. Below, we illustrate this mechanism using our in-house proxy for Chinese integrated cash costs. The data point to a threshold effect. When hardwood pulp prices fall below the integrated cash cost threshold, Chinese mills tend to increase imports of market pulp and shut down integrated pulp production. Conversely, when prices rise above the cash cost threshold, market pulp imports decrease as integrated production becomes more attractive and restarts.

Chinese integrated cash cost vs. hardwood price



Source: ABG Sundal Collier, RISI

China market pulp imports vs. hardwood price



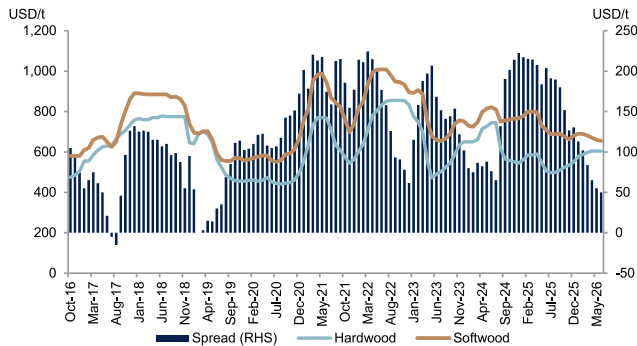
Source: ABG Sundal Collier, RISI

If we assume that hardwood prices were to stabilise around the Chinese integrated cash-cost level, they would reach roughly USD 600/t. We have lifted our estimated cash cost level from USD 580 to 610/t, as we note upward pressure on imported wood chips (we hear that the Chinese cash cost is approaching USD 610-620/t, i.e. further potential upside). Applying

the five-year average hardwood–softwood spread to this level implies about 10-15% upside to current softwood pulp prices.

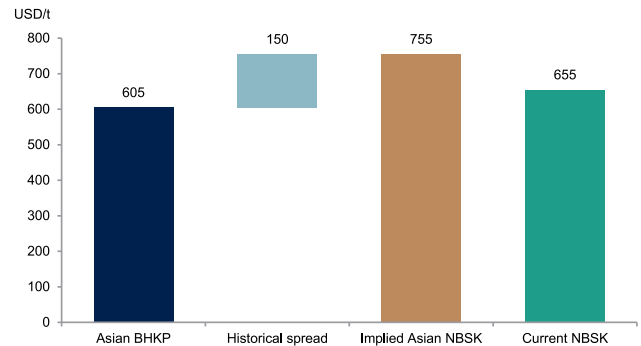
Note that the hardwood-softwood spread is down to very low levels (USD 50/t vs. historical 150/t), i.e the short-term risk-reward might be better for softwood than hardwood.

Softwood and hardwood prices



Source: ABG Sundal Collier, RISI

NBSK upside given BHKP



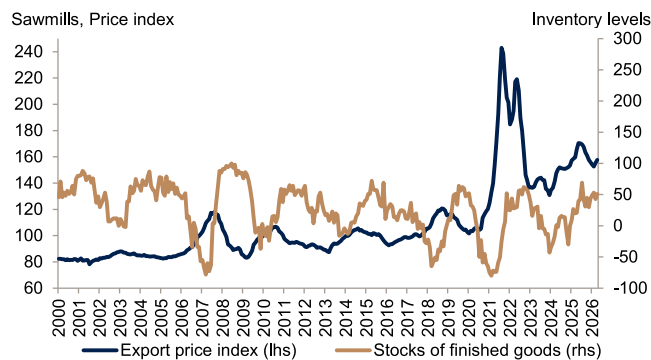
Source: ABG Sundal Collier, RISI

9) Sawn goods: Still weak, but lower input costs

Prices fell 3% q-o-q in Q1, but we are seeing a smaller, seasonal price hike in Q2 due to the DIY season (+3%). The official statistics show prices up 2% q-o-q so far in Q2'26. Prices are +4% vs. July '24. In the short term, we see somewhat stronger prices, but still an overall weak dynamic, driven by a low level of new export orders in Sweden and high stock levels.

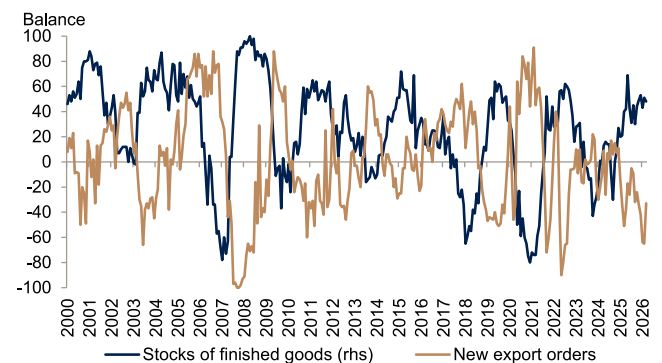
The good news is that US lumber prices are pointing higher (+18% YTD). Margins can be helped by lower sawlog costs. Prices are negatively correlated with stock levels and realised with a lag, as shown below.

Sweden: export prices vs. stock level



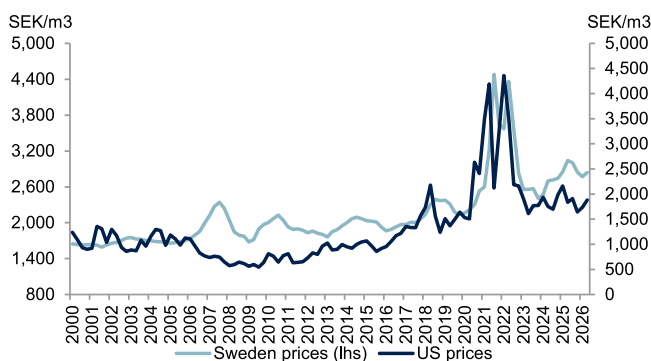
Source: ABG Sundal Collier, Konjunkturinstitutet

Sweden: stock level vs. new export orders



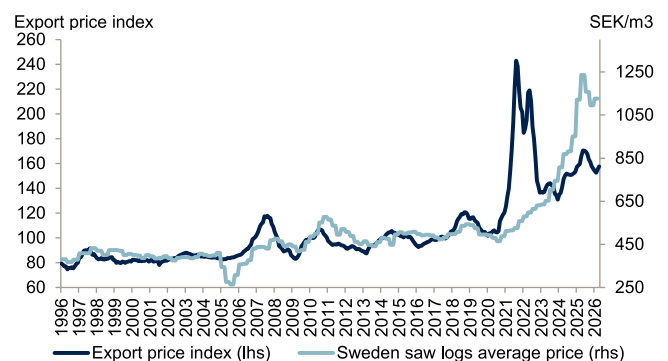
Source: ABG Sundal Collier, Konjunkturinstitutet

US lumber prices vs. Swedish prices



Source: ABG Sundal Collier, Factset

Sweden: lumber export vs. sawlogs prices

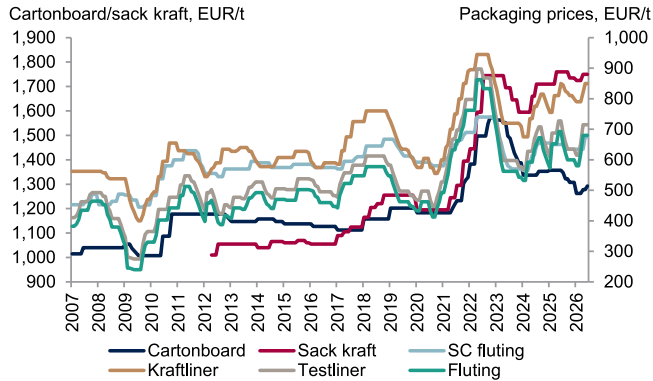


Source: ABG Sundal Collier, Konjunkturinstitutet

10) Packaging: Utilisation rates low - mind the gas hike

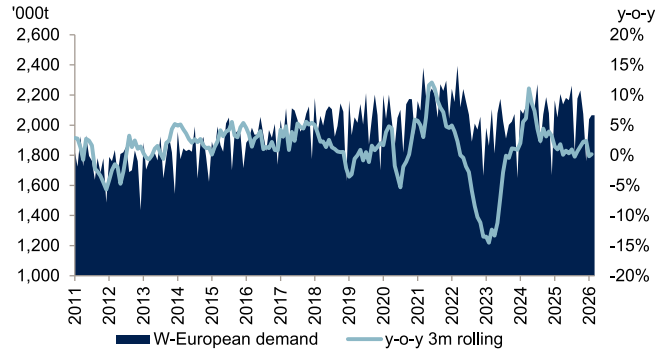
Packaging utilisation rates have improved, but remain low from an historical perspective (cartonboard is weakest at 78-80% vs. 90% and containerboard at 85-87% vs 92%). In Q2'26, packaging prices rose ~5% q-o-q, led by early-cyclical containerboard +10% and late-cyclical cartonboard +2%. This follows rising gas prices, and several players (e.g Smurfit) announced price increases that materialised during Q2.

Packaging prices



Source: ABG Sundal Collier, RISI

WE containerboard demand



Source: ABG Sundal Collier, Bloomberg

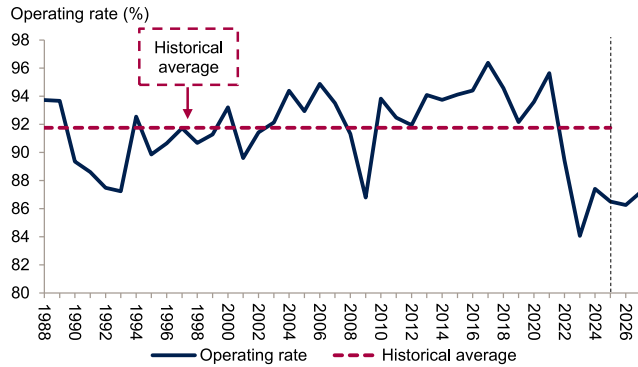
We expect both global and Western European demand in Q2 to be in the range of +2% to -2% yy-o-y, compared to 0% globally and -1% in Western Europe in Q1'26. We have updated our detailed capacity data and estimate containerboard capacity growth at around 1% in 2026. This development is impacted by delays to Eren Paper's 750 kt RCCM mill in the UK and the postponement of the DSS Porcari RCCM 350 kt expansion to 2026. We anticipate flattish supply growth in 2027. Utilisation rates are relatively weak at ~85-87% versus the historical average of 92%.

The Western European cartonboard market has been impacted by weak demand; demand in 2025 was likely down ~6% year on year.

Utilisation rates in the cartonboard market are depressed, at below 80%. With its new Oulu mill, Stora will increase the WE cartonboard capacity by 750 kt (7%), which is not ideal given the current conditions. However, it should be noted that RDM, Metsä and Sappi have announced a total of ~500 kt of capacity cuts, implying net capacity growth of 2% from 2024 to 2027. This would imply a utilisation rate of 78% in 2027, which is fairly unchanged from current levels. However, this only focuses on the announced closures. RISI assumes additional cuts totalling ~1,200 kt, which would bring capacity down by 4% in 2027 compared to 2024. This would give a utilisation rate of 83% in 2027 (and 86% in 2028). While this is an improvement, it is still not good enough compared to the historical average of ~90%.

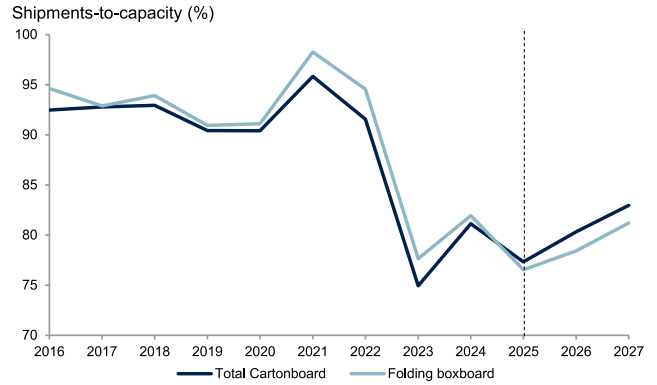
LDPE plastic prices have doubled in Europe due to shortages caused by the closure of the Strait of Hormuz. This could lead to a faster shift from plastic to cartons.

Containerboard WE: operating rate



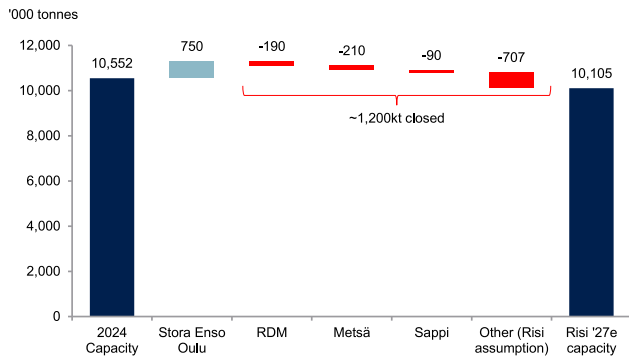
Source: ABG Sundal Collier, RISI

Cartonboard WE: shipments to capacity



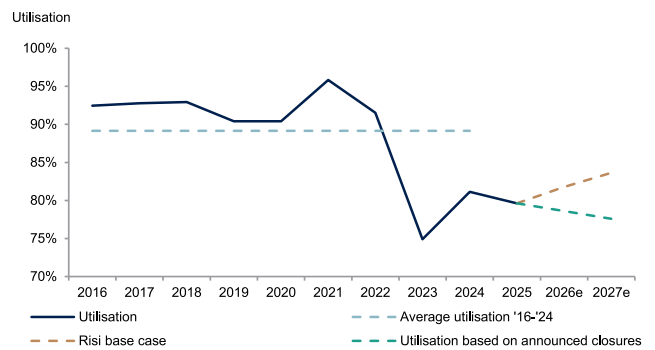
Source: ABG Sundal Collier, RISI

Simplified cartonboard market balance incl. RISI assumption



Source: ABG Sundal Collier, RISI, Companies

Cartonboard utilisation

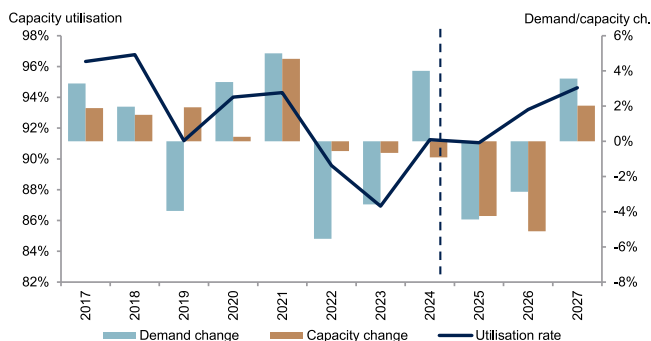


Source: ABG Sundal Collier, RISI

The North American containerboard market has held up much better than the European market. The better market balance in the North American market is likely driven by a higher degree of consolidation. The top five players in North America control ~75% of the market, while the top five players in Europe only control ~40%.

US containerboard capacity was cut by around 10% in 2025 (around 4 mt). Utilisation rates in North America are currently at around 90%, compared to an historical average of 93–94%. We expect it to rise to 95-96%. In the short term, however, we do not expect the stronger dynamics in the US to translate to Europe. International Paper's planned spin-off of its EMEA operations reduces incentives to support regional balance and may instead increase the risk of excess supply flowing into an already oversupplied market.

North American cont.board utilisation rate vs. supply/demand



Source: ABG Sundal Collier, RISI

Overview of NA closures

Company	Mill	Capacity, kt	% of '24 capacity
Georgia-Pacific	Cedar Springs	1,040	2.5%
International Paper	Savannah ++	2,270	5.5%
Smurfit Westrock	Forney	350	0.8%
PCA	Wallula	250	0.6%
Greif	Fitchburg	72	0.2%
Total		3,982	9.6%

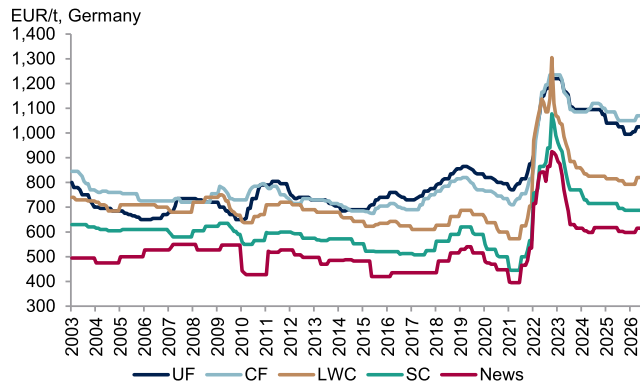
Source: ABG Sundal Collier, RISI

11) Paper: More cuts needed, prices seem to bottom

Paper prices fell by 5% in 2025, following a 22% drop in 2023 and 2024 (from an extreme peak in 2022). Paper prices rose by 2% q-o-q in Q2'26. This followed price hikes on 'early-cyclical' fine paper products from brands such as Navigator, Sappi, Burgo and Lecta. Prices for late-cyclical magazine and newsprint were announced as rising by around 2%.

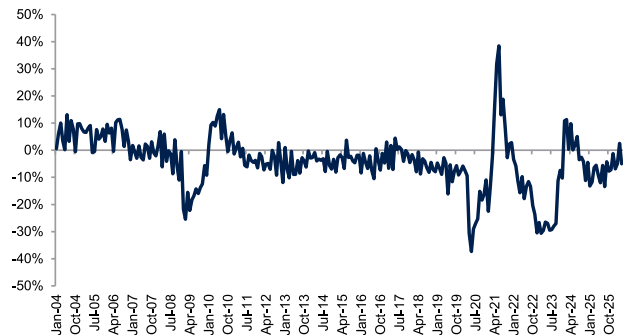
US prices rose 2–3% in Q2'26. US newsprint prices have risen by 8% recently. In May, Billerud announced a 6% increase in US CF. The US coated fine paper market has improved following capacity cuts of over 20% from competitors, with prices rising by 1% q-o-q in Q2.

European paper prices



Source: ABG Sundal Collier, RISI

Total paper shipments (all grades), y-o-y



Source: ABG Sundal Collier, Euro-graph

We note significant regional differences in newsprint prices, as illustrated below. While US and Indian prices are up 27% and 41% since the recent trough in mid-'25, European prices are only up 2%. Indian newsprint prices were likely too low (40% discount to European prices, vs. historical average 8%), and the gap is now closed. However, European prices are now only 2% above Indian prices, which might indicate upward pressure on the prices.

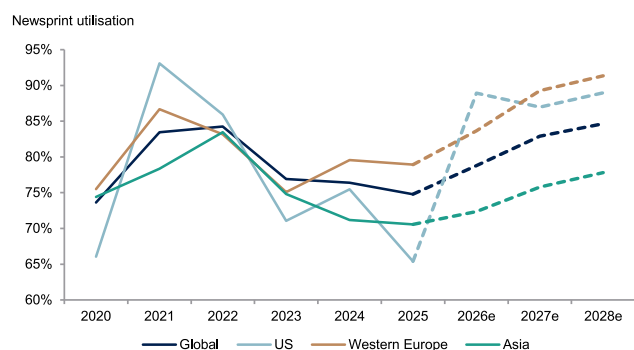
The Indian and North American surge reflects structural North American capacity exits (only one US newsprint mill still running), increasingly concentrated Russian supply, and elevated West Asia freight. Tariffs and mill closures appear to be regionalising the market, pointing to more local pricing and a "winner takes all" dynamic.

Regional Newsprint prices



Source: ABG Sundal Collier, RISI

Newsprint utilisation



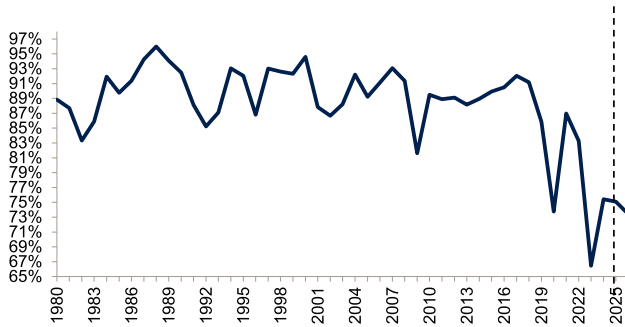
Source: ABG Sundal Collier, RISI

Capacity cuts for 2024 landed at 11%, which is an improvement on the 3–4% cuts seen in 2023. However, this is still not enough to offset the 20–25% decline in demand in 2023, which was driven by very high prices in 2022. We have updated our detailed capacity data and expect capacity cuts of ~6% in 2025, followed by ~4% in 2026. LWC seems the most promising in terms of cuts, with 22% of capacity set to close in 2025/26. Coated fine, , News, SC and uncoated fine stand at ~0%, ~4%, ~18% and 4%, respectively.

The utilisation rate is likely to be around 75% in 2025, which is in line with 2024 levels. However, this is still below the historical average of ~89%. The 4% cuts for 2026 help, but with weak demand, we estimate the utilisation rate for 2026 to be in the range of 73–77%. Additional cuts of ~3 mt (15%) are needed to bring the utilisation rate back to historical

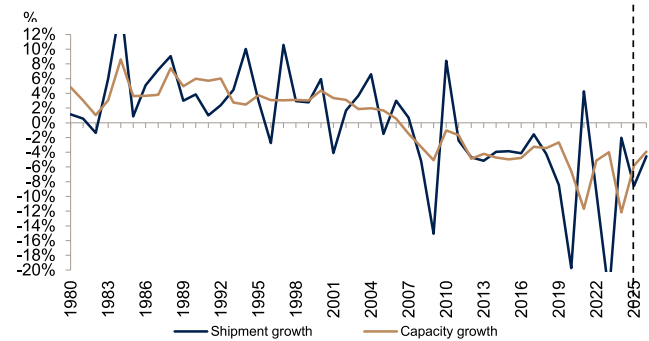
levels. Note that the UPM Paper JV with Sappi could balance the paper market (see the paper chapter for more information).

Paper: capacity utilisation



Source: ABG Sundal Collier, RISI

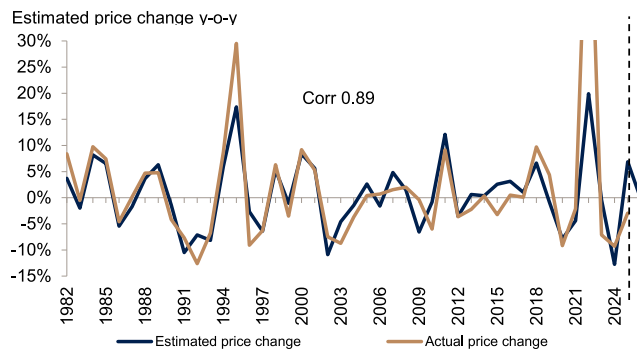
Paper: capacity cuts vs. shipment growth



Source: ABG Sundal Collier, RISI

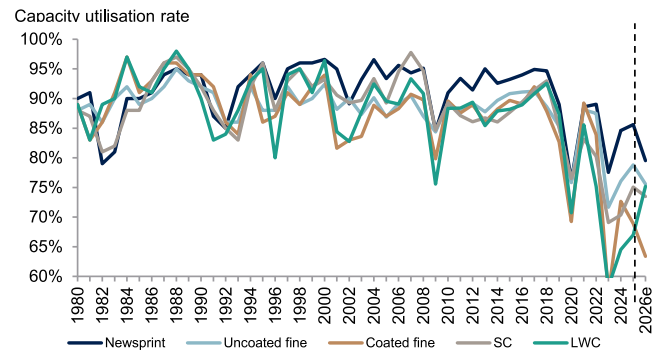
Our paper price model, which is a function of the capacity utilisation rate, the pulp price, and USD/EUR (all with a 1Y lag), points to flattish '26 prices (weaker USD, but stronger pulp).

ABGSC paper price model



Source: ABG Sundal Collier, RISI

Capacity utilisation rate per grade

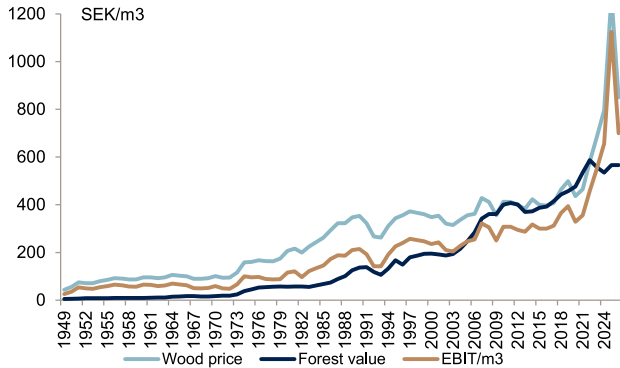


Source: ABG Sundal Collier, RISI

12) Forest asset prices have not followed wood prices

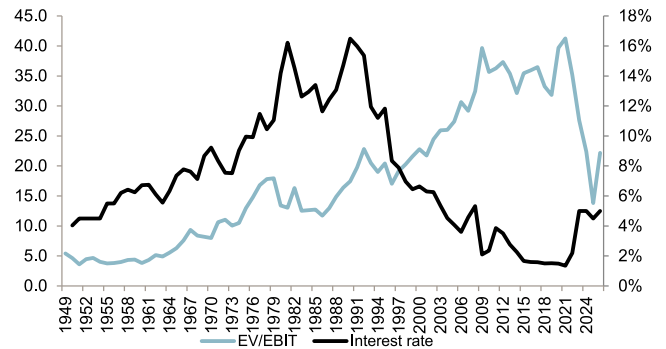
Wood prices have more than doubled, but forest asset values have remained relatively stable over the last three years. Typically, higher wood prices and EBIT/m³ ('rotnetto') result in higher forest asset values, but this has not occurred this time. This is likely due to higher interest rates and investors being sceptical about how long wood prices will remain high, as well as EU forest regulations. Wood prices are dropping again now.

Asset prices have not followed wood prices



Source: ABG Sundal Collier, Skogsstyrelsen

EV/EBIT vs. interest rate

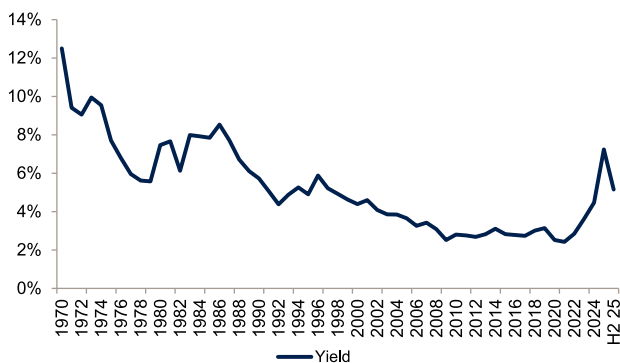


Source: ABG Sundal Collier, Skogsstyrelsen, Bloomberg

Higher prices and flat asset prices imply that forest valuation multiples have decreased, which is indeed reflected in our data set. The forest EV/EBIT multiple has dropped to 21x compared to 41x at the peak in 2021 and an average of 28x since 1990. We have to go back to the mid-1990s to find similarly 'low' valuation multiples. The implied forest yield has risen to 4–5% versus the low point of 2–3% between 2009 and 2022.

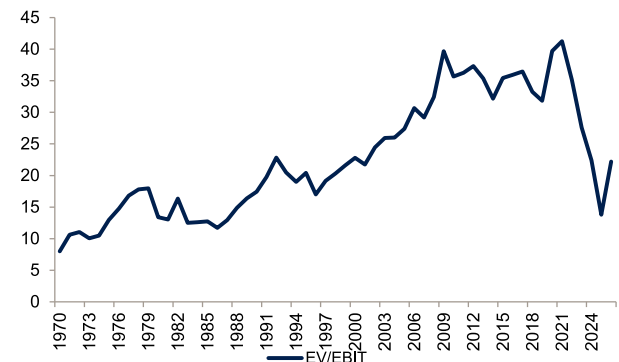
For simplicity, in this exercise we have only used the average m3/ha and the average growth in m3/ha/year for Sweden, and we have assumed that the harvest is equal to the growth (steady state). Actual harvesting will vary depending on the property and the age distribution, and we have not considered silviculture costs or hunting revenues. The focus here is on the comparison over time rather than the current level.

Yield



Source: ABG Sundal Collier, Skogsstyrelsen

EV/EBIT

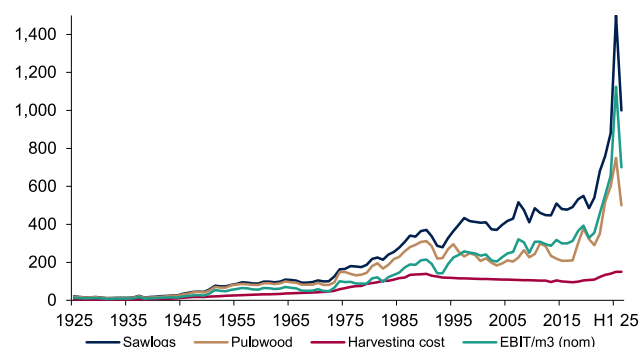


Source: ABG Sundal Collier, Skogsstyrelsen

The forest owners have been the winners in the tight wood market. The forest owners' EBIT rose to +SEK 1,000/m³, but has come down again to SEK 600-700/m³. This still represents a doubling vs. the historical average of ~SEK 300/m³. In this exercise, we have only looked into wood prices and harvesting costs. If we lower the increase to SEK 250/m³ and add it to the companies' annual harvest, the EBIT potential is significant, as the table shows.

Ti

Long-term wood prices (nominal)



Source: ABG Sundal Collier, Luke

EBIT effect of wood price increase

Company*	Harvest (mill/m3)	Potential EBIT effect**	In % of mid-cycle EBIT
Company*	Harvest (mill/m3)	Potential EBIT effect**	% of mid-cycle EBIT
SCA	5.0	1238	24%
Holmen	2.8	700	18%
UPM (Nordics)	2.1	47	3%
Stora (Nordics)	5.6	129	11%

* SEKm for SCA and Holmen, EURm for UPM and Stora

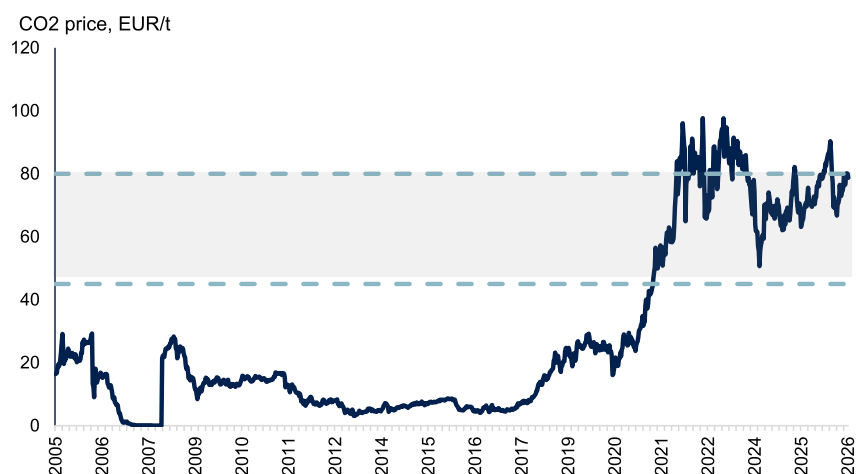
** Calculated as 250 SEK/m3 * harvest in m3

Source: ABG Sundal Collier, Companies

13) CO2 – easy come, easy go

EU carbon allowance prices fell in early 2026 amid increased political debate about the future of the EU Emissions Trading System. Comments from several European leaders, including German Chancellor Friedrich Merz, suggesting that parts of the system could be revised, have created uncertainty regarding future regulations. Although no formal changes have been made, this shift in tone has increased the perceived risk of regulation and put pressure on CO2 prices.

CO2 price (EU ETS), EUR/t



Source: ABG Sundal Collier, Bloomberg

We have attached two tables below to illustrate the impact of lower CO2 prices on the Nordic P&P players. The first table shows the market value of emission allowances for each company. Borregaard and Metsä stand out as having the highest relative exposure, with their allowances corresponding to ~3% of their current market capitalisation. Given the recent decline in CO2 prices, there is an increased risk of impairments to these values.

The second table shows the contribution of emission allowance sales to '25 EBIT. Stora and Metsä are particularly exposed, with allowance sales accounting for around 13% of their '25 EBIT. Lower CO2 prices would affect their EBIT by ~1–2%. However, Billerud and Norske lost most of their CO2 quotas at the end of 2025, so this loss has already been reflected in their share prices.

Market value emission allowances

Market value of emission allowances	Holmen	SCA	Essity	Stora Enso	Metsä Board	UPM	Norske Skog	Borregaard	Billerud
Local FX									
Market value YE'25	n.a	238	657	45	35	42	n.a	605	147
Price of CO ₂ quotas YE'25	922	922	922	85	85	85	1,008	1,008	922
Price of CO ₂ quotas now	872	872	872	80	80	80	864	864	872
CO ₂ quota price decline, %	-5%	-5%	-5%	-6%	-6%	-6%	-14%	-14%	-5%
MTM value of emission allowances	n.a	225	621	42	33	39	0	518	0
Per share	n.a	0,3	0,9	0,1	0,1	0,1	0	5,2	0,0
In % of share price	n.a	0,3%	0,4%	0,5%	3,2%	0,3%	0,0%	3,7%	0,0%

Source: ABG Sundal Collier, Company data, Bloomberg

Emission allowances effect on EBIT

Effect on '25 EBIT	Holmen	SCA	Essity	Stora Enso	Metsä Board	UPM	Norske Skog	Borregaard	Billerud
Local FX									
Net number of quotas sold during '25 ('000t)	204	359	-80	955	138	520	202	100	617
Value of sold emissions allowances (m)	168	295	-66	71	10	39	176	87	507
'25 EBIT	3,270	4,432	18,600	528	-80	921	210	1,287	1,230
Sold emissions allowances in % of EBIT	5,1%	6,7%	-0,4%	13,4%	12,8%	4,2%	83,8%	6,8%	41,2%
MTM loss on sold volumes	-9	-16	4	-4	-1	-2	0	-12	0
Lost EBIT, %	-0,3%	-0,4%	0,0%	-0,8%	-0,8%	-0,3%	0,0%	-1,0%	0,0%

Source: ABG Sundal Collier, Company data, Bloomberg

In late November 2024, the EU announced a revised qualification criterion for the EU ETS (Emission Trading Scheme) for the period 2026–30. This criterion will result in the exclusion of mills which, on average, had more than 95% of their greenhouse gas (GHG) emissions coming from sustainable biomass in the qualification period between 2019 and 2023. Mills with less than 95% GHG emissions will not be required to surrender CO₂ allowances (i.e. if they use more fossil fuels). These changes are negative for P&P players as they have received free allocation of CO₂ emission trading rights using bioenergy, which will likely disappear in 2026 — easy come, easy go.

Norske Skog will see the largest impact on its EBIT, as the company will lose 150k quotas from '26 (from Saugbrugs and Skogn), which equals NOK ~130m (at CO₂ price of EUR 74/t), or ~60% of our '25 EBIT. Billerud will likely lose SEK ~500m (~570k quotas), or ~40% of EBIT. The new criterion does not affect Norske's Golbey or Bruck mills, nor the relevant CO₂ compensation schemes in Norway.

SCA, Holmen, and the Finnish players (UPM, Stora, Metsä) will also be affected, but the impact will not be as material (higher share of emissions stemming from fossil fuels). The table below shows our assessment of the impact per company.

Lost quotas and effect on EBIT by company

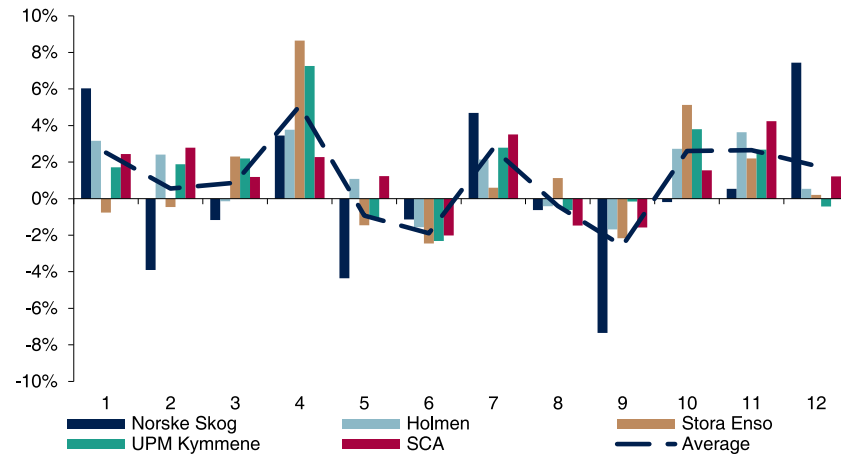
Companies	Lost quotas	'25 CO ₂ price, EUR/t	Lost EBIT	% of group EBIT	2025 EBIT
Norske Skog	150	74	131	62%	210
SCA	99	74	81	2%	4,432
Holmen	100	74	82	3%	3,270
Billerud	569	74	468	38%	1,230
Borregaard	0	74	0	0%	1,287
UPM	130	74	10	1%	921
Stora	742	74	55	10%	528
Metsä Board	101	74	8	9%	-80

Source: ABG Sundal Collier, Naturvardsverket, Companies

Share seasonality: Q1+Q4 = best

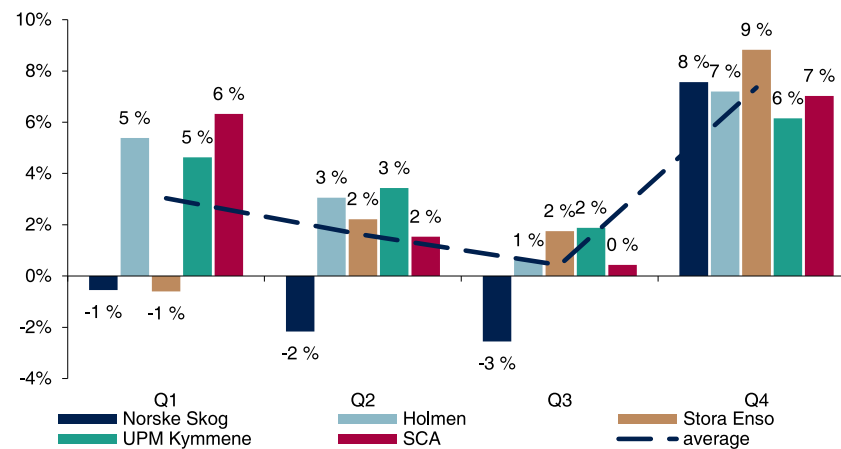
Seasonality-wise, paper stocks perform best in Q1 and Q4 based on data from 1991. The reasons are most likely: i) Q3 EBIT usually improves vs. Q2 due to seasonally lower costs/ maintenance (and the reports/performance come in Q4), and ii) expectations/speculation about higher paper prices in the coming year (some annual contracts). September has been the weakest month with average sector returns of -2.6%. April has been the best month (+5.1%).

Paper stocks' average total return per month, '91-



Source: ABG Sundal Collier, company data

Paper stocks' average total return per quarter, '91-



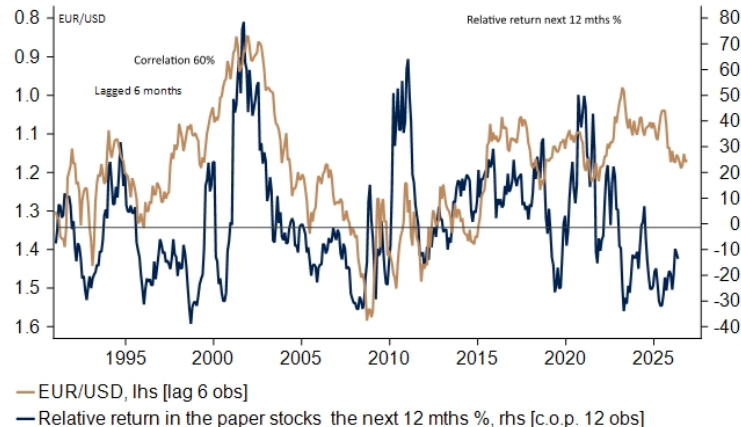
Source: ABG Sundal Collier, company data

A weaker USD is negative

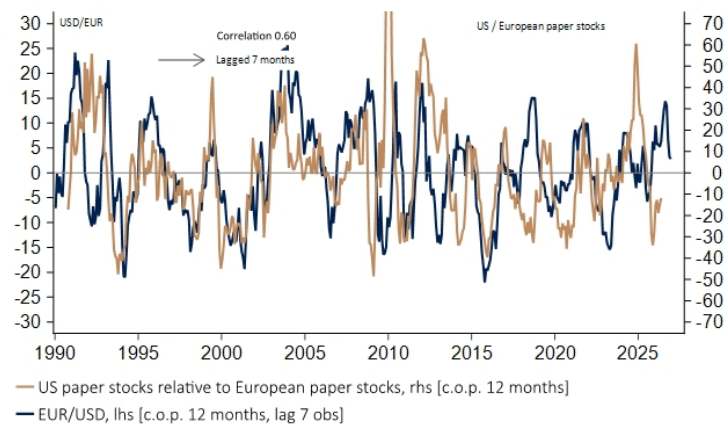
The USD weakened by ~11% vs. EUR during '25, which is negative. The USD leverage for the Nordic paper companies is large: a 10% change in the USD can be ~30% on EBIT (via direct exports and the indirect effect on paper prices). Macro growth tends to win over FX when the two top-down drivers move in opposite directions though.

How to trade paper stocks on USD/EUR movements

A weaker USD vs. EUR is often followed by an underperformance of European paper stocks vs. the Nordic market. The correlation is 60% with a six-month lag. Note that the Nordic paper stocks have already underperformed the Nordic market though



European paper stocks tend to underperform vs. US paper stocks too when the USD weakens vs. the EUR. The correlation is 60% with a seven-month lag.



The dollar has a direct and indirect effect on paper prices

We find that European paper prices can best be explained via changes in the operating rate, the USD/EUR and pulp prices as the explanatory variables. Our model has been accurate historically, with a 93% correlation between estimated and actual price changes. The rationale behind the USD/EUR exchange rate is that paper markets are global and the mills in the upper segments of the cost curves determine prices. The functional currencies of these mills therefore affect pricing in all regions. US mills (or mills with the USD as the functional currency) have historically been such swing producers in many paper grades. Hence, paper prices in Europe tends to be affected by the value of the USD. A 10% weaker USD vs. the EUR decreases the European paper prices by ~4% with a one-year lag.

Effect of EUR/USD on European paper prices

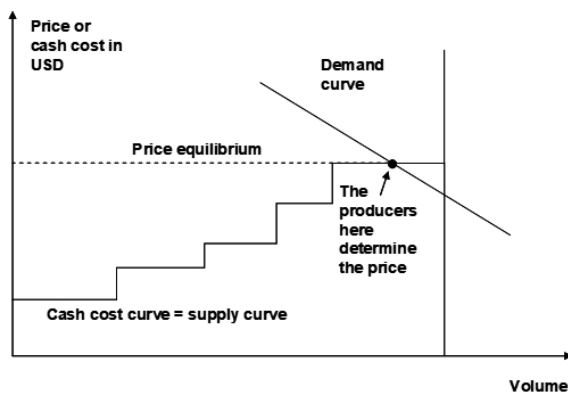
	News	UF	CF	SC	LWC	Avg.
Coefficient	0.40	0.75	0.61	0.28	0.32	0.47
Lag (years)	1.00	0.50	0.50	1.00	1.00	0.80
t-stat	3.31***	5.33***	5.62***	3.15***	3.43***	4.17

Source: ABG Sundal Collier, RISI

Footnote: * significant at 10% level, ** significant at 5% level, *** significant at 1% level.

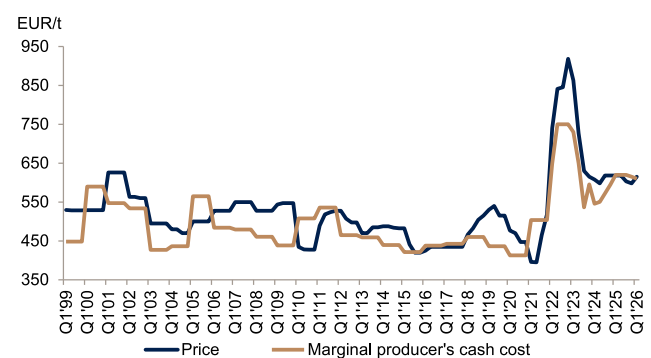
Economic theory suggests that the market price for a commodity is at the intersection of the demand and the supply curves (the supply curve is the cash cost curve). The marginal producer at the top of the cash cost curve will then determine the price (for different levels of demand) and other producers are just price takers. The market price is not likely to drop below the marginal producer's cash cost for a prolonged period. As can be seen in the chart to the right below, the theory fits well with the reality in paper markets.

Market equilibrium for paper (stylized)



Source: ABG Sundal Collier

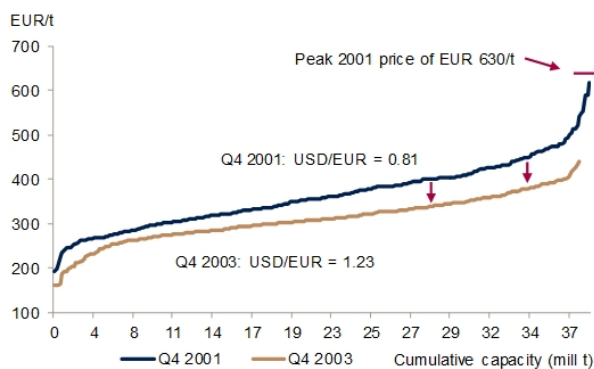
Price vs the marginal producers cash cost



Source: ABG Sundal Collier, RISI

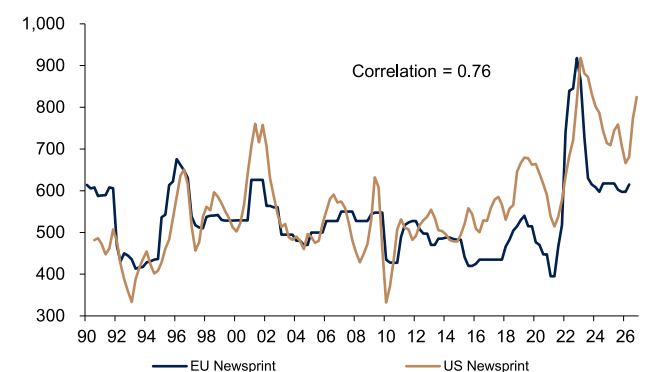
If the marginal producer is a USD producer, the price is fixed in USD (and all others will have to accept this USD price). US and Asian producers (currencies pegged to USD) have usually occupied the upper part of the global cost curve. Economic theory then suggests that paper prices will be set in USD, and that European prices move with the USD/EUR exchange rate. To illustrate this, we analyse global cost curves for newsprint in two USD scenarios (strong USD in 2001 and weak USD in 2003). It's a long time ago, but it illustrates the last big USD depreciation. In this period, the USD fell ~50% from 0.81 to 1.23 against the EUR, which shifted the global cost curve downwards and moved the US and Asian producers that occupied the upper part of the cost curve to the left. The marginal producer's cash cost shifted from EUR 619/t to EUR 441/t and as a result of the weaker USD, the newsprint price in EUR dropped 21% from EUR 630/t to EUR 495/t.

Newsprint cost curves in EUR/t, 2001 vs 2003



Source: ABG Sundal Collier, Jaakko Pöyry

Newsprint US vs. Europe



Source: ABG Sundal Collier, RISI

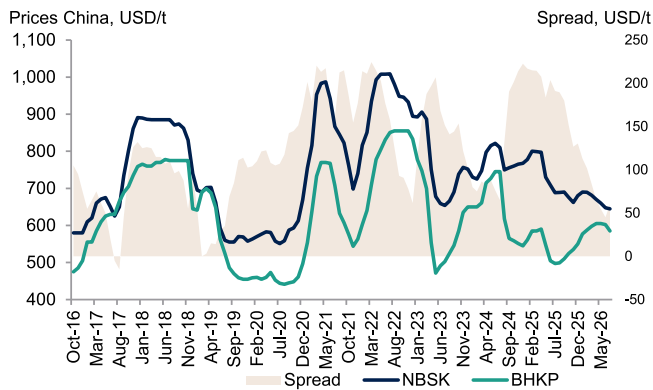
Pulp prices - hardwood up

2025 saw higher pulp prices at the beginning of the year, but prices fell ~13% post Trump's Liberation Day. These levels proved unsustainable, as prices fell below cash cost. The low price levels were followed by price hikes from majors such as Suzano, April, Klabin and Eldorado, and price momentum turned positive into '26.

Suzano has announced nine hardwood increases since Aug'25, or +30%: Asian pulp prices are currently up ~8% (hardwood 22%, softwood -5%) while European pulp prices are up ~25% (hardwood 40%, softwood 11% - although discounts rose 4-5 pp starting '26).

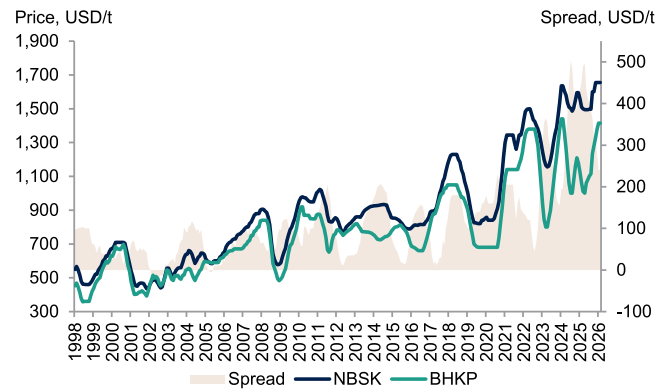
Higher prices are positive for the Nordic pulp & paper companies in general, which are mostly long pulp (UPM, SCA, Metsä Board, and Stora). Essity is the exception with a large short pulp position, but this has been reduced by ~45% after the Vinda divestment (1.8mt vs 3.3mt).

Chinese pulp prices (USD/t)



Source: ABG Sundal Collier, RISI

European pulp prices (USD/t)



Source: ABG Sundal Collier, RISI

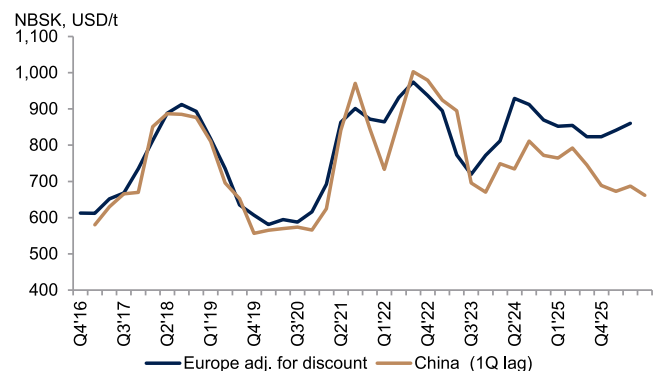
Chinese pulp futures are down 10% YTD following the Iran war.

Shanghai pulp future



Source: ABG Sundal Collier, Bloomberg

Net NBSK price Europe and China



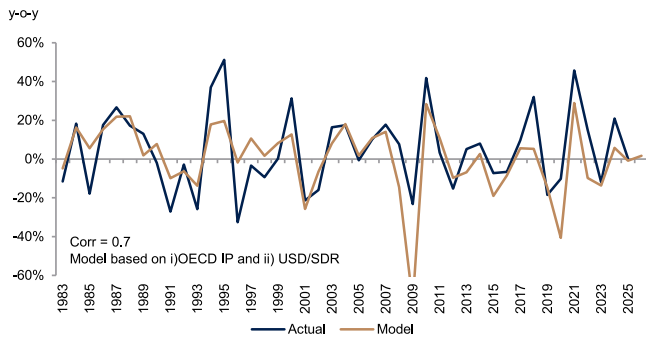
Source: ABG Sundal Collier, RISI

Our pulp price models - up in '26

We have two pulp price models: 1) one based on OECD IP (macro) and USD/SDR, and 2) one based on the capacity utilisation rate and USD/SDR.

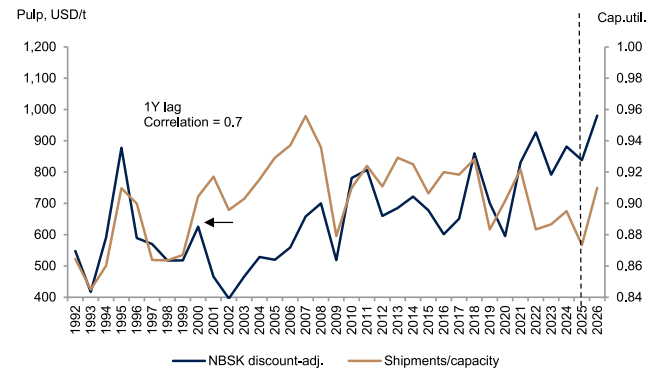
Pulp prices in USD/t usually go up when the USD depreciates (as the marginal producer is not based in USD, more likely EUR, CAD). OECD IP growth improved to ~1% in '25 vs -1% in '23 and '24. The pulp utilisation rate fell 2pp in '24, but rose 3.7pp in '25. This was negative for the pulp price in '25, but should be positive in '26 (there's 1y lag historically). The average of our two pulp models points to +10% higher prices in '26.

Pulp price model 1



Source: ABG Sundal Collier, RISI

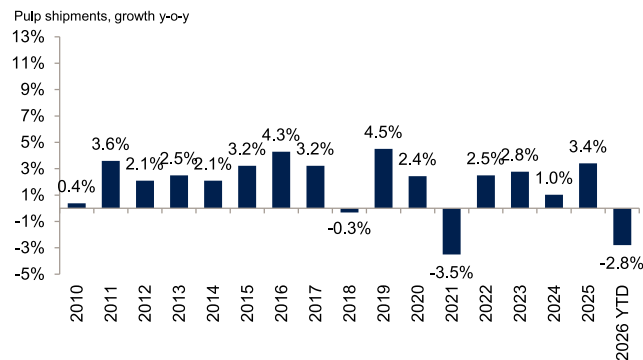
Pulp price model 2



Source: ABG Sundal Collier, RISI

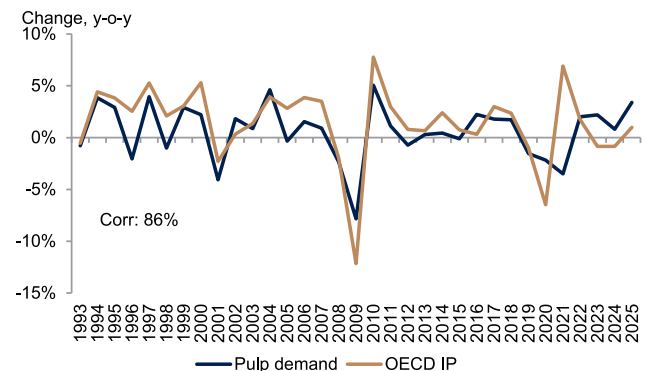
Given that it takes a long time to plan and build a new pulp mill, we have relatively good visibility on supply in the next two to three years. Forecasting price movements therefore often comes down to a question of demand. Pulp demand tends to follow OECD IP growth (86% correlation), see below.

Global shipments of market pulp, chg. y-o-y



Source: ABG Sundal Collier, PPPC

Pulp demand vs. OECD IP growth



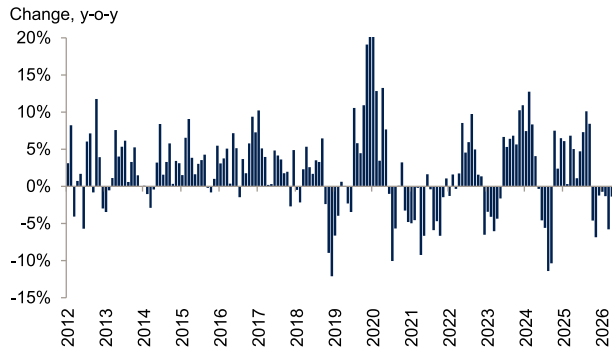
Source: ABG Sundal Collier, PPPC, RISI

Footnote: ABG Sundal Collier, PPPC, RISI

Demand and inventories

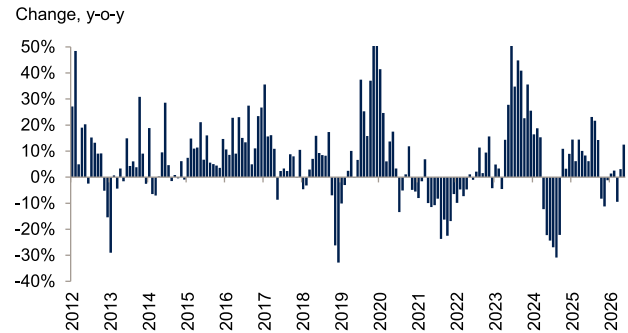
Market pulp shipments were down 1.4% y-o-y at 4.4mt in Apr (lagging data), which compares to -5.3% in March. The Chinese are good traders, and increased imports when prices were at trough in mid-'25, but with rising pulp prices, the imports decreased (-0.5% YTD). Note that the hardwood prices are approaching Chinese integrated cash cost, and its more economical for the Chinese to turn on the internal production (see section below). Global shipments excl. China (ROW) were -3.4% in Apr, vs. -3% in March.

Global monthly pulp shipments



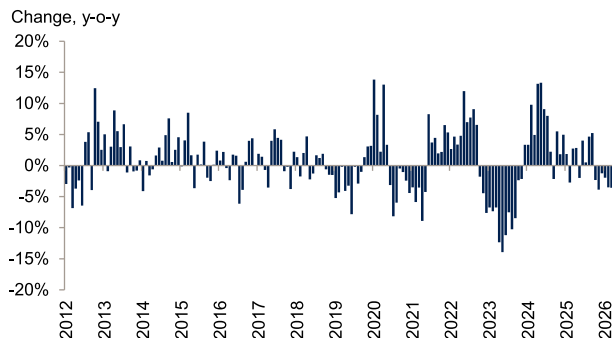
Source: ABG Sundal Collier, PPPC

Monthly pulp shipments to China



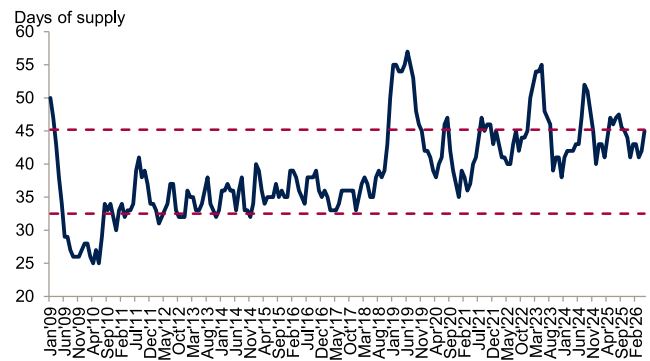
Source: ABG Sundal Collier, PPPC

Monthly pulp shipments RoW



Source: ABG Sundal Collier, PPPC

Producer inventories of market pulp



Source: ABG Sundal Collier, PPPC

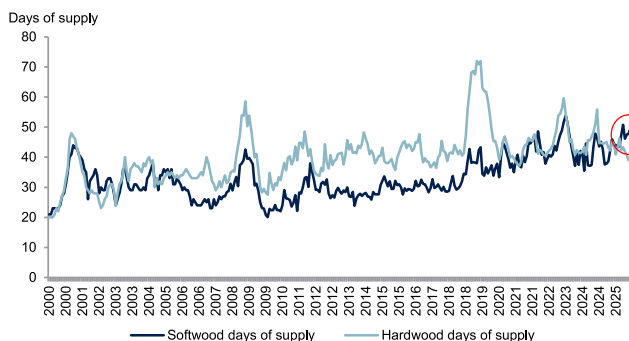
Inventories rose to 42 days (41 days in March) and are down -24% from peak in May'23 (+8% vs. the historical average), corresponding to ~6.3mt. The capacity utilisation rate was 84% (flat y-o-y). Utilisation was 91% in '25, vs. 88% in '24 (88% YTD). Softwood shipments rose 2% y-o-y while Hardwood shipments were down ~4% y-o-y.

Hardwood is the short term winner, but mind '28-'30

Long-term, the softwood market balance looks decent (limited new supply). Short term, however, we note that hardwood has lower inventories vs softwood measured as days of supply and a higher shipment-to-inventory ratio. This indicates a tighter market for hardwood.

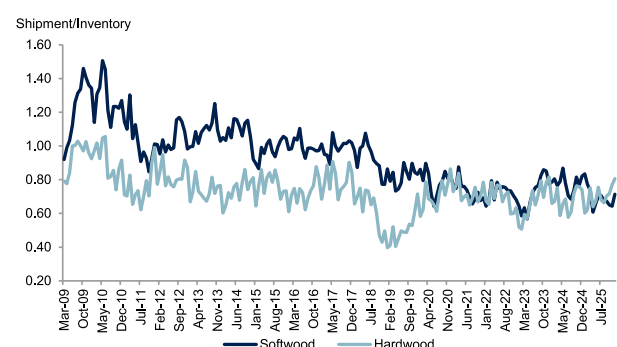
Additionally, one must consider the structural change in the market, with hardwood steadily increasing its share. These fiber-to-fiber dynamics have become more relevant as hardwood remains the cheaper option and producers can substitute softwood with hardwood in many grades without compromising performance. Over the past years, this substitutability has progressively pushed hardwood's market share higher.

Days of supply hardwood/softwood



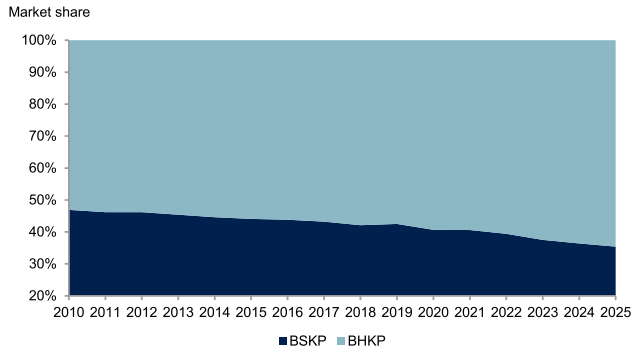
Source: ABG Sundal Collier, RISI

Global monthly ship. over inventory



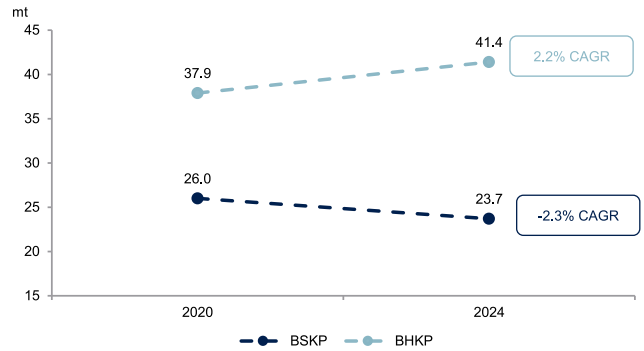
Source: ABG Sundal Collier, PPPC

Fiber-to-fiber: BHKP gaining share



Source: ABG Sundal Collier, Suzano

Fiber-to-fiber: Change in demand

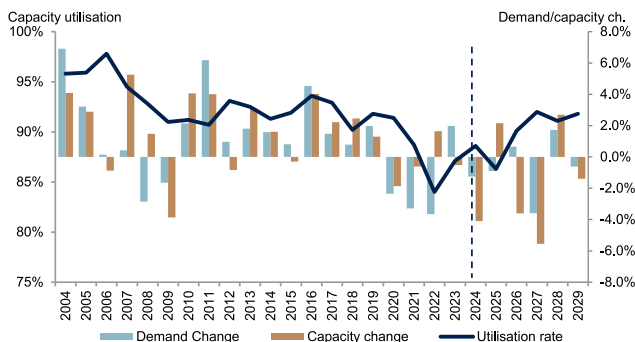


Source: ABG Sundal Collier, Suzano

However, looking at long-term utilisation rates, the picture is different. Hardwood demand has historically expanded at ~3.5% per year, well ahead of softwood's ~1% growth, largely thanks to the lower cost of fast-growing eucalyptus. That cost edge has underpinned a steady stream of hardwood capacity investments, particularly in South America, while the softwood industry has instead been forced to rationalise capacity. Looking forward, nearly all the announced global capacity additions are hardwood-based.

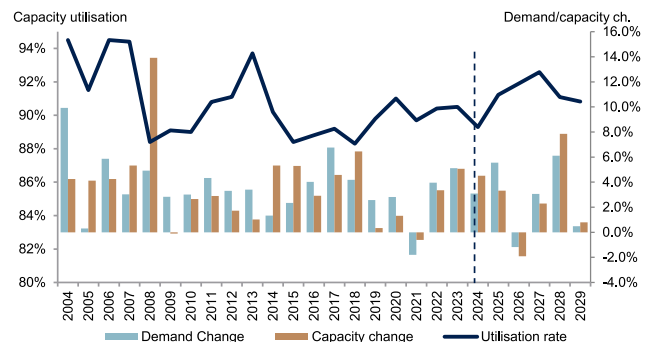
For softwood, the picture looks relatively stable. With limited new capacity in the pipeline, utilisation rates could normalise in the 90–92% range. Hardwood, by contrast, is set to face a more testing period. Once the current wave of projects comes online, utilisation rates are likely to come under pressure from 2028 onward, as supply growth begins to run ahead of demand.

Softwood utilisation rate vs. supply/demand



Source: ABG Sundal Collier, RISI

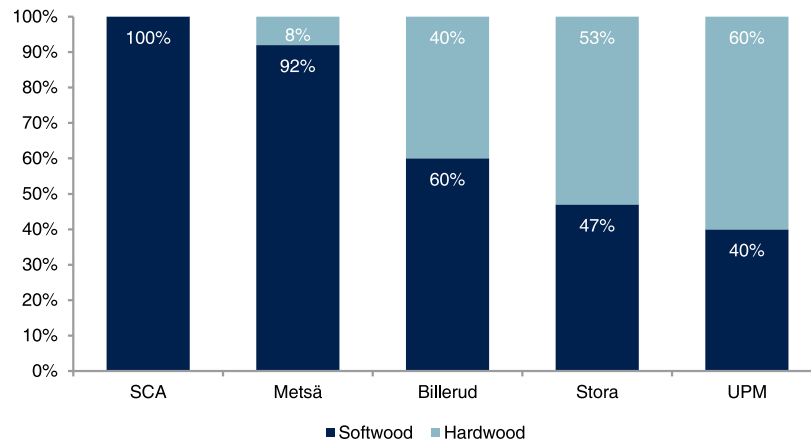
Hardwood utilisation rate vs. supply/demand



Source: ABG Sundal Collier, RISI

SCA has 100% of its net pulp exposure stemming from softwood. On the other side of the spectrum we find UPM, which has ~60% of its pulp exposure in hardwood (largely driven by its new Uruguay mill), which benefits short-term.

Softwood/hardwood split by company



Source: ABG Sundal Collier, Companies

Supply growth of -0.2% and 1.4% in '26 and '27

Our detailed pulp market data indicates a gross supply growth of -0.2% in '26 and 1.4% in '27. Note that APP's OKI expansion reportedly is delayed until late '26, pushing most of the 1.4mt expansion into '27. Other expansions in '26 include Liansheng (1,000kt ramp up in China), APP (1,400kt ramp up in Indonesia) while closures are expected from Bracell (600kt conversion), Altri (250kt conversion), Domtar (360kt closure), Stora Enso (100kt closure).

More supply in the '28-'30 period

We have looked into the pulp market balance for '28-'30. Supply growth of 3-6% p.a. in '28-'30 looks problematic. It's a bit early for the stock market to be very negative on this now though as '26-'27 could be better and supply cuts can change the balance.

There are several large expansion projects in the pipeline that could significantly lift the total market pulp capacity, most of them hardwood. Among the largest projects are Arauco's Sucuriú project with 3.5mt (expected start-up in H2'27e), adding +4% to global market pulp supply. The Sucuriú project has been upped by 40% from the original plan of ~2.5mt of new capacity).

Bracell announced in August'24 that it plans for a 2.8mt mill in Brazil. The mill could come on stream in '28/'29. CMPC has 2.5mt planned for '29/'30. Paracel seems to struggle with financing of its 1.8 mill t project, but we understand that the construction now have started.

Large pulp projects and capacity changes

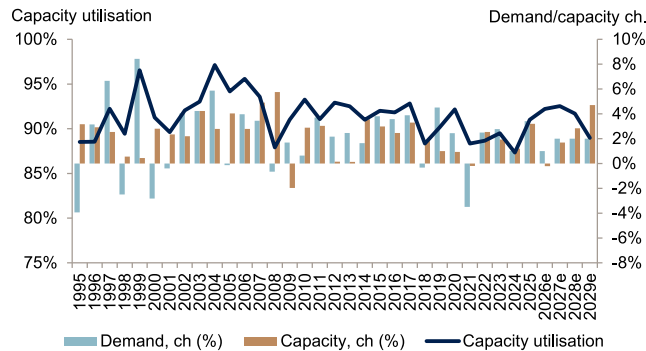
Selected major capacity changes ('000t)											
Company	Country	Grade	2023	2024	2025	2026	2027	2028	2029	2030	Capacity change
Arauco	Chile	BHK	860	640	60	-40	0	0	0	0	1,600
UPM	Uruguay	BHK	1,085	715	300	0	0	0	0	0	2,100
Suzano	Brazil	BHK	0	870	1,685	55	0	0	0	0	2,610
Metsä Fibre	Finland	BSK	70	195	200	201	85	0	0	0	750
International Paper	USA	BSK	0	-505	0	0	0	0	0	0	-505
AV Group	Canada	BSK	0	-335	0	0	0	0	0	0	-335
Carlor	Canada	BSK	-165	-150	-150	0	0	0	0	0	-465
Asia Symbol	China	BHK	-330	-275	-10	0	0	0	0	0	-615
Liansheng Paper	China	BHK	0	215	300	285	200	0	0	0	1,000
Manusumi Paper	Japan	BHK/BSK	145	75	-170	-50	0	0	0	0	0
Domtar	Canada	BSK	0	0	0	-360	0	0	0	0	-360
Heinzl	Austria	BSK	0	5	-100	0	0	0	0	0	-95
APRIL	Indonesia	BHK	-330	-275	-10	100	0	0	0	0	-515
Altri	Portugal	BHK	0	10	-50	-210	0	0	0	0	-250
Bracell	Brazil	BHK	0	-85	-365	-600	0	0	0	0	-1,050
Phoenix Resources International	Indonesia	MEC	0	30	705	115	0	0	0	0	850
APP	Indonesia	BHK	0	0	0	100	1,300	0	0	0	1,400
Vietracimex	Vietnam	BHK	0	0	0	350	0	0	0	0	350
Domtar	USA	BSK/Fluff	0	0	0	-155	-110	0	0	0	-265
Stora Enso	Sweden	BSK/Fluff	0	55	50	-50	-50	0	0	0	5
Arauco	Brazil	BHK	0	0	0	0	1,750	875	875	3,500	Greenfield
Bracell	Brazil	BHK	0	0	0	0	0	400	1,200	2,800	Greenfield
Eldorado	Brazil	BHK	0	0	0	0	260	1,040	650	2,600	New line
CMPC	Brazil	BHK	0	0	0	0	0	375	1,063	2,500	Greenfield
Klain	Brazil	BSK	0	0	0	0	425	425	0	850	Brownfield
Domtar	Brazil	BHK	0	0	0	0	0	500	1,000	2,500	Greenfield
Paracel	Paraguay	BHK	0	0	0	0	0	540	630	1,800	Greenfield - construction started
Announced capacity changes selected companies			1,335	1,185	2,445	-179	1,425	2,435	4,155	5,418	
Other projects			255	-751	506	20	-210	0	0	0	
Total announced capacity changes			1,590	434	2,951	-160	1,215	2,435	4,155	5,418	
Total capacity change, y-o-y			2.0%	0.5%	3.6%	-0.2%	1.4%	2.9%	4.7%	5.9%	
Capacity utilisation											
Actual			89.5%	87.3%	91.0%	-	-	-	-	-	
Assumptions											
1.0% demand growth						92.2%	91.7%	89.9%	86.2%	81.3%	
2.0% demand growth						93.2%	93.7%	92.9%	90.2%	86.3%	
3.0% demand growth						94.2%	95.7%	95.9%	94.2%	91.3%	
4.0% demand growth						95.2%	97.7%	98.9%	98.2%	95.3%	

Source: ABG Sundal Collier, RISI

The demand growth of ~3.4% in '25 was decent vs. the historical average of ~2% (+0.8% in '24), and the utilisation rate rose to 91% in '25 (87% in '24). We anticipate the utilisation rate to improve somewhat in '26/'27 vs. '24/'25, reaching ~92-93%.

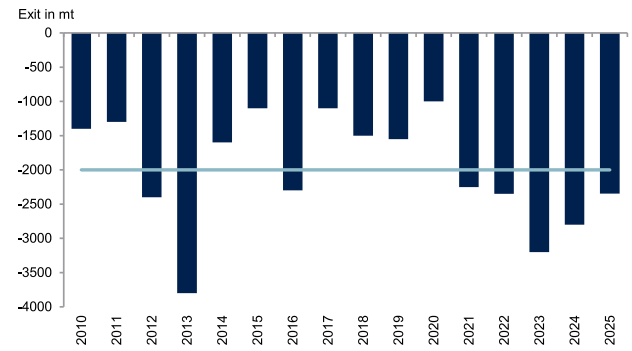
There are many smaller pulp mills with a high technical age and supply cuts take place every year. The historical average exit rate for hardwood and softwood combined is ~2mt p.a., or ~2%. Hence, anticipated new pulp capacity could be partially offset by market exits.

Capacity utilisation versus supply/demand



Source: ABG Sundal Collier, PPC, RISI

Average exit rate of BHKP and BSKP at 2mt

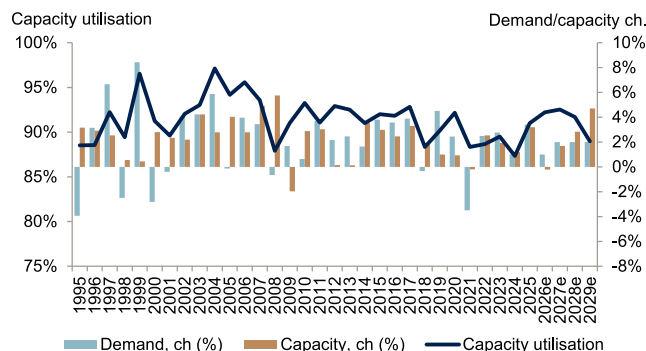


Source: ABG Sundal Collier, Suzano

Potential Indonesian supply pressure

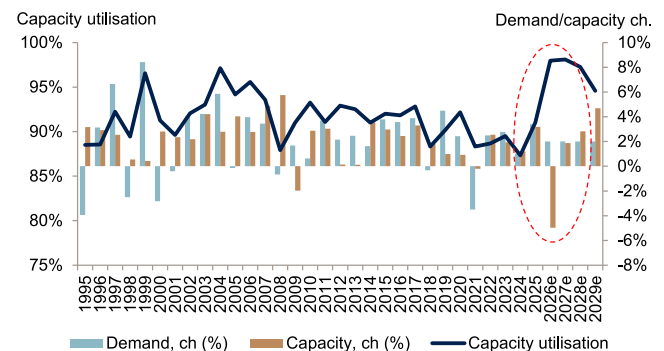
Note that Indonesia has revoked forestry licences equal to 1m hectares of plantations or 8 mill t wood. This could remove ~4m tonnes of pulp supply, or ~5% of the global market pulp supply (utilisation rate was 91% in '25). Our regression model shows that pulp prices rise 6% for every p.p. change in the utilisation rate.

Capacity utilisation versus supply/demand



Source: ABG Sundal Collier, PPC, RISI

Utilisation rate on a ~5% cut from Indonesia

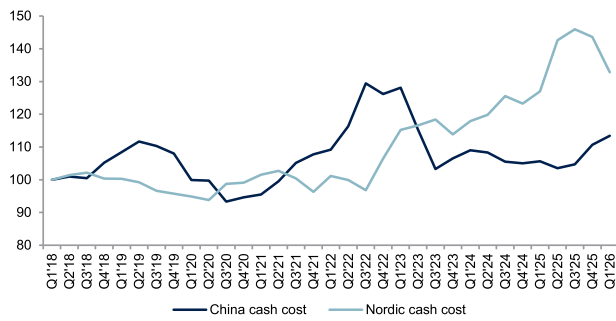


Source: ABG Sundal Collier, PPC, RISI

Alternatively, this could translate into reduced woodchip exports from Indonesia into China, tightening supply and putting upward pressure on Chinese woodchip prices. This would feed through to higher cash costs for Chinese producers. While the Nordic region has become less competitive in recent years due to rising wood costs, we are now seeing a shift: Nordic cash costs are declining, while Chinese costs are increasing.

The Nordic region has become less competitive...

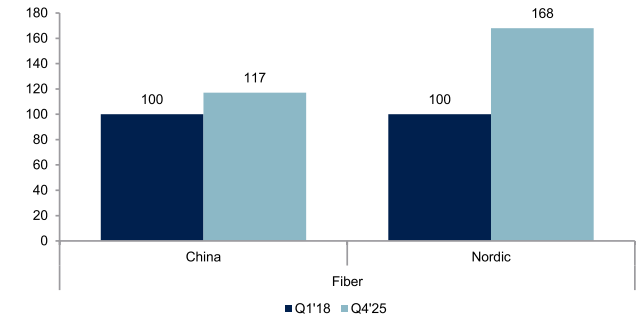
Hardwood/software cash cost, index



Source: ABG Sundal Collier, RISI

... due to the rapid increase in fiber cost

Fiber cost index



Source: ABG Sundal Collier, RISI

Keep in mind though that the Indonesian billionaire families Widjaja and Tanoto control large pulp operations via the APP and RGE groups respectively. They have similar market shares as Suzano combined and can probably pull some strings with the Indonesian government. So far, this is a perfect story to help push pulp prices higher and should be taken with some caution. Let's see if pulp and wood supply is impacted in a major way going forward.

Overview of market pulp market shares

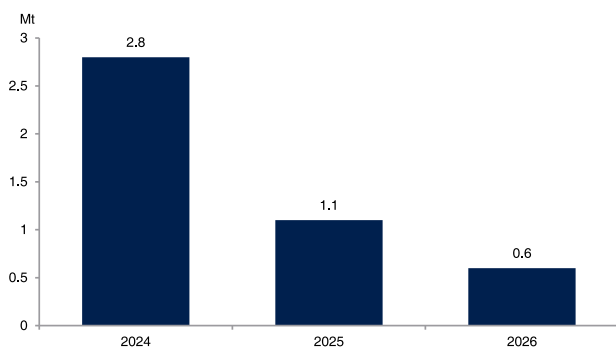
Suzano	APP Group		RGE		
Suzano	APP	Domtar	APRIL	Asia Symbol	Bracell
16.0%	7.4%	3.2%	1.5%	1.8%	1.7%
16.0%	10.6%		5.0%		

Source: ABG Sundal Collier, RISI

More integrated Asian pulp supply

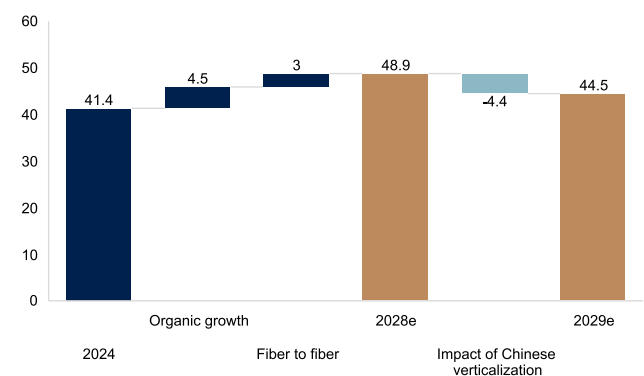
China added some ~3mt of new integrated capacity in '24 (mainly hardwood), and is set to add another +6mt in '25-'29. This could hurt the demand for market pulp - instead of sourcing pulp from other companies, the Chinese will produce it themselves. This would lower hardwood pulp demand by ~2% p.a. to ~1.5% p.a. (as shown in the waterfall below).

Upcoming Chinese integrated capacity



Source: ABG Sundal Collier, Suzano

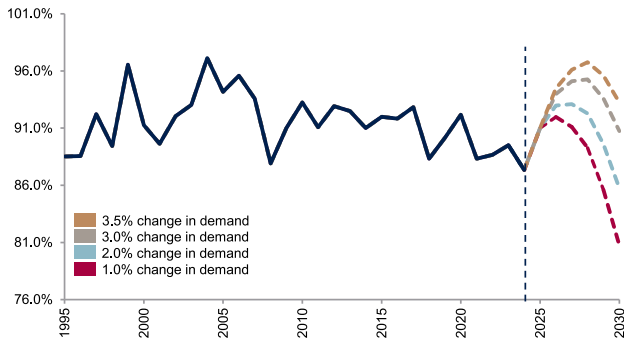
Potential impact of Chinese verticalization



Source: ABG Sundal Collier, Suzano

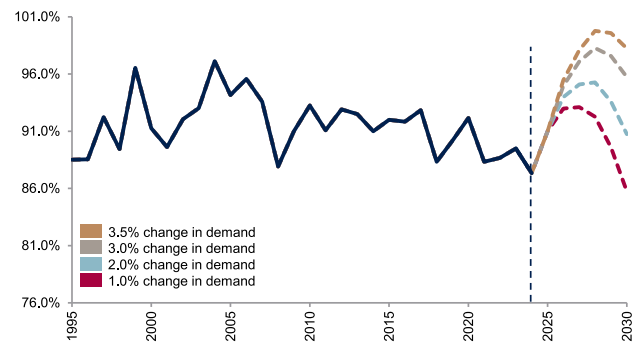
We have analysed how the capacity utilisation rate could be towards '30 under varying scenarios of annual demand growth. To provide a nuanced perspective of the actual potential, we have made a distinction between the gross and net changes in pulp capacity. We have based our assumptions on an annual exit of roughly 50% of the historical 2.0mt. The first graph below shows pulp utilisation rates for various demand scenarios assuming gross supply growth (from the table above) while the second graph assumes 50% of the historical pulp exits to find net supply growth. For reference, Suzano (world #1 pulp player) estimates hardwood pulp utilisation of 90%-86% in '26-'28, which is in-line with our graph down to the right assuming ~1-2% market pulp demand growth.

Utilisation rate at different change in demand p.a



Source: ABG Sundal Collier, RISI

Utilisation rate assuming pulp exit at 50% of hist. avg.



Source: ABG Sundal Collier, RISI, Suzano

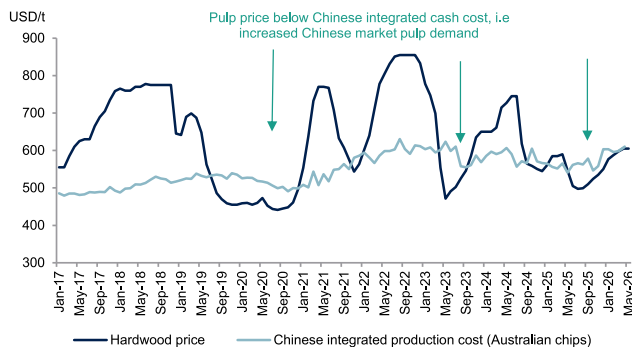
Chinese integrated capacity could set both the floor and the ceiling for global pulp prices. Below, we illustrate this mechanism using our in-house proxy for Chinese integrated cash costs. The data point to a threshold effect. When hardwood pulp prices fall below integrated cash cost, Chinese mills tend to increase imports of market pulp (shut down the integrated pulp capacity). When prices move above the cash cost, market pulp imports weaken as integrated production becomes more attractive (and restarts).

In December'25/January'26, our integrated cash cost model indicated a cash cost of ~USD 580/t, while hardwood prices were ~USD 560/t. This implied upward pressure on hardwood prices, which subsequently materialised. Hardwood prices are now at USD 605/t, up 5% since Jan.

We have noted an upward pressure on wood chips, which results in our integrated cash cost model pointing to ~USD 600-610/t, with further upside potential from continued wood chip pressure. We hear that the current Chinese cash cost is closer to USD 610-620/t. This suggests ongoing supply-driven support for pulp prices, as it remains more economical for Chinese integrated producers to purchase market pulp rather than rely on internal production.

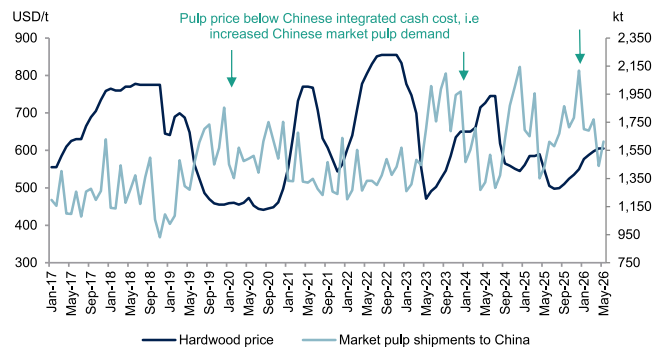
However, note that price increases above the Chinese cash cost could face rising demand resistance as Chinese producers shift toward internal supply. In the near term, this dynamic may make additional price gains harder to sustain unless supported by a broader improvement in global demand.

Chinese integrated cash cost vs. hardwood price



Source: ABG Sundal Collier, RISI

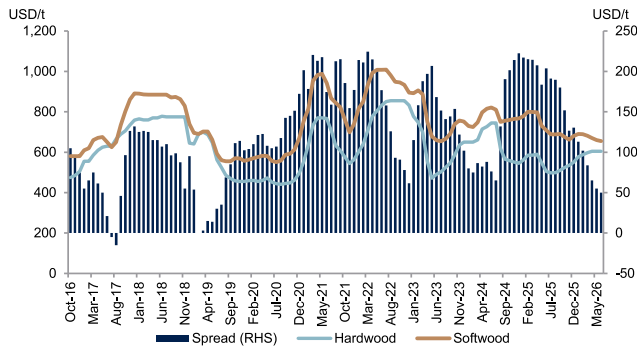
China market pulp imports vs. hardwood price



Source: ABG Sundal Collier, RISI

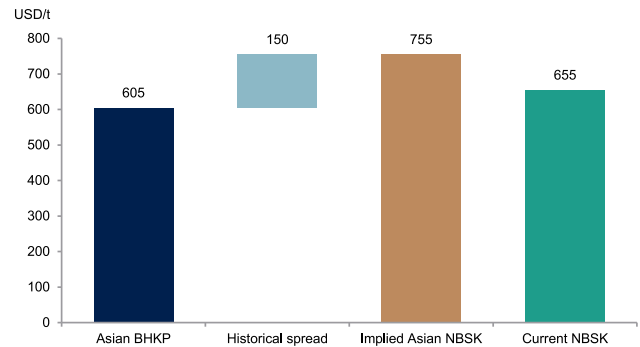
If we assume that hardwood prices were to stabilise around the Chinese integrated cash-cost level, they would reach roughly USD 605-610/t. Applying the five-year average hardwood–softwood spread to this level implies 10-15% upside to current softwood pulp prices.

Softwood and hardwood prices



Source: ABG Sundal Collier, RISI

NBSK upside given BHKP

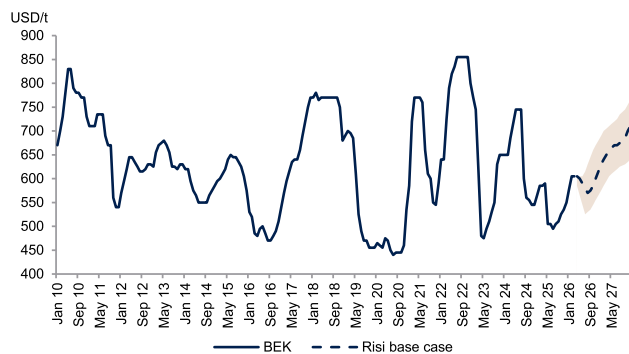


Source: ABG Sundal Collier, RISI

For comparison, we also illustrate RISI's estimate for hardwood pulp prices into '26. RISI expects the hardwood price to reach a temporary peak in May '26 at ~USD 605/t. Applying the five-year average hardwood–softwood spread to this estimate implies an Asian softwood price of ~USD 750/t. That said, hardwood prices have recently outperformed softwood, compressing the current spread to ~USD 50/t versus the five-year average of USD 150/t. If the spread was to remain at today's level, the implied softwood price would instead be around USD 650-660/t, which is in line with our analysis above.

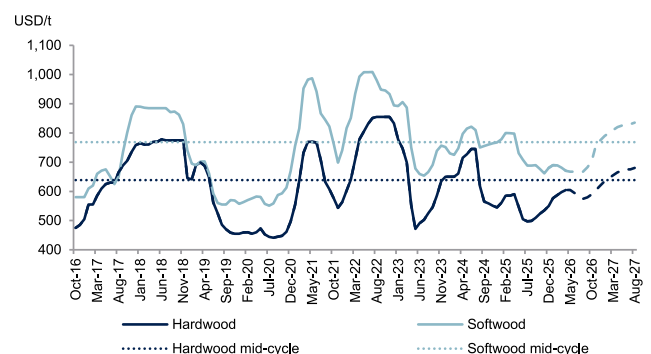
RISI reckons that hardwood prices rise further towards USD 650/t into '27, which rhymes well with the capacity utilisation rate analysis above. This would put potential '27 prices not far from mid-cycle levels as shown in the graph below. This suggests that pulp revenues in '27 could be broadly in line with mid-cycle assumptions. Earnings, however, remain sensitive to pulpwood costs. If pulpwood prices were to revert to pre-war levels, pulp earnings in '27 would likely also normalise toward mid-cycle levels. Metsa, UPM, SCA and Stora would be the winners in this scenario, while Essity the loser.

RISI Fastmarkets BEK price forecast



Source: ABG Sundal Collier, RISI

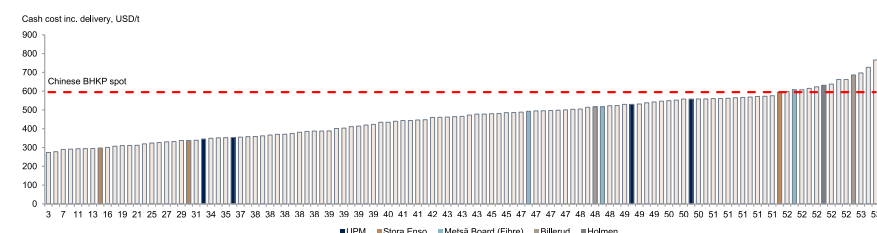
Implied softwood prices based on Risi's hardwood estimate



Source: ABG Sundal Collier, RISI

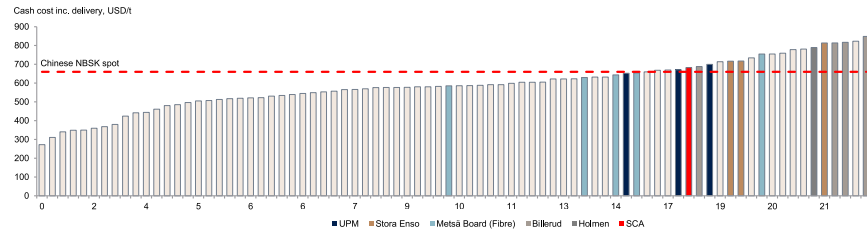
Note that pulp is now trading below the marginal producer's cash costs, typically not a long-lasting situation. The situation has improved for hardwood as prices are up vs +20% though.

Global hardwood pulp cash cost curve



Source: ABG Sundal Collier, RISI

Global softwood pulp cash cost curve



Source: ABG Sundal Collier, RISI

EBIT effect of a 10% price change in key output/input prices

Company	EBIT effect of 10% price change								EBIT effect of new hikes
	Pulp	Sawmill	Containerb.	Cartonb.	Kraft Paper	Publ. Paper	Fine paper	Wood cost	RCP cost
UPM	15%	1%			12%		9%	-4%	-1%
Stora	9%	5%	18%	33%				-11%	-1%
Metsä	20%	1%	15%	50%			3%	-22%	-1%
SCA	12%	4%	15%					-8%	-1%
Billerud	4%		22%	51%	31%	23%	8%	-34%	-5%
BRG	9%							-5%	-1%
Essity	-7%								-1%
Norske Skog	-1%		72%			69%		-6%	-5%
Huhtamaki				-34%					-1%
Elopak				-7%					

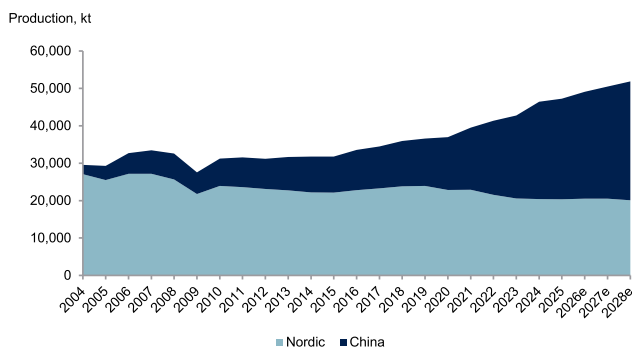
Source: ABG Sundal Collier, Company data

China has rapidly increased pulp production in recent years. Historically, Chinese output was constrained by limited access to pulpwood, but this bottleneck has eased as large areas of plantation forests have been established. In parallel, a weak domestic new-build construction market has led to a reallocation of capital and resources toward the pulp and paper industry, supporting capacity expansion.

At the same time, while Nordic producers have faced a sharp increase in cash costs driven primarily by higher pulpwood prices, Chinese producers have benefited from declining input costs over the past two years, particularly in pulpwood and energy. This divergence in cost development has strengthened the competitive position of Chinese players. Supported by both capacity growth and lower costs, Chinese producers have gained significant global market share, increasing exports to Europe and contributing to the current oversupply situation.

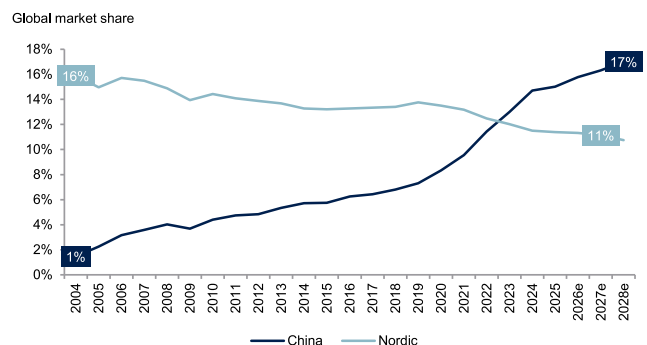
The market is dynamic though. Nordic wood prices are down +25% and we hear that Chinese wood costs are on the rise again (15-30%). This is something to keep an eye on as the Nordic region could regain some of the lost ground.

Pulp production, China vs. the Nordics



Source: ABG Sundal Collier, RISI

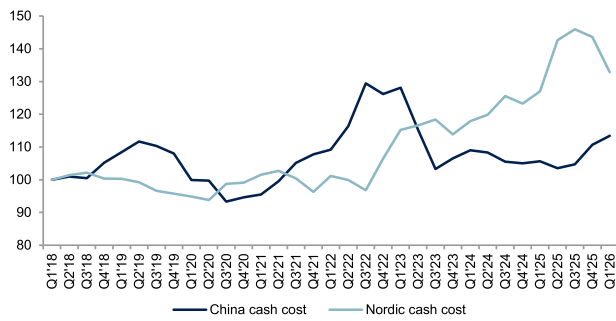
Global pulp production: market shares



Source: ABG Sundal Collier, RISI

The Nordic region has become less competitive...

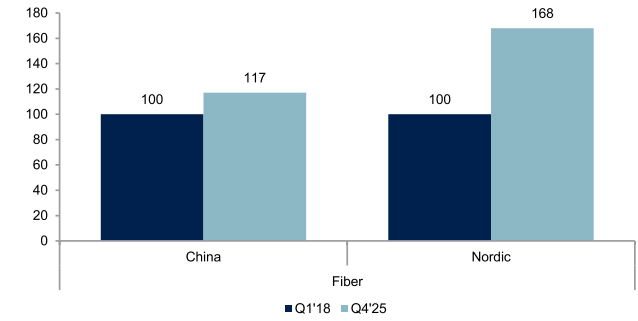
Hardwood/softwood cash cost, index



Source: ABG Sundal Collier, RISI

... due to the rapid increase in fiber cost

Fiber cost index



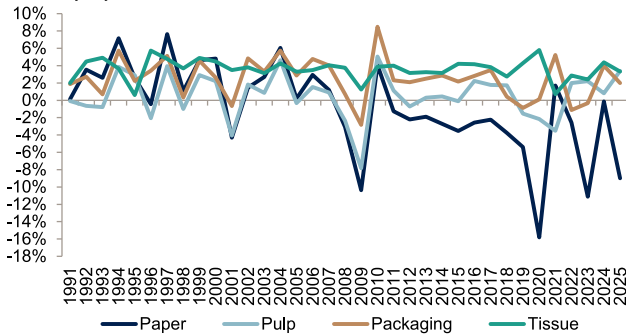
Source: ABG Sundal Collier, RISI

Long-term growth - market vs integrated pulp capacity

Long-term fibre consumption growth is likely to increase, driven by rising demand for packaging and tissue. Historical demand growth has been +2-4% while paper is structurally dropping 5-10%. Integrated pulp capacity has shrunk from '00-'20, and an increasing amount of the fibre demand had to be covered by market pulp (which is only 15-20% of the fibre consumption). The Chinese integrated capacity changes the picture though.

Consumption by grade (growth y-o-y)

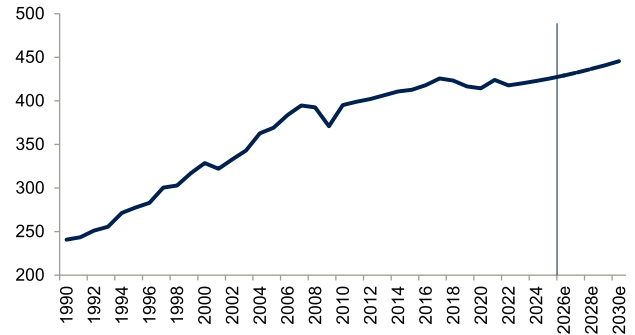
Growth, y-o-y



Source: ABG Sundal Collier, RISI

Global fibre consumption

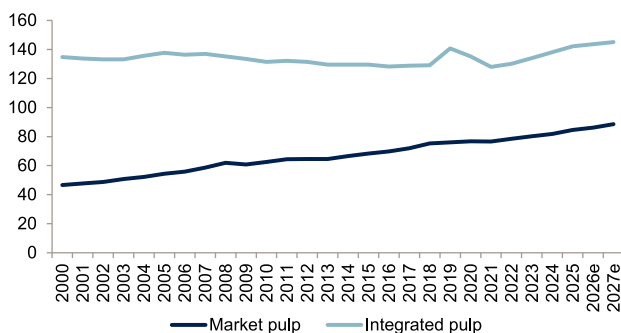
Million tonnes



Source: ABG Sundal Collier, RISI

Global integrated vs. market pulp capacity

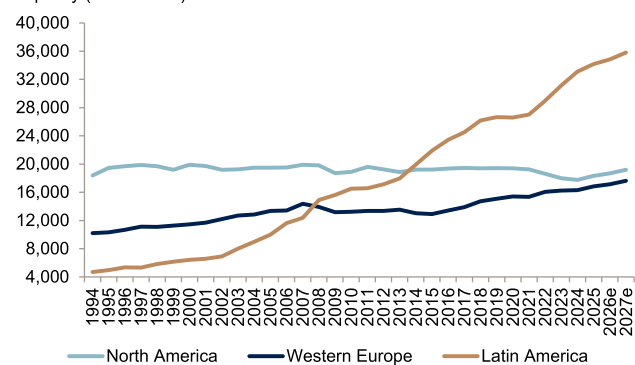
Mill. tonnes



Source: ABG Sundal Collier, RISI

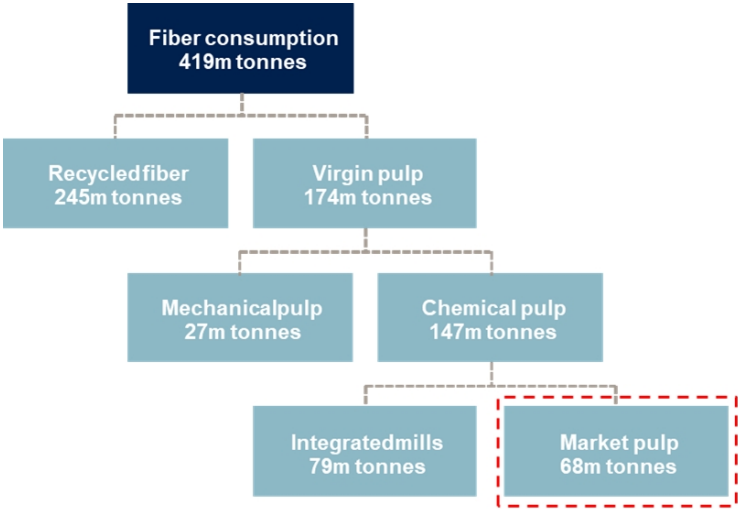
Capacity by largest regions

Capacity ('000 tonnes)



Source: ABG Sundal Collier, RISI

Global fibre consumption

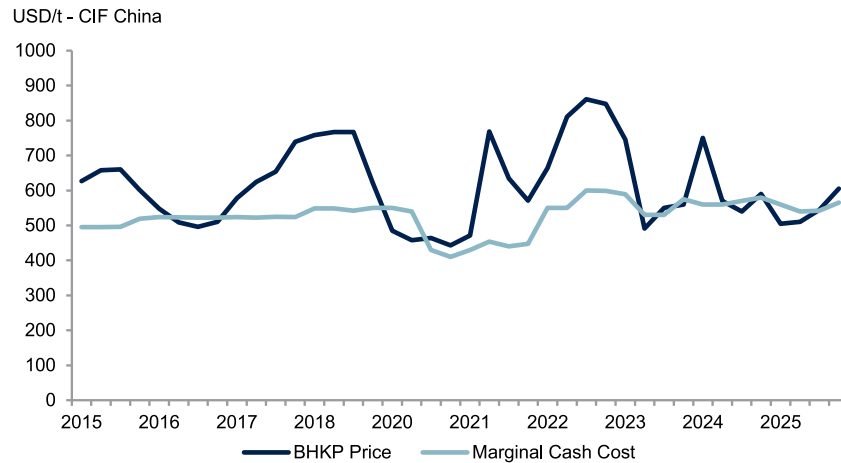


Source: ABG Sundal Collier, RISI

Pulp ticks the normal “down-cycle boxes”

When looking at the data, pulp has ticked most normal “down-cycle boxes”: 1) The pulp price has dropped below the marginal producer's cash cost and 2) The discounted adjusted price in real terms is low.

Prices reached unsustainable levels

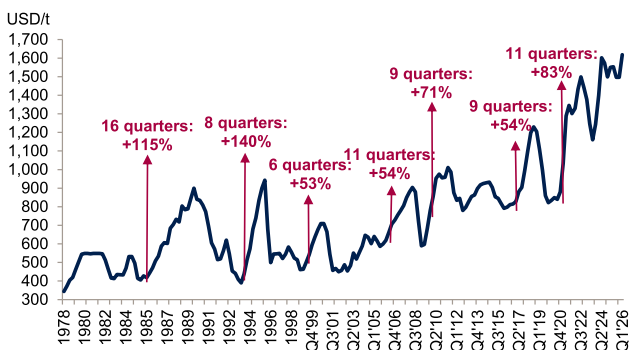


Source: ABG Sundal Collier, Suzano

Trough to peak in 11 quarters, peak to trough in 3 quarters

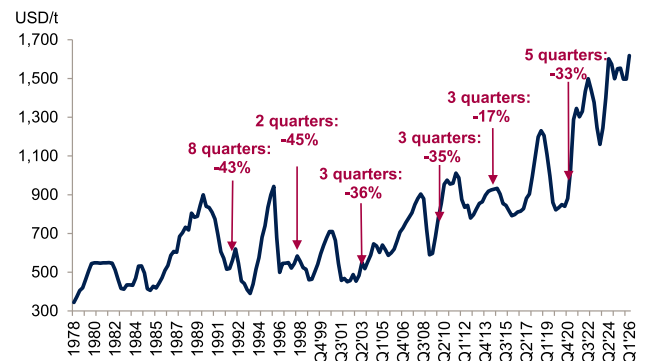
In the graphs below, we have analysed pulp cycles with price data going back to 1978. A pulp “up-cycle” tends to last 9-10 quarters with prices rising ~81%. In a normal pulp “down-cycle”, prices tend to drop ~34% in 3 quarters. In the '19-'22 up-cycle the pulp price rose 83% over 11 quarters. Pulp prices are up 40% vs the bottom in '23 by now.

Pulp “up-cycles”: last 9-10 quarters (+81%)



Source: ABG Sundal Collier, RISI

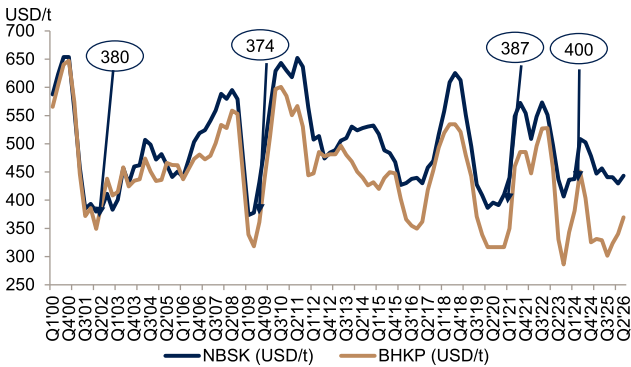
Pulp “down-cycles”: last 3-4 quarters (-34%)



Source: ABG Sundal Collier, RISI

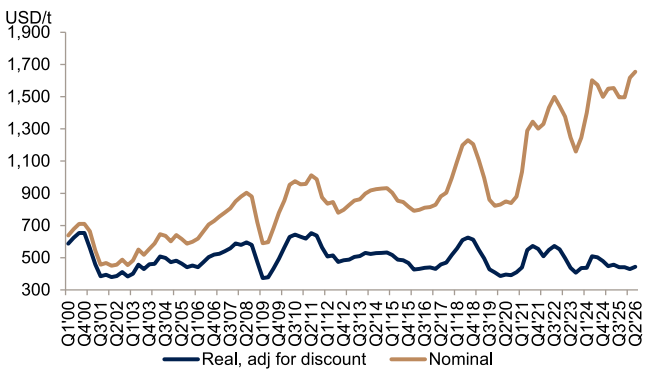
Pulp prices have risen from 2000, but the typical discount vs the list price has increased from 8% in '00 to +50% in '26. Nominal softwood prices are now ~85% above the historical average since '00, while the discounted adjusted price in real terms is ~30% below the historical average.

Real pulp price adjusted for discounts



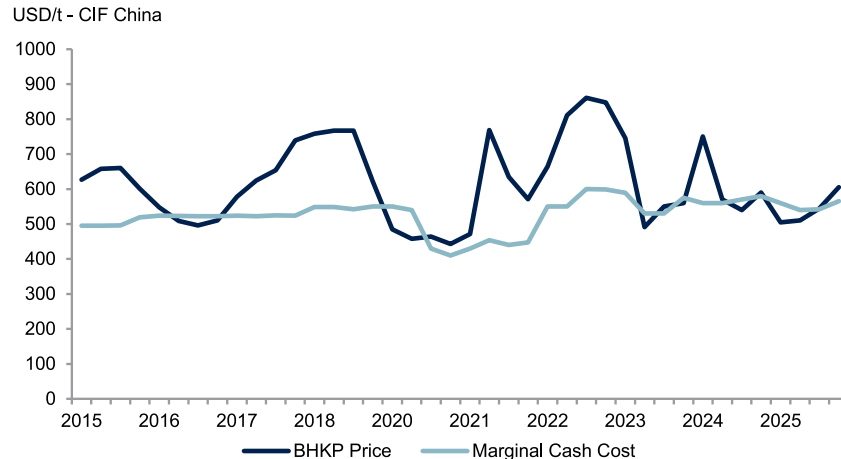
Source: ABG Sundal Collier, RISI

NBSK: nominal vs. real price adjusted for discounts



Source: ABG Sundal Collier, RISI

Prices reached unsustainable levels



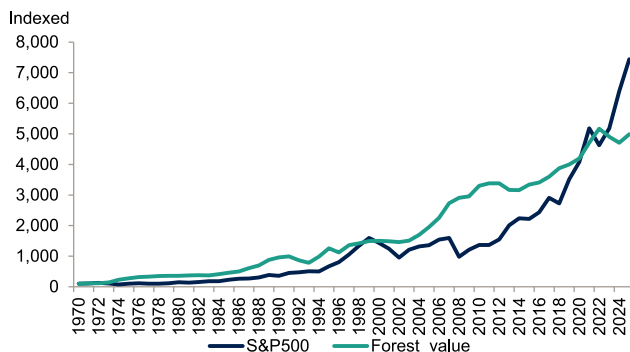
Source: ABG Sundal Collier, Suzano

Forest assets are a function of wood prices and interest rates

Forest asset values have risen ~7.4% historically

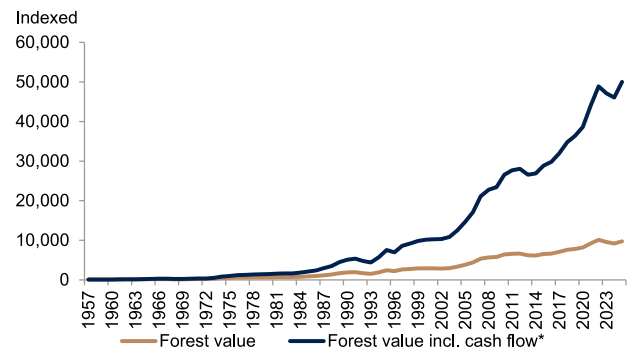
Swedish forest assets have provided a quite impressive historical return. The annual return CAGR from 1970-2025 has been ~7.4% for Swedish forest assets. This is on a par with the performance from the S&P 500 despite significantly less risk (real estate vs. stocks, long duration and harvest flexibility). Note that this calculation does not include the cash flow from the forest (annual harvesting). The “cash flow” yield has historically been 2-4%, which would put the total return CAGR at ~9.4% for Swedish forest assets.

Swedish forest value vs. S&P 500



Source: ABG Sundal Collier, FactSet, LRF

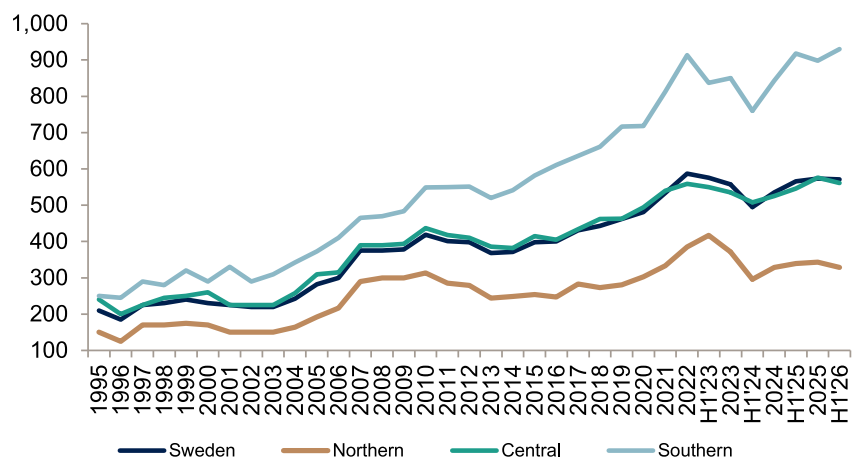
Historical return on Swedish forest assets



Source: ABG Sundal Collier, FactSet, LRF, *Assuming reinvestments

In Jan'26, the Swedish forest broker, Ludvig&Co, released transaction statistics for 2025. Forest asset prices continued its positive momentum from H2'24 (note that H1'24 prices fell 11% vs. FY'23). In 2025, Swedish prices increased +7% overall vs. FY'24, and prices increased in all regions: +10% vs. FY'24 in Central Sweden, +7% vs. FY'24 in Southern Sweden, and +4% vs. FY'24 in Northern Sweden. SCA and Holmen have most of their forest assets in Northern Sweden.

Stora's forest assets are mainly located in Central Sweden (with some exposure in the North). Svefa, another entity who also tracks forest transactions prices, published in Jan'26 its assessment on prices for 2025: prices in Sweden increased +3% y-o-y. Prices rose y-o-y in all regions, +4% in Central Sweden, +3% in Southern Sweden, and +0.7% in Northern Sweden

Swedish transaction prices

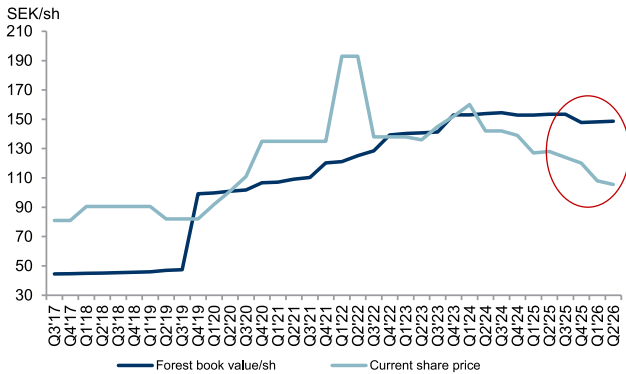
Source: ABG Sundal Collier, Ludvig & Co

Forest valuation: SOTP for Stora, SCA, Holmen

In our SOTP valuation below, we show the most updated MTM prices, as well as the reported forest values. Note that the companies do their annual forest value change in Q4 using 3Y rolling average prices. Prices rose 10% in '22, fell -5% in '23, and fell another -3.9% in '24. From Q4'25, the valuation will no longer include '22 prices; instead, it will be based on '23, '24, and '25 prices. Since the higher '22 level drops out of the calculation and is replaced by lower subsequent years, the three-year rolling average have decreased.

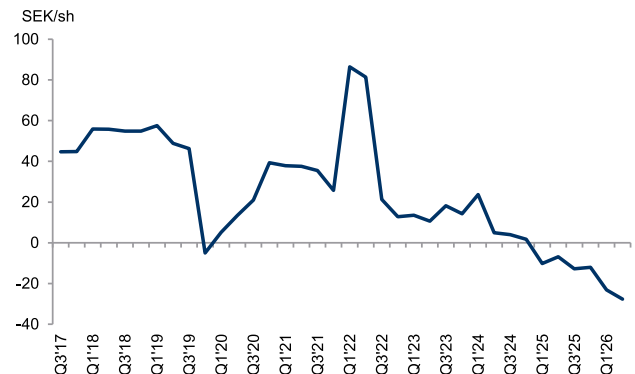
Additionally, we also provide historical forest book value/sh vs. the historical share prices, as well as the implied market value of the industrial assets (adjusted for NIBD/sh).

SCA forest value/sh vs. share price



Source: ABG Sundal Collier, SCA

SCA implied value of indust. assets



Source: ABG Sundal Collier, SCA

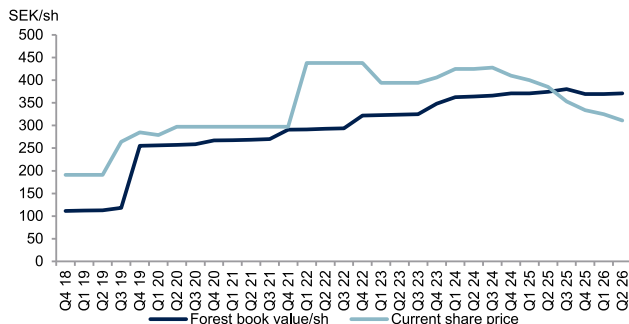
SCA SOTP sensitivity to different forest values

SCA SOTP			SCA SOTP sensitivity										
	SEKm	SEK/share											
EBIT (average '18-'24)	5,166												
Forest EBIT	2,304												
EBIT excl. forest	2,863												
Industry multiple	10x												
Value of industry	28,626	41											
Forest transaction price (SEK/m3)	347												
Forest volume (mill m3)	279												
Forest value (SEKm)	96,670	138											
Enterprise value	125,295	178											
NIBD	10,859	15											
Equity value	114,436	163											
Share price	163	163											

SCA share price (SEK)		Industry multiple (EV/EBIT)									
		7x	8x	9x	10x	11x	12x	13x			
250	112	116	121	125	129	133	137				
347	151	155	159	163	167	171	175		←	New MTM (H1'26)	
361	156	161	165	169	173	177	181		←	Old MTM (FY'25)	
372	161	165	169	173	177	181	185		←	SCA's book value	
484	205	209	213	217	221	226	230				
521	220	224	228	232	236	240	244				
600	251	255	260	264	268	272	276				

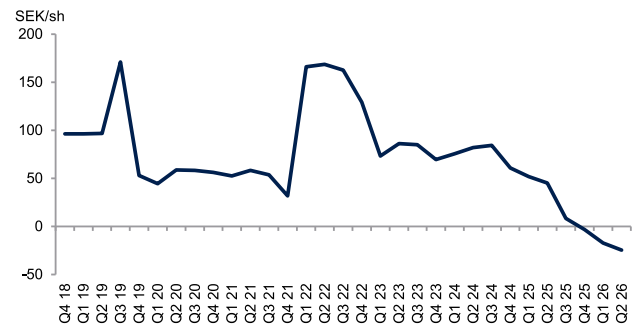
Source: ABG Sundal Collier, Company data, Using MTM value on forest assets

Holmen forest value/sh vs. share price



Source: ABG Sundal Collier, Holmen

Holmen implied value of indust. assets



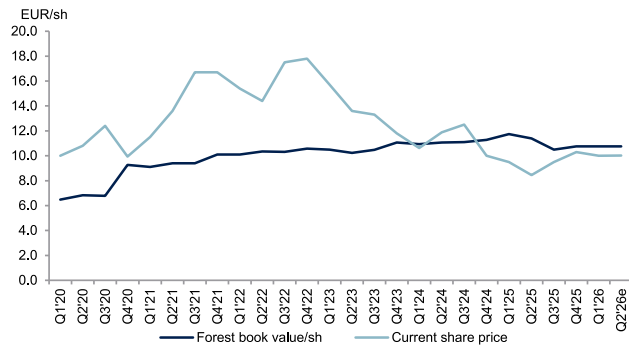
Source: ABG Sundal Collier, Holmen

Holmen SOTP sensitivity to different forest values

Holmen SOTP		SEKm SEK/share		Holmen SOTP sensitivity									
EBIT (average '18-'24)		3,790		Holmen share price (SEK)									
EBIT excl. forest and energy		1,913		Industry multiple (EV/EBIT)									
Industry multiple		10x		7x	8x	9x	10x	11x	12x	13x			
Value of industry	19,126	125		250	339	352	364	376	389	401	414		
Forest transaction price (SEK/m3)	418			418	479	491	504	516	528	541	553	← New MTM (H1'26)	
Forest volume (mill m3)	128			435	493	506	518	530	543	555	568	← Old MTM (FY'25)	
Forest value (SEKm)	53,339	348		444	501	513	526	538	550	563	575	← Holmen's book value	
Energy assets (SEKm)	10,895	71		566	602	614	627	639	652	664	677		
Enterprise value	83,359	543		609	638	650	663	675	688	700	713		
NBID	4,186	27		650	672	685	697	709	722	734	747		
Equity value	79,173	516											
Share price		516											

Source: ABG Sundal Collier, Company data, Using MTM value on forest assets

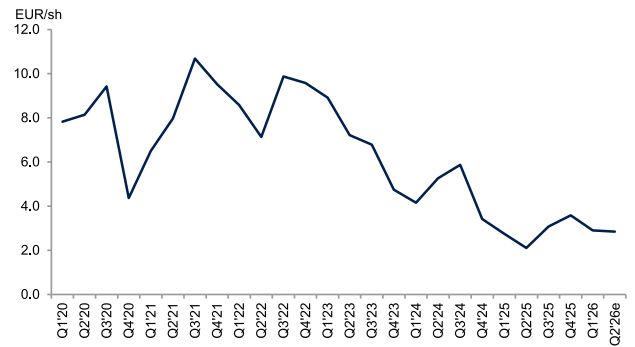
Stora forest value/sh vs. share price



Source: ABG Sundal Collier, Stora Enso

Footnote: Incl. Guangxi, Veracel (50%) and MdP (50%)

Stora implied value of indust. assets



Source: ABG Sundal Collier, Holmen

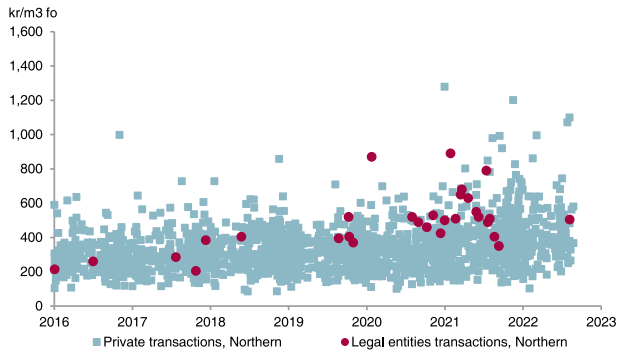
Stora SOTP sensitivity to different forest values

Stora Enso SOTP		EURm EUR/share		Stora Enso SOTP sensitivity									
EBIT (average '18-'24)		1,048		Stora Enso share price (EUR)									
Forest EBIT		198		Industry multiple (EV/EBIT)									
EBIT excl. forest		850		7x	8x	9x	10x	11x	12x	13x			
Industry multiple		10x		250	8	9	10	11	12	13	15		
Value of industry	8,500	11		452	12	13	14	15	16	18	19	← New MTM (H1'26)	
Forest transaction price (SEK/m3)	452			461	12	13	14	16	17	18	19	← Old MTM (FY'25)	
Forest volume (mill m3)	171			485	13	14	15	16	17	18	19	← Stora's book value	
Forest value (EURm)	7,148	9.1		599	15	16	17	18	19	20	22		
Enterprise value	15,649	20		645	16	17	18	19	20	21	22		
NBID	3,535	4		700	17	18	19	20	21	22	24		
Equity value	12,114	15											
Share price	15	15											

Source: ABG Sundal Collier, Company data, Using MTM value on forest assets

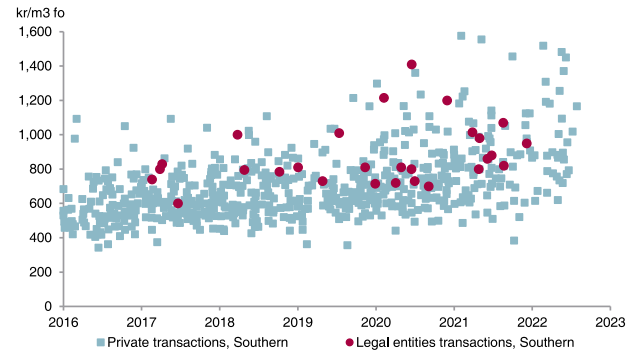
The trend for large, legal entity forest transactions seem to be a significant price premium vs. the smaller, private transactions. This could be due to restrictions on how much forest legal entities can own in Sweden, in addition to the potential for lower taxes. It could also just be a reflection of the low-interest rate era when pension funds bought forest assets given the decent relative yield. Svefa calculates that the price premium for legal entity transactions has increased from 10-15% to 30-40% vs. the smaller private transactions.

Private and legal entities transactions, Northern



Source: ABG Sundal Collier, Svefa, SCA

Private and legal entities transactions, Southern



Source: ABG Sundal Collier, Svefa, SCA

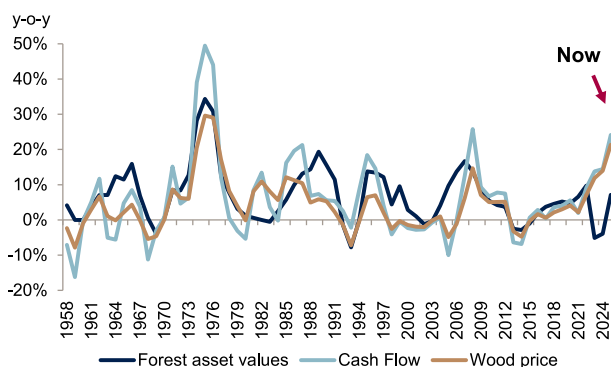
Stora set the valuation record in December '20 when it sold 5,200 ha in Southern Sweden for SEK 940m. The valuation of SEK 1,175/m³ implied a ~65% premium to the Southern Sweden transaction prices.

Some notable forest transaction occurred in '24, notably United Bankers' sale of its 33k ha Finnish forest assets to Munich Re Group for EUR 166m, and Google's purchase of 1.4k ha in Finland for EUR 22m to build a data centre. Google paid ~EUR 19,300/ha, which compares to the ~EUR 5,000/ha that United Bankers fetched (and vs. '20-'24 average of ~EUR 8,700/ha).

Building a model for Swedish forest asset values

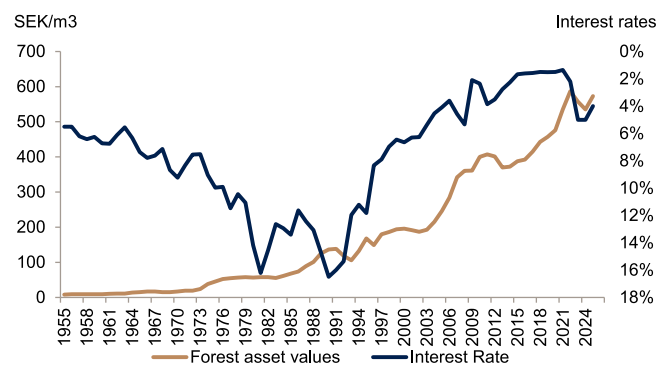
We have analysed Swedish forest asset value data dating back to 1950 and looked at different variables for explaining the historical asset value development. The key finding is that forest asset values seem to be mainly explained by wood price changes, i.e. earnings from the forest operations in addition to interest rates.

Forest asset values vs. wood price/cash flow



Source: ABG Sundal Collier, LRF, Lantmäteriet, Svefa, Skogstyrelsen

Forest asset values vs. interest rates



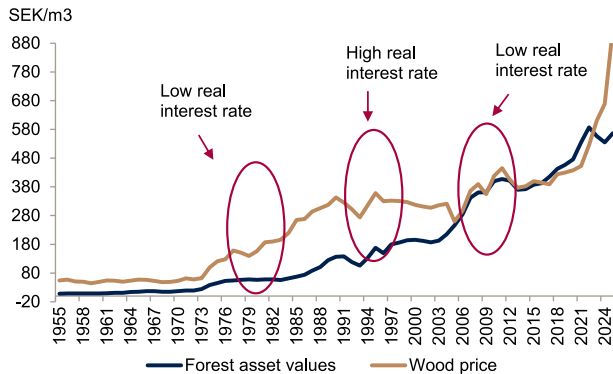
Source: ABG Sundal Collier, SCB

We find a correlation of 89% between forest asset values and wood prices. The correlation increases to 96% if we adjust for costs and harvesting volumes and look at the forest owner's actual cash flow. This indicates that the development in forest asset values is largely explained by the earnings potential from the forests. Forest asset values could also provide a good hedge against inflation through higher wood prices (see more later).

We also find support for interest rates explaining the development of forest asset values. Our analysis shows that there is an inverse relationship between forest asset values and

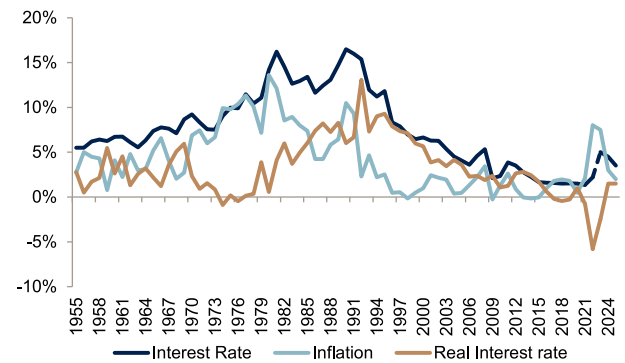
interest rates (-60% correlation). Forest asset values seem to be largely explained by earnings for forest operations, but interest rates explain some of the large spikes/shifts we have seen in the asset values historically. Forest asset values have risen >140% since 2000, or by a CAGR of 5% p.a. In the same period, interest rates have dropped from ~7% to 0-4%. As further support for this, forest asset values declined at the beginning of the 1990s when interest rates rose significantly. The real interest rate is the key driver here, and the recent run-up in real interest rates is a negative signal for forest asset values.

Forest asset values vs. wood price



Source: ABG Sundal Collier, LRF, Lantmäteriet, Swefa, Skogstyrelsen

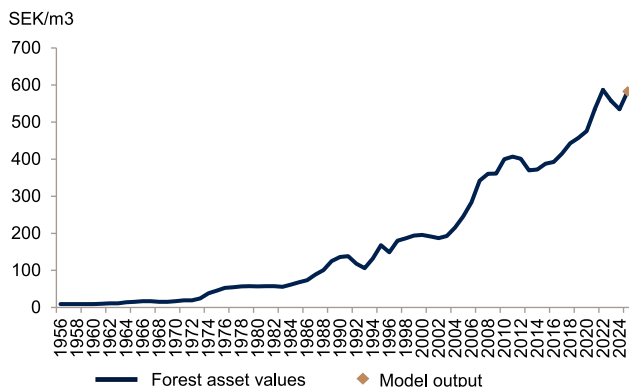
Sweden: Interest rates, inflation and real interest rates



Source: ABG Sundal Collier

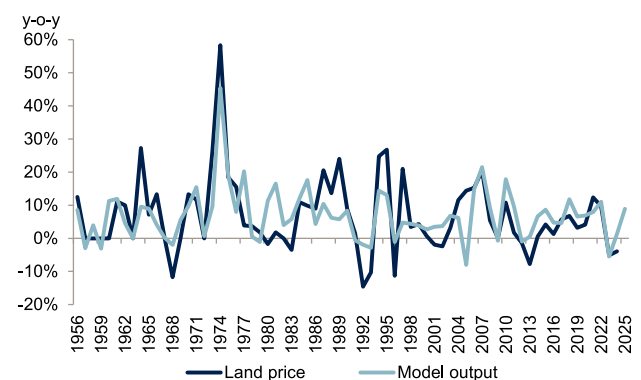
We constructed a regression model to look at the impact of wood prices and interest rates on forest asset values. On average, we find that a 10% increase in wood prices would boost forest asset values by ~9% while a 1pp higher interest rate would decrease forest asset values by ~4%. In an environment with higher interest rates, there could be less support for higher forest asset values (real estate). Our forest asset value model pointed to ~10% p.a. higher forest asset values in '21/'22. This turned out to be correct. Assuming interest rates of 5% in '23-'24, our model would point to ~5% lower forest asset values, and indeed asset values fell 5.1% in '23 (and declined another 3.9% in '24). However, lower interest rates and high wood prices would point to higher transaction prices from '25-'26.

Forest asset values model



Source: ABG Sundal Collier

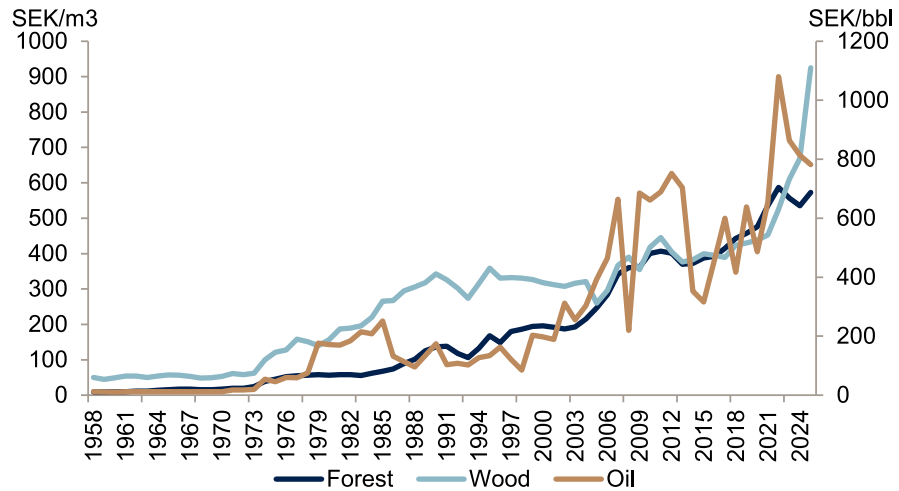
Forest asset values model y-o-y



Source: ABG Sundal Collier

The chart below illustrates a potential link between oil prices and forest asset values. In times of high oil price/raw material cost inflation, forest values appear to follow. The oil supply shock in 1973 pushed up oil prices by 300%. Forest asset values rose 200% and wood prices rose 150% in the same period. The 1979 oil supply shock increased prices further. Oil prices rose 150% in the demand-driven oil price boom of 2003-2012 while forest asset values rose 120% in this era. Oil prices have almost doubled since '20 due to post-pandemic recovery and the Russian war in Ukraine (Russia accounts for ~10% of global oil output), while forest asset values have increased by ~15%.

Forest values vs. oil prices

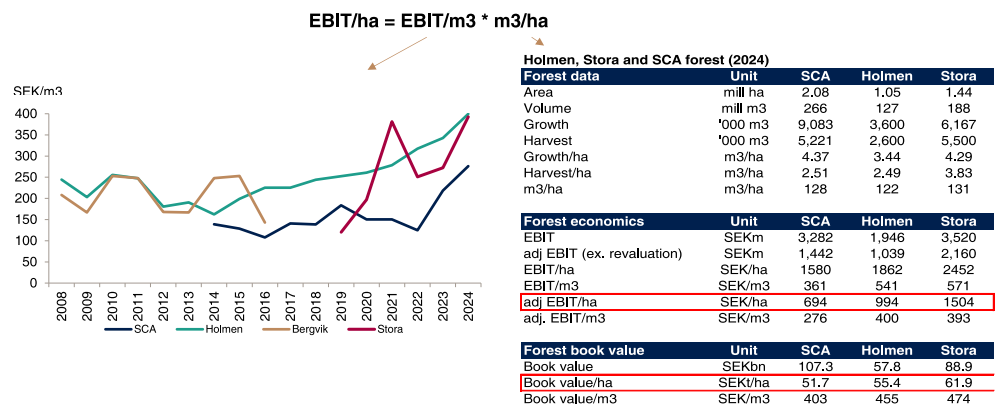


Source: ABG Sundal Collier

The key rationale is probably that wood can be used as an energy source (everything made of oil can be made of wood). Further, high oil prices are often an indication of lower availability of most goods, and most raw materials tend to move in tandem. Higher oil prices also increase production costs. The correlation between oil prices and forest asset values in Sweden is 90% since 1958.

Benchmarking forest assets: SCA Holmen and Stora

We have studied the forest assets of SCA, Stora and Holmen. We find that Stora's forest assets seem conservatively valued compared to SCA and Holmen. SCA has ~7% lower EBIT vs. Stora despite the fact that SCA's forest is 45% larger. If we exclude forest revaluation gains to obtain adjusted (real) EBIT, Stora actually has significantly larger EBIT than SCA. Stora's forest has ~2% lower growth/ha and 117% better adj. EBIT/ha compared to SCA, but it has been valued only 20% above in terms of book value/ha. In this report, we have included Stora's forest assets in Sweden and Finland. Stora has an 80/20 split in Sweden/Finland and uses a transaction-based valuation approach in both regions.



Source: ABG Sundal Collier, Company data

EBIT/ha can be broken down into EBIT/m3 and harvest/ha

Stora has ~42% higher adj. EBIT/m3 than SCA and ~50% higher harvest/ha. Holmen has 45% higher adj. EBIT/m3 than SCA and ~1% lower harvest/ha. This is probably due to SCA's relatively younger forest (higher cost/lower price) and more northern location (lower price). SCA's forest is young, which means that net growth (growth-harvest) is higher and the current harvesting is lower, i.e. there is a longer wait before the cash flow improves.

Harvest vs. growth comparison

Growth, harvest	Unit	SCA	Holmen	Stora
Growth	'000 m3	9,083	3,600	6,167
Harvest	'000 m3	5,221	2,600	5,500
adj. EBIT/m3	SEK/m3	276	400	393
Harvest/ha	m3/ha	2.51	2.49	3.83

Source: ABG Sundal Collier, Company data

It is relevant to consider EBIT incl. forest revaluation gains (reported EBIT) to capture the future cash flow from SCA's forest. Holmen has 18% higher reported EBIT/ha compared to SCA, while Stora's forest EBIT is ~7% higher than SCA (and 80% higher than Holmen). Stora's assets are valued ~20% above SCA and ~12% above Holmen in terms of book value/ha.

This seems conservative if we consider location. Stora's Swedish forest assets are located in the middle of Sweden, where transaction prices are ~50% higher than in the North (where SCA and Holmen have their forest assets). On the other hand, the implied yield of the companies' forest assets is pretty similar across the companies. We find a yield of 3-3.5% for SCA and Holmen, and 4% for Stora (reported EBIT/book value).

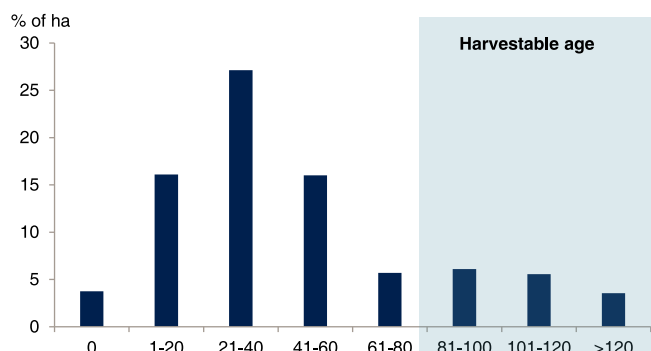
	SCA	Holmen	Stora
EBIT	3,282	1,946	308
Forest value	107,329	57,843	7,776
Implied yield	3.1%	3.4%	4.0%

Source: ABG Sundal Collier, Company data

More harvesting could improve SCA's forest EBIT

We have also taken a deeper look into SCA's forest assets. The company's forest is young, which means that: 1) revaluation gains are at a high level (higher net growth) and 2) the current cash flow is weaker (less harvest less/higher costs). Note that 70% of SCA's forest is currently below the harvestable age and its harvesting level can increase as the forests mature. This means that SCA probably does more thinning and less harvesting than Stora and Holmen. Thinning implies producing a product at half the output price at twice the harvesting cost, i.e. the margin from thinning is typically 20-30% compared to harvesting (final felling).

SCA forest by age



Source: ABG Sundal Collier, Company data

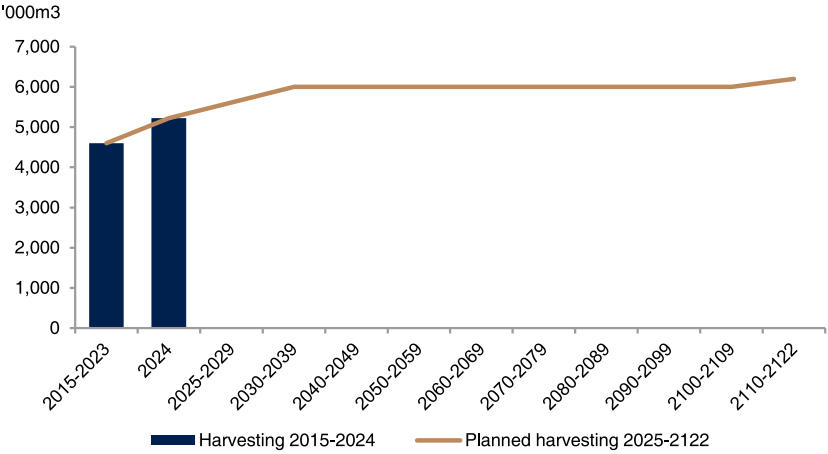
SCA: cash flow will increase with more harvest

SCA	Unit	2023	2025	2040	Chg.
Harvesting	'000 m3	4,951	5,400	6,000	21%
adj EBIT*	SEKm	1,081	1,775	2,125	97%
adj. EBIT/ha	SEK/ha	520	855	1023	
adj. EBIT/m3	SEK/m3	218	329	354	
Harvest/ha	m3/ha	2.38	2.60	2.9	

Source: ABG Sundal Collier, Company data

SCA sees +7-10% higher harvesting level by 2025 and the company has previously estimated cash flow to increase by SEK 300-400m p.a. from 2025. Harvesting should rise further to 6 mill m3 by 2040, and adj. EBIT per ha or m3 would then become closer to Stora and Holmen.

SCA: Harvesting plan

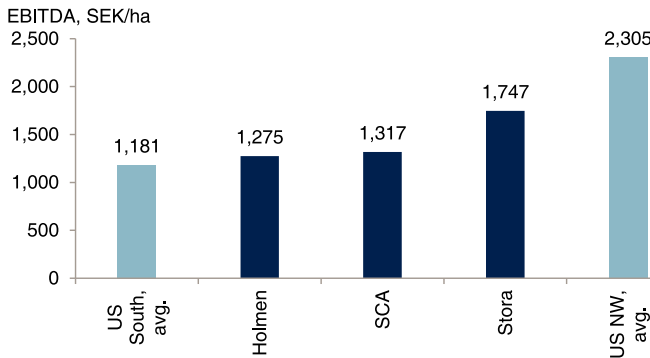


Source: ABG Sundal Collier, Company data

Benchmarking vs. US peers

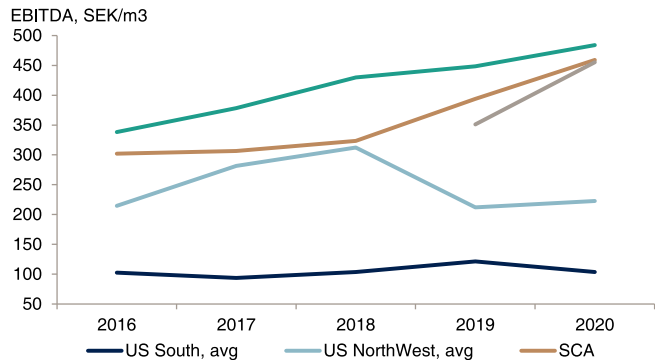
There are no listed pure-play forest assets in Europe that we can use for comparison, but there are several in the US. We have compared the Nordic companies' forest assets to US forest peers Rayonier, Potlatch, Weyerhaeuser and Pope. The Nordic forest companies stand out with higher EBITDA per harvested m3. This is particularly true vs. the Southern US peers, as wood prices in this region are depressed. The US forest peers, however, have significantly higher harvesting level per ha (2x), which improves their EBITDA/ha. We find that peers in North West of the US outperform, with an EBITDA/ha 60% above the Nordic companies. The earnings from the Southern US peers, however, are in the lower end.

EBITDA SEK/ha



Source: ABG Sundal Collier, company data

EBITDA, SEK/m3 harvested

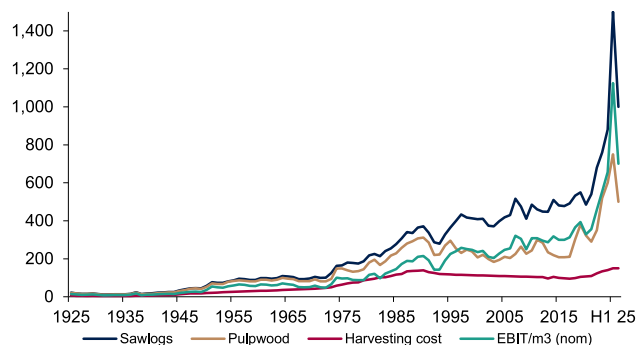


Source: ABG Sundal Collier, Company data

Forest economics: Price down, volume up more

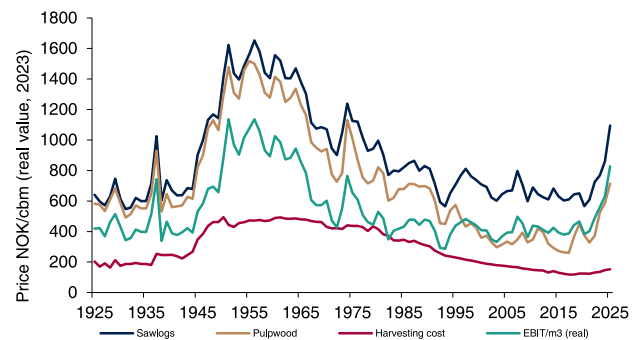
The long history shows that wood prices are down significantly (have increased recently, though). Sawlog prices in the Nordics have dropped by more than 50% in real terms since the peak in the post-war years (1945-1965), but are not far from their long-term average if we exclude this period. EBIT/m³ from harvesting in real terms has actually been quite stable at SEK 250-300/m³ given the dramatic drop in harvesting costs (again excluding 1945-1965).

Long-term wood prices (nominal)



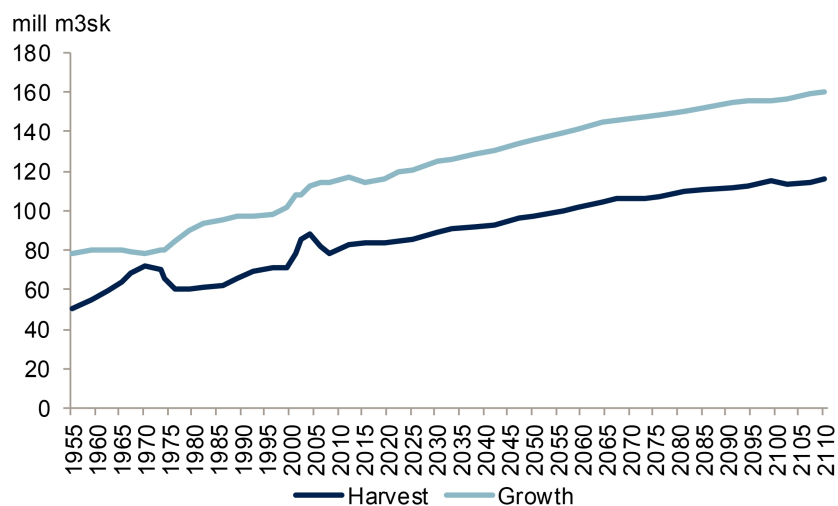
Source: ABG Sundal Collier, Luke

Long-term wood prices



Source: ABG

For the forest owners, however, higher harvesting volumes have compensated for the lower prices. Sweden's harvest volumes have gone up by 65% since 1955 and are projected to double by 2050 (130% from 1955 to 2110), according to Skogen. Better silviculture and warmer weather are the main drivers behind the higher growth. The average forest owner actually seems to be better off than in the past due to the higher volumes.

Harvesting volumes up +65%

Source: ABG Sundal Collier, Skogsdata 2016, Per-Erik Wikberg

11) Long-term winners have the best exposure & asset quality

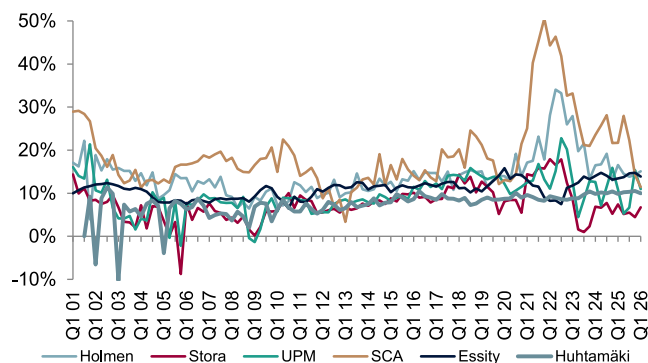
In this section we identify the best players. The players at the bottom of the cash cost curve will achieve the highest returns in a commodity industry. SCA and Holmen have the strongest asset quality when considering the larger commodity markets. Niche players like Borregaard and Nordic Paper can be more difficult to assess in the same way as they can achieve higher prices via owning the end-customer (high market share or specialisation). We have looked into long-term margins and share price performance. Our conclusion is that SCA, Holmen and Borregaard are the best companies long-term.

Margins by company and segment

SCA and Holmen stand out with the best clean EBIT margins over time, driven by their forest and energy assets. They are followed by Borregaard (high margins from its lignin and speciality cellulose business) and Nordic Paper (but we lack a long historical data series here). The charts below show that the companies with the highest margins focus on areas other than paper.

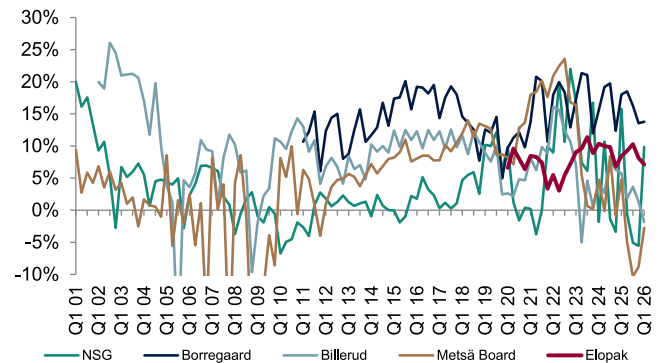
Metsä Board's margins have improved in the last 5 years vs. the last 25-year chart as the company has migrated away from paper to packaging and pulp while Billerud has moved down vs. the rest of the sector in the last 5y (production problems and more paper).

Clean EBIT margins per company



Source: ABG Sundal Collier, Company data

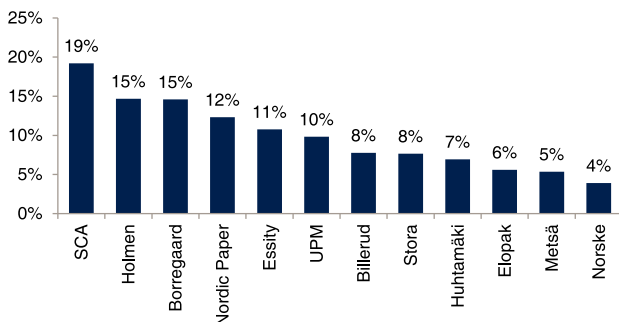
Clean EBIT margins per company



Source: ABG Sundal Collier, Company data

EBIT margins last 25y

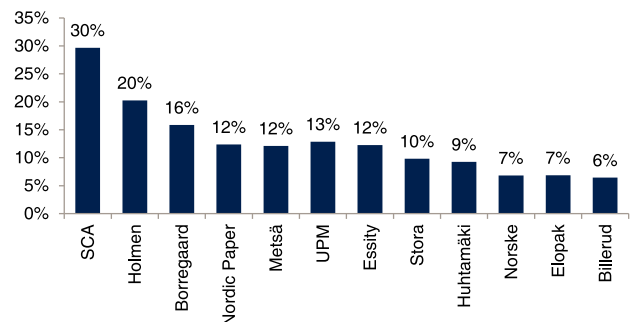
Clean EBIT margins



Source: ABG Sundal Collier

Clean EBIT margin per company (5Y avg.)

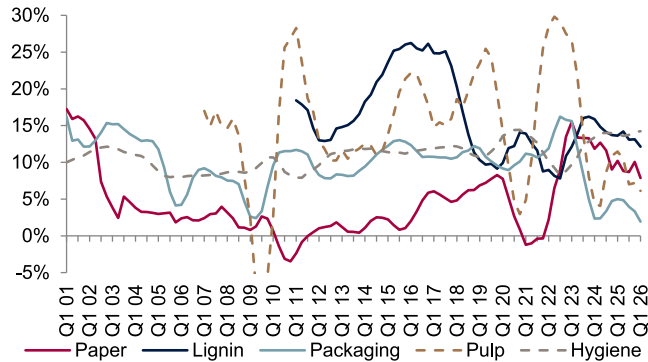
Clean EBIT margins



Source: ABG Sundal Collier, Company data

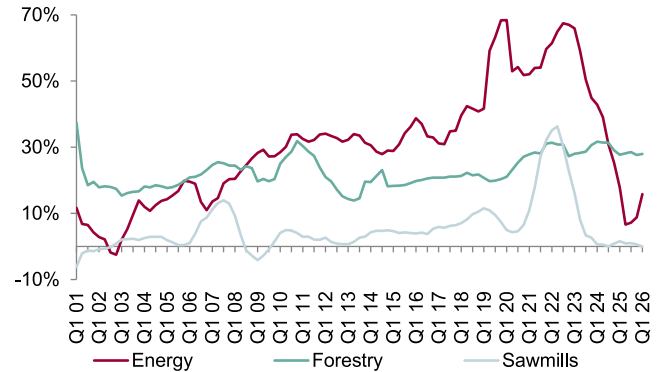
When we stack margins by segment across companies, we can see that there are large margin differences across segments. The best EBIT margins are found in the following business segments: Energy (31%), Forestry (23%), Lignin/speciality cellulose (14-16%), Pulp (15%), Hygiene (11%), and Packaging (10%) — all of which have historically beaten Sawmills (5%) and Paper (4%).

Clean EBIT margins per segment (rolling 12m)



Source: ABG Sundal Collier, Company data

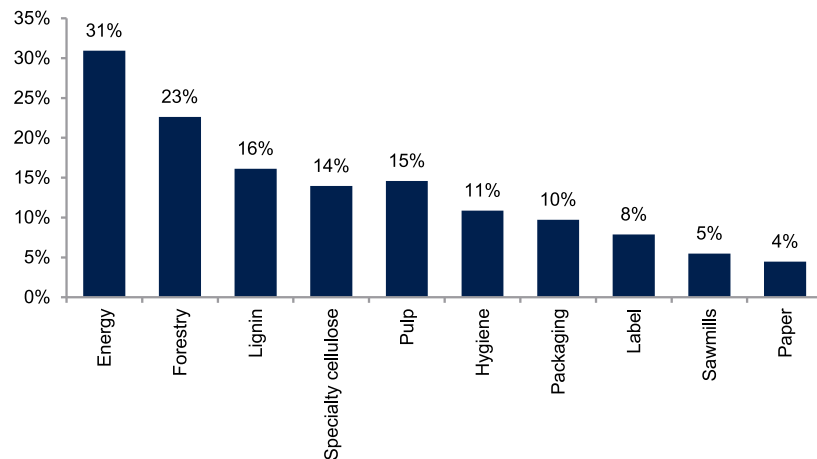
Clean EBIT margins per segment (rolling 12m)



Source: ABG Sundal Collier, Company data

Our analysis of EBIT margins across different segments shows that energy and forestry exposure win over time while paper loses. Consequently, companies holding a substantial stake in energy/forestry are naturally poised for better long-term performance compared to those with large paper positions (demand trends strengthen this conclusion further).

Average margins per segment



Source: ABG Sundal Collier, Company data

In terms of pulp exposure, UPM's Uruguay project increases its long position to 5.8mt, making it the third largest produced in the world (behind Suzano and Arauco). Essity was previously the largest buyer of pulp in the world, with a net short position of 3.3mt, but almost halved its position with the sale of Vinda, and is now short 1.8mt.

Below we provide an overview of the EBIT effects of a 10% price increase within the companies' exposures.

EBIT effect of a 10% price change in key output/input prices

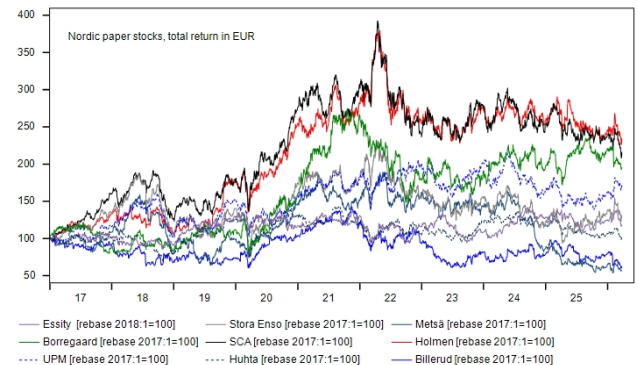
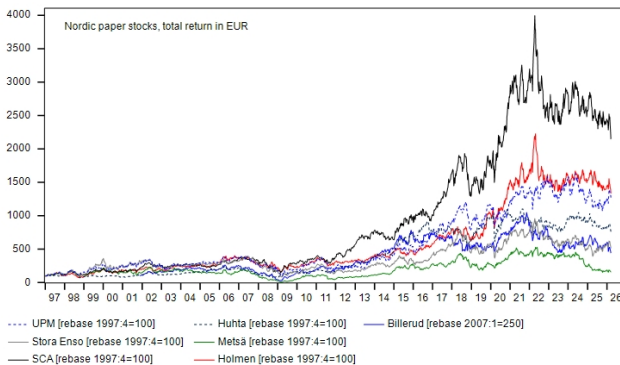
EBIT effect of 10% price change										EBIT effect
Company	Pulp	Sawmill	Containerb.	Cartonb.	Kraft Paper	Publ. Paper	Fine paper	Wood cost	RCP cost	of new hikes
UPM	15%	1%				12%	9%	-4%	-1%	28%
Holmen		4%		20%		14%		-11%		7%
Stora	9%	5%	18%	33%		3%	1%	-8%	-1%	24%
Metsä	20%	1%	15%	50%				-22%		52%
SCA	12%	4%	15%					-8%	-1%	42%
Billerud	4%		22%	51%	31%	23%	8%	-34%		93%
BRG	9%							-5%		18%
Essity	-7%								-1%	-7%
Norske Skog	-1%		72%			69%		-6%	-5%	69%
Huhtamaki				-34%					-1%	19%
Elopak				-7%						4%

Source: ABG Sundal Collier, Company data

The integrated players win (forest/energy owners)

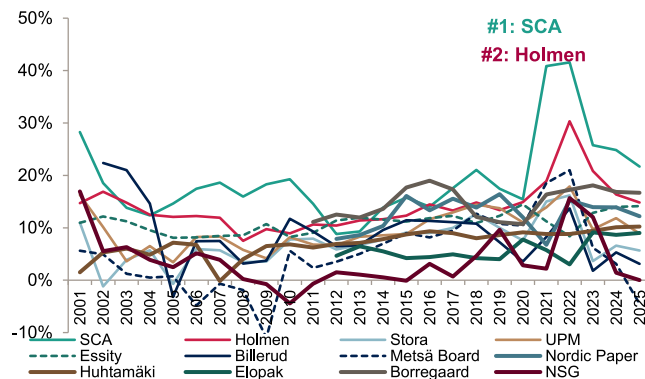
The graphs below show that SCA and Holmen have outperformed their peers in terms of total returns to shareholders (forest assets), together with UPM (energy assets) during the

last 25 years. Borregaard seems to belong to the same club, but it has a shorter period as a separately listed company. These are the same companies that have the best asset quality and margins over time.



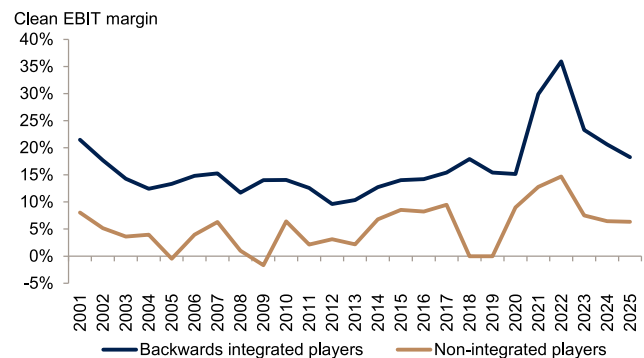
The two players that have historically been backward-integrated with significant forest assets, SCA and Holmen, stand out with the highest margins over time. SCA's EBIT margin has averaged 28% over the last five years, while Holmen has achieved a 20% EBIT margin. The other players have 9-11% margins on average, and we can clearly see the margin difference between the backward-integrated and non-integrated companies over time. The risk with this approach is that we can become backward-looking, but in this case we reckon that the past is a good guide for the future.

Clean EBIT margins per company



Source: ABG Sundal Collier, Company data

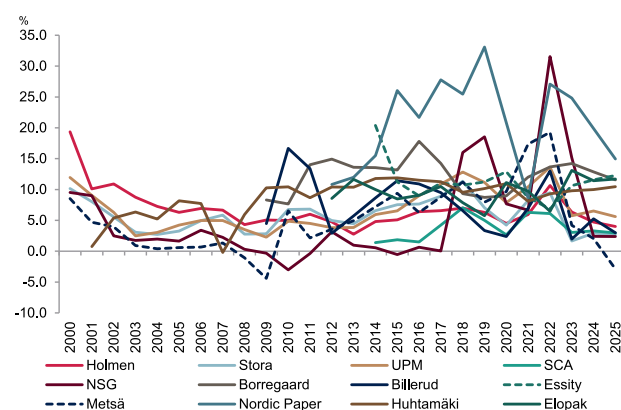
Margin integrated vs. non-integrated players



Source: ABG Sundal Collier, Company data

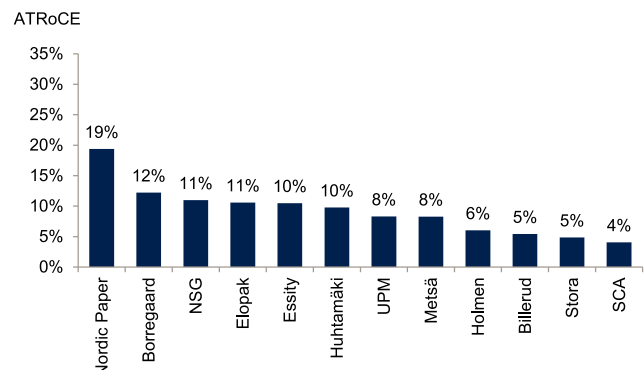
Ideally, we would have used after-tax return on capital employed (ATRoCE) as the benchmark. The problem with this metric is that capital employed is not calculated in the same way across the companies. SCA, Holmen and Stora have revalued their forest assets to real transaction values, which lowers ATRoCE significantly. Norske, Nordic Paper and Borregaard have old, very depreciated assets, which increases ATRoCE.

ATRoCE per company



Source: ABG Sundal Collier, Company data

ATRoCE last 5y



Source: ABG Sundal Collier

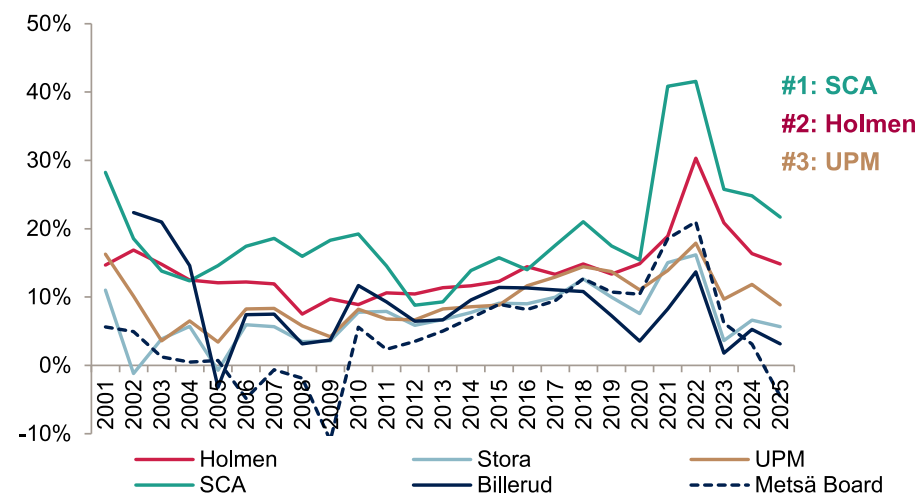
Asset quality and cash cost curves

Microeconomic theory suggests that the players at the bottom of the cash cost curve achieve the highest returns. Below, we have studied RISI cash cost curves for the key markets – market pulp, publication paper and packaging – to determine which of the listed Nordic companies have the best asset quality.

SCA and Holmen have the best asset quality

Our asset quality study shows that SCA and Holmen stand out with the strongest asset quality. Analysing the companies' historical margins shows the same result: SCA, Holmen and UPM have achieved the highest margins over time

Clean EBIT margins per company



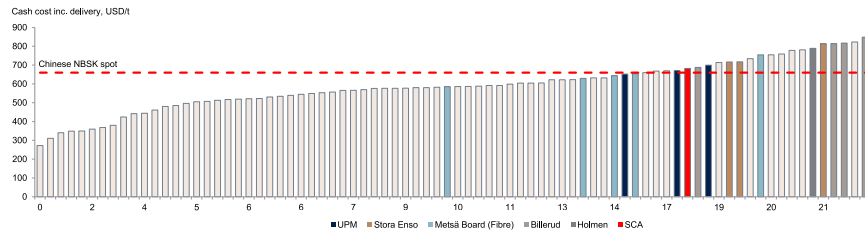
Source: ABG Sundal Collier, Company data

SCA has particularly good asset quality (low cash cost) in softwood pulp and kraftliner, which are the two most important segments for the company (~60% of EBITDA excl. forest). UPM stands out with a particularly low cash cost position on hardwood market pulp, primarily driven by its Fray Bentos mill. Its strong competitive position is strengthened further in 2023 by its new pulp mill in Uruguay. On the other hand, UPM's paper assets appear to have moved up on the curve.

Pulp

Metsä Board, through its 24.9% ownership in Metsä Fibre, stands out as one of the companies with the strongest relative position on the softwood cost curve, with the Kemi mill being the most cost-efficient softwood mill among the Nordic players.

Global softwood pulp cash cost curve

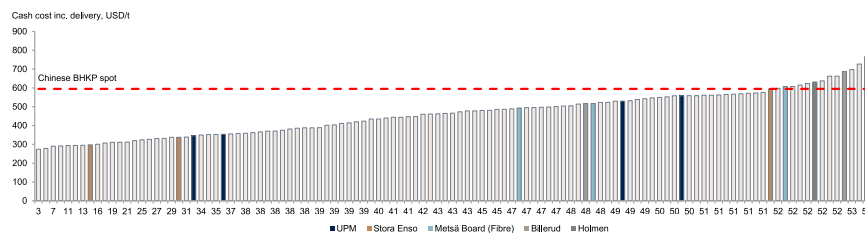


Source: ABG Sundal Collier, RISI

The cash cost curve for hardwood pulp is much steeper than for softwood. This means that a better position on the hardwood cost curve could yield an even better profitability advantage than an equally low position on the softwood cash cost curve.

Stora Enso, through its Veracel JV with Suzano, has the best relative position on the hardwood cash cost curve among the Nordic companies. UPM follows with its 2.1mt Uruguay mill (H1'23), where the company targets a cash cost of USD 280/t. Together with UPM's second most competitive mill, Fray Bentos in Uruguay (1.3mt), the three above-mentioned mills are amongst the top 25 most competitive mills in the world. In addition, UPM has three large pulp mills in Finland that produce a combination of softwood and hardwood pulp with an average capacity of ~800kt per mill.

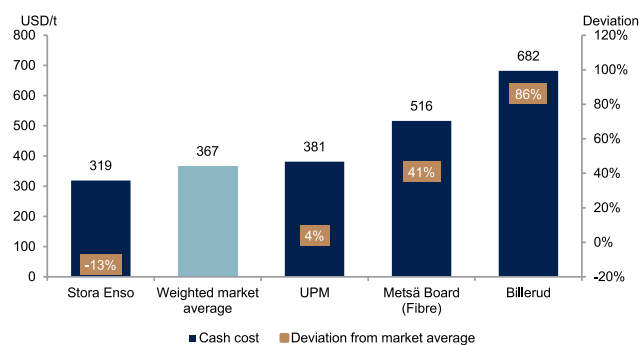
Global hardwood pulp cash cost curve



Source: ABG Sundal Collier, RISI

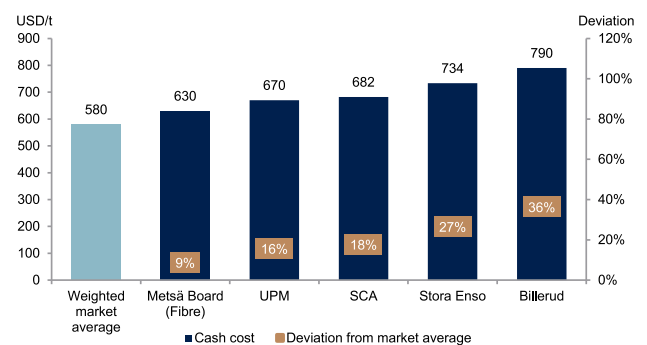
Within hardwood, Stora's average cash cost is 13% below market average, while UPM is 4% above. In softwood, Metsä has the strongest relative position, sitting 7% above the market average, followed by SCA which is 10% above market average.

Hardwood pulp cash cost by company



Source: ABG Sundal Collier, RISI

Softwood pulp cash cost by company



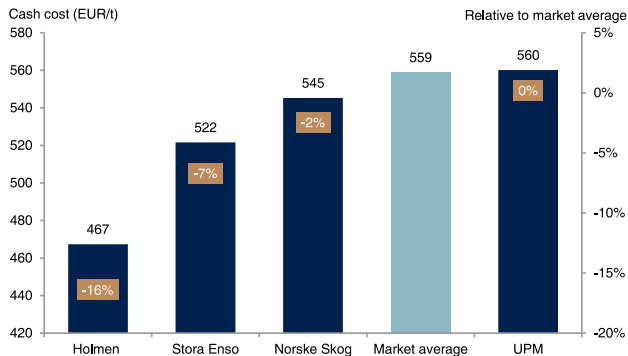
Source: ABG Sundal Collier, RISI

Paper

The Nordic companies are significant players in the European market for publication paper with ~50% of the total newsprint and magazine capacity (excl. Russia). UPM is the largest

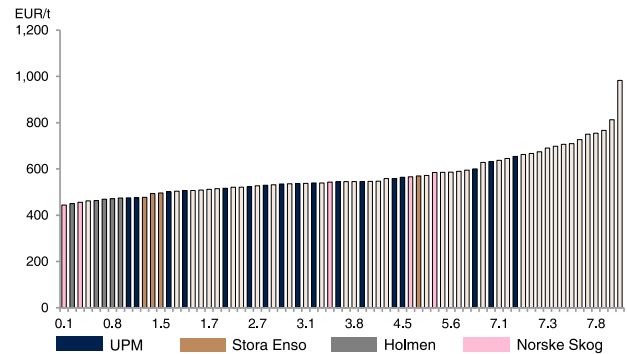
player within magazine paper, accounting for ~30% of the European magazine paper capacity. However, its average cash cost is on par with the market average. UPM has moved up on cost curve lately due to higher wood costs in Finland, higher energy costs in Germany and a stronger EUR vs SEK, NOK. At the very bottom of the cash cost curve, we find Norske's Skogn mill. However, due to its high capacity at mills further up the cash cost curve, Norske's average cash costs lands only -2% below the market average. On average, Holmen and Stora Enso stands out as the two companies with the lowest positions on the magazine cash cost curve, at 16% and 7% below the market average, respectively. Holmen has in recent years shifted its product mix away from newsprint to magazine and book paper.

Magazine cash cost by company



Source: ABG Sundal Collier, RISI

Europe: Magazine cash cost curve

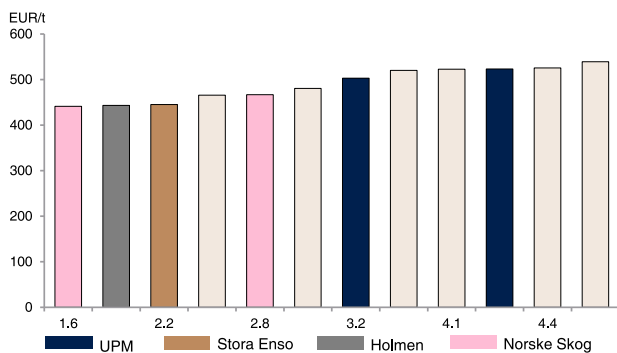


Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

Norske Skog is the largest newsprint producer among the Nordic players, accounting for ~22% of the total European newsprint capacity (excl. Russia). Its Skogn mill is at the very bottom of the cash cost curve, -9% vs. the market average. However, due to its capacity at Golbey (which is further up the cash cost curve), Norske's average cash cost lands -7% below the market average. UPM has the highest cash cost (4% above the market average). Holmen comes on top here as well, with its average cash cost landing -9% below the market average (but note that it only holds ~6% of the total European newsprint capacity excl. Russia).

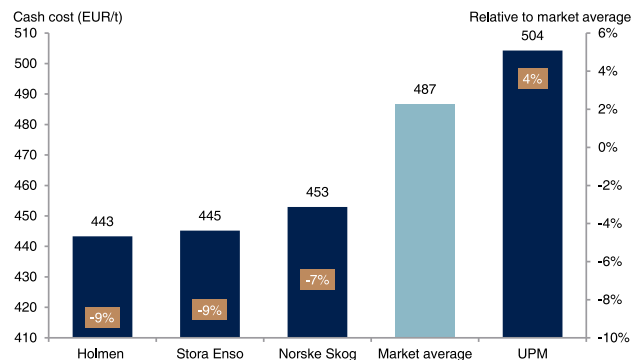
Europe: newsprint cash cost curve



Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

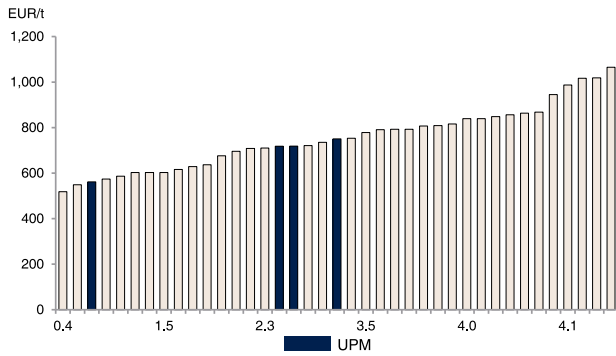
Newsprint cash cost by company



Source: ABG Sundal Collier, RISI

Within coated/uncoated woodfree papers, UPM stands as the only Nordic player with mills. The company have ~26% of the European CWF capacity, and ~10% of the European UWF capacity (both excl. Russia). Within CWF, UPM's average cast cost is 4% below the market average, while it is 6% above the market average within UWF.

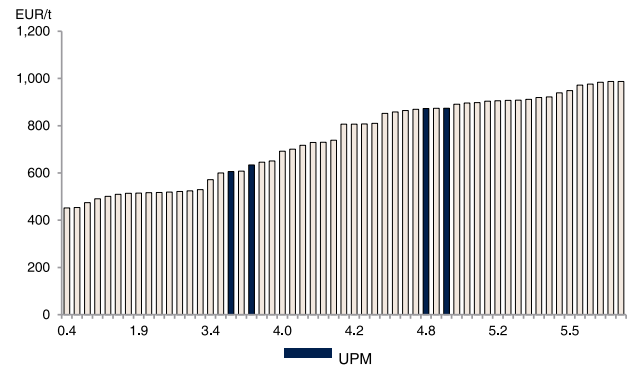
Europe: CWF cash cost curve



Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

Europe: UWF cash cost curve



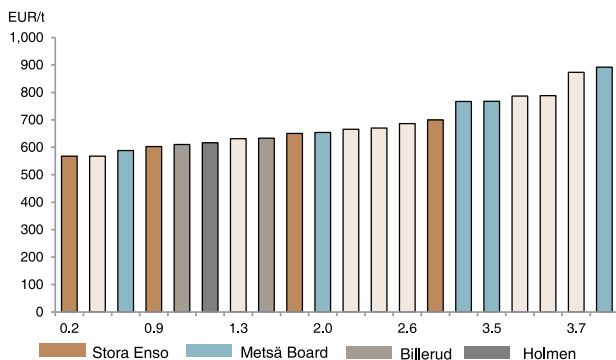
Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

Carton- and containerboard

Of the companies in our coverage, Holmen, Billerud, and Stora Enso have the strongest relative positions on cartonboard, being 8%, 8%, and 3%, below the market average (excl. Russia). Although Metsä Board's Husum mill has the third lowest position on the cost curve, the company's average cash cost position is 5% above the market average. The companies stand for ~70% of the total European cartonboard (FBB) capacity (Metsä Board alone has 35%).

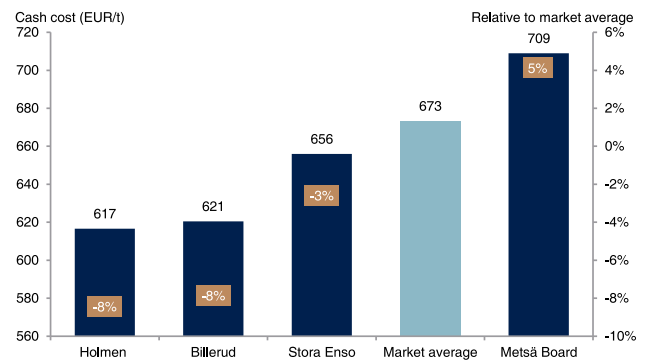
Europe: FBB cash cost curve



Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

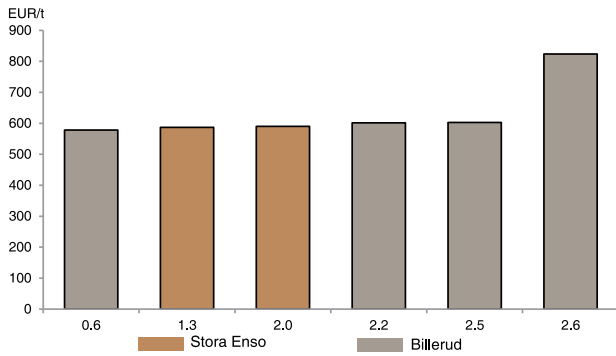
FBB cash cost curve by company



Source: ABG Sundal Collier, RISI

Within the European liquid packaging board space, we mainly find two players that dominate: Stora Enso and Billerud. Stora accounts for ~53% of the total European capacity, while Billerud accounts for ~47% (combined they have 100%, excl. Russia). Billerud's 620kt Gävle mill is the most competitive mill across the two companies. Naturally, both companies' average cash cost curves are on par with the market average.

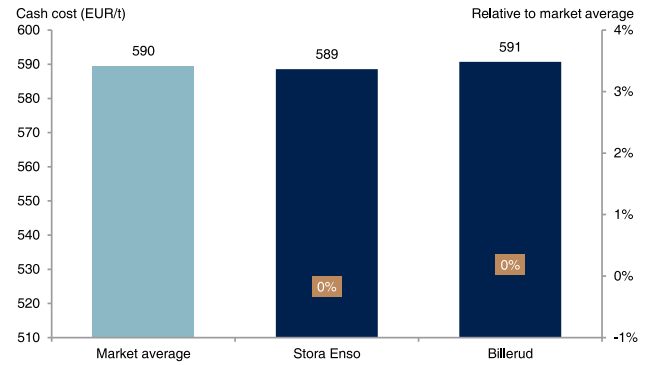
Europe: LPB cash cost curve



Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

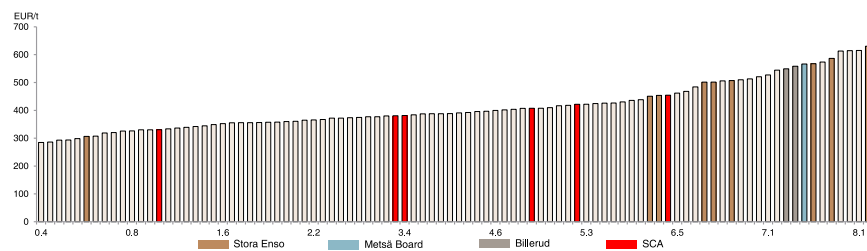
LBP cash cost curve by company



Source: ABG Sundal Collier, RISI

Among the Nordic companies, Stora is the company with a mill lowest on the kraftliner cash cost curve (excl. Russia), but SCA stands out with the best relative position when including all mills. Its competitive position will likely improve further once it completes its SEK 7.5bn investment to revamp the Obbola mill (the new mill will be Europe's second largest). The other Nordic companies, Stora Enso, Billerud, and Metsä Board, do not seem to be that well positioned in the kraftliner market with cash cost significantly above the average cost for the market. Stora's Oulu mill in particular has the highest cash cost among all the European kraftliner mills.

Europe: Kraftliner cash cost curve

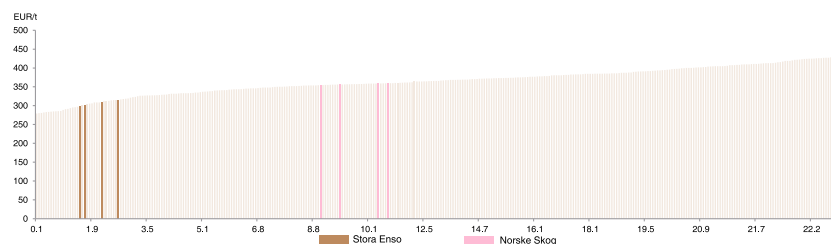


Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

Stora has a relatively strong cash cost position in the European testliner market, with its 140kt Ostroleka mill being its most competitive mill. Norske Skog entered the testliner market in Q4'22 by converting its newsprint machine at Bruck to 210kt of testliner. It will also convert its newsprint mill at Golbey to testliner, but this has been postponed to H1'25. The Golbey mill will become one of the largest mills in Europe with a capacity of ~550kt, which should make Norske Skog an important player in the testliner market. Golbey is not included in the graph below.

Europe: Testliner cash cost curve



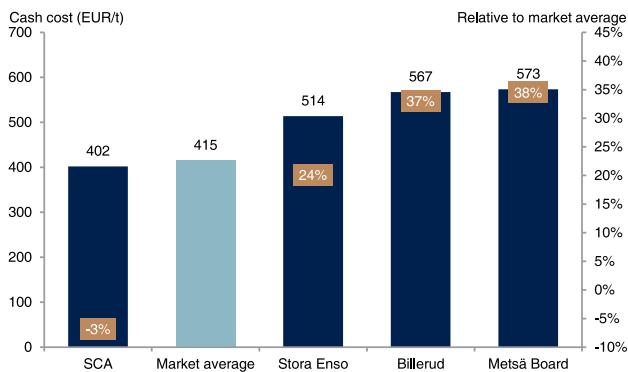
Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

SCA is the only company under our coverage that has cash cost below the market average for kraftliner. This could be due to higher costs in the Nordic countries compared to more low-cost countries (Russia has the top 18 mills with the lowest cash cost, but these have

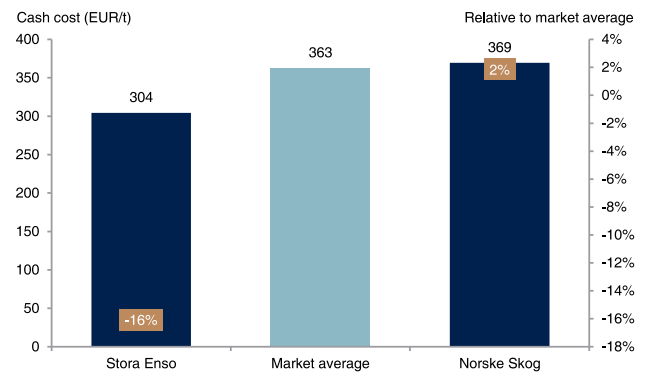
been excluded in our analysis). Within testliner, Stora's average cash cost is below the market, while Norske Skog is above (but Norske might fall below the market average after the Golbey conversion).

Kraftliner cash cost curve by company



Source: ABG Sundal Collier, RISI

Testliner cash cost curve by company



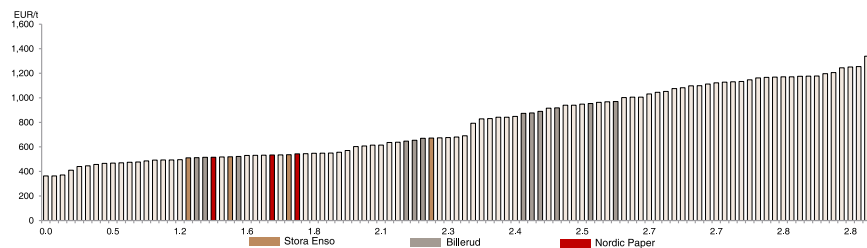
Source: ABG Sundal Collier, RISI

Kraft- and specialty paper

Billerud and Nordic Paper are significant players in the European kraft paper market. Billerud produces mainly bleached sack kraft paper while Nordic Paper produces unbleached sack kraft paper. Nordic Paper's most important mill, Bäckhammar, is the sixth-largest unbleached kraft paper mill in Europe. Stora holds the most cost-effective mill (Ostroleka). The three companies hold ~27% of the total European kraft paper capacity (Billerud is the largest, holding ~14%).

However, it is crucial to note that some grades may be more costly to produce but will therefore also fetch a higher price (bleached vs. unbleached).

Europe: Kraft paper cash cost curve

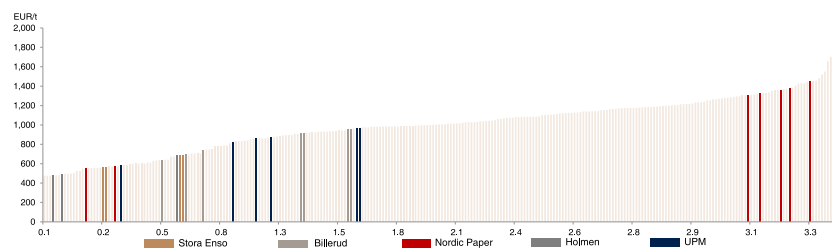


Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

Within specialty packaging paper we find more Nordic players, but they are relatively small in this space. UPM is the largest among the Nordic players, holding ~9% of the European capacity — all the Nordic players hold in total ~18% of the European capacity.

Europe: Specialty packaging paper cash cost curve



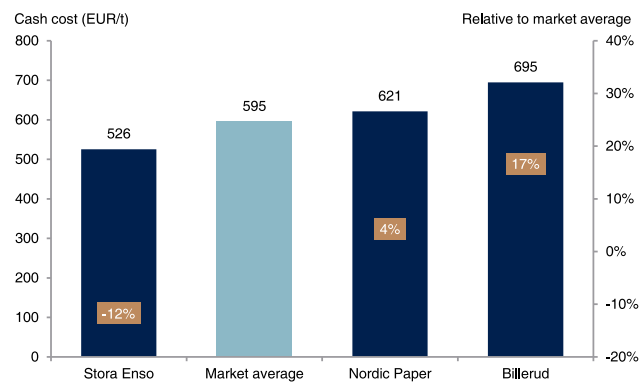
Source: ABG Sundal Collier, RISI

Footnote: Cumulative capacity on x-axis

In kraft paper, Stora's average cash cost position is below the market average, while Nordic Paper and Billerud are both above. However, it is crucial to note that some grades may be more costly to produce but will therefore also fetch a higher price (bleached vs. unbleached).

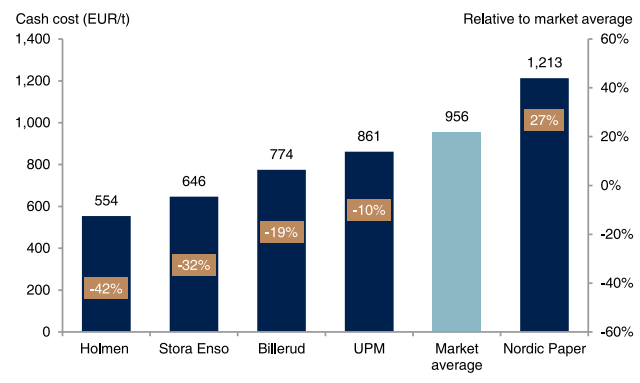
Within specialty packaging paper, most of the Nordic players are below the market average (the exception is Nordic Paper).

Kraft paper cash cost curve by company



Source: ABG Sundal Collier, RISI

Specialty pack. cash cost curve by company



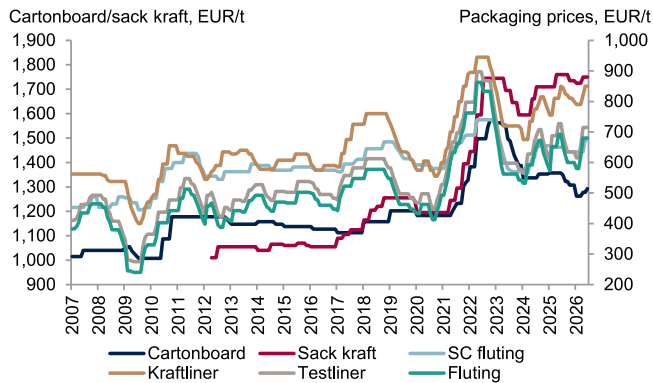
Source: ABG Sundal Collier, RISI

5) Packaging: Utilisation rates low - mind the gas hike

The packaging utilisation rates have improved, but are still low historically (cartonboard is weakest at 78-80% vs 90% and containerboard at 85-87% vs 92%). In Q2'26, packaging prices rose ~5% q-o-q, lead by early-cyclical containerboard +10% and late-cyclical cartonboard +2%. This follows rising gas prices, and several players (e.g Smurfit) announced price increases which materialised during Q2.

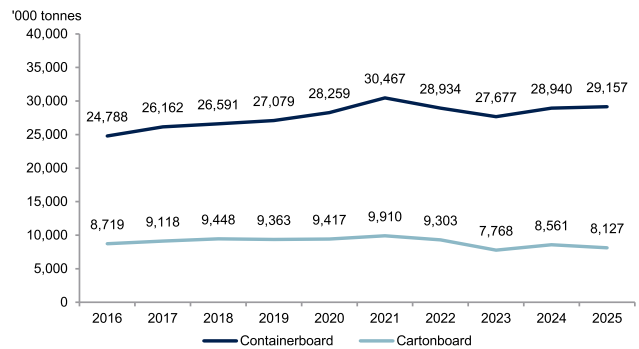
LDPE plastic prices have doubled in Europe due shortages (Hormuz closure). This could lead to a faster plastic to carton shift.

Packaging prices



Source: ABG Sundal Collier, RISI

Carton- and containerboard demand development

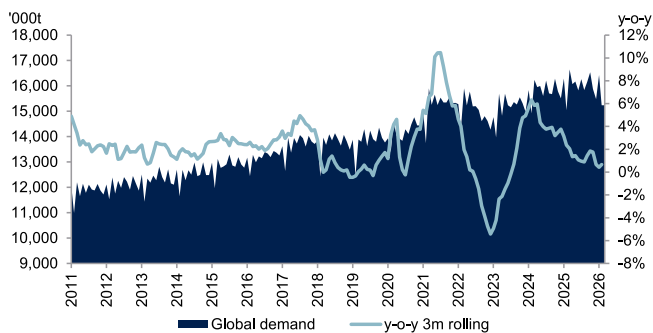


Source: ABG Sundal Collier, RISI

Containerboard: Demand soft, but supply growth a bit better

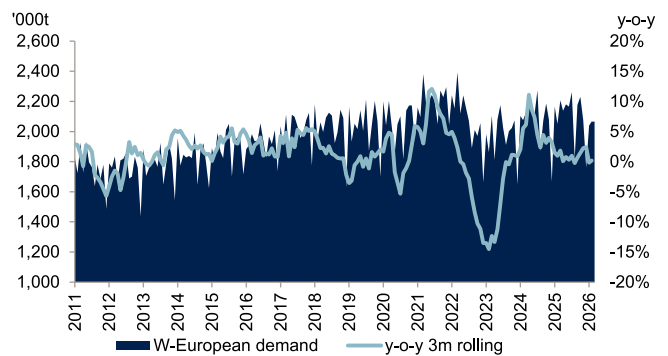
We expect both global and Western European demand in Q2 to be in the range of +2 to -2% y-o-y, which compares to global 0% & WE -1% in Q1'26. Note that containerboard demand has historically grown by 2-3% p.a. globally, and '21 was the peak year with +8%. '22-'23 were soft, driven by weak Western European demand and destocking.

Global containerboard demand



Source: ABG Sundal Collier, Bloomberg

WE containerboard demand



Source: ABG Sundal Collier, Bloomberg

Supply growth of ~1.0% in '26

We have updated our detailed capacity data, and pencil in containerboard capacity growth of ~1% in '26. The development is impacted by a delay in Eren Paper's 750kt RCCM mill in UK, and the delay of DSS Porcari RCCM 350kt expansion into '26. We see the potential for flattish supply growth in '27e. The utilisation rate is relatively weak at ~85-87% vs. the historical average of 92%.

The largest capacity additions in '25 came from Norske Skog's Golbey mill (~110 kt - will reach full capacity of 550 kt in '27). Additional capacity come from Heinzl's Laarkirchen mill (470kt by '27) and Model's conversion project in Eilenburg (600-650kt). Note that Eren Paper's ~750kt Shotton mill reportedly is postponed to late 2026, and that there has

been closures of Heinzl's Raubling (230kt) and Papierfabrik Meldorf's Tornesch (90kt) in Germany, and Papeterie Saint Michel (80kt).

Although not yet formally announced, it is possible to get capacity reductions at several European mills that are struggling with weak economics, rising costs or persistent oversupply in the recycled containerboard segment (according to RISI). The sites seen as vulnerable include Papresa's Renteria operation in Spain, Smurfit Westrock's Birmingham facility in the UK, Cartiera di Cologno in Italy, the Novillars mill run by Gemdoub in France, and Cartiera di Porporano, also in Italy. Taken together, the potential closures or curtailments would remove as much as 670,000 tonnes of recycled containerboard capacity from the market.

Keep in mind that ~2.5mt of new capacity (+7%) has been announced but delayed indefinitely, and could come in '27-'30 if the market improves. This includes Stora's Langerbrugge conversion project. Progroup has acquired the Stockstadt mill (Germany) from Sappi, and plans to build 650-750kt (+2%) of new capacity by '30.

Note that RISI assumes 950kt capacity closures in 2027, which is yet to be announced. We have included this in our table below, but excluding these, '27 supply growth would be closer to 2-3%.

Capacity: New projects containerboard

Major capacity changes ('000t/y)								Planned	
Company	Country	Grade	2023	2024	2025	2026	2027	capacity	Status
Norske Skog	Austria	Testliner/recycled fluting	70	70	50	20	0	210	Construction
Cartiere del Polesine	Italy	Recycled containerboard	230	85	0	0	0	315	Production
Stora Enso	Finland	Kraftliner	0	40	0	0	0	40	Production
Bukoza Invest	Slovakia	Recycled containerboard	60	40	25	20	0	145	Construction
Delkeskamp	Germany	Recycled containerboard	-130	0	0	0	0	-130	Curtailment
SCA	Sweden	Kraftliner	150	75	25	25	0	275	Construction
Norske Skog	France	Testliner/recycled fluting	0	0	110	330	110	550	Production
Smurfit Kappa	Germany	Recycled containerboard	70	0	0	0	0	70	Production
Schumacher Packaging	Poland	Recycled containerboard	150	0	0	0	0	150	Production
Mondi	Finland	Fluting	0	35	20	0	0	55	Production
Metsä Board	Finland	White-top kraftliner	40	0	0	0	0	40	Production
Vpk Packaging	France	Recycled containerboard	200	150	50	50	0	450	Construction
Stora Enso	Netherlands	Recycled containerboard	0	-380	0	0	0	-380	Curtailment
Stora Enso	Poland	Recycled containerboard	0	-120	0	0	0	-120	Curtailment
Burgo	Italy	Recycled containerboard	20	0	0	0	0	20	Production
DS Smith	Portugal	Kraftliner	0	0	28	0	0	28	Production
Smurfit Kappa	France	Testliner	0	-75	0	0	0	-75	Curtailment
Heinzl	Austria	Recycled containerboard	0	0	235	141	94	470	Production
Model Group	Germany	Recycled containerboard	0	400	250	0	0	650	Production
Eren Paper	UK	Recycled containerboard	0	0	0	250	500	750	Construction
Heinzl	Germany	Recycled containerboard	0	0	-230	0	0	-230	Curtailment
DS Smith	Italy	Recycled containerboard	0	0	0	175	175	350	Construction
Mondi	Italy	Recycled containerboard	0	0	210	210	0	420	Construction
Unipakhellas	Greece	Recycled containerboard	30	50	10	10	0	100	Construction
Papeterie Saint Michel	Germany	Recycled containerboard	0	0	-80	0	0	-80	Closure
Papierfabrik Meldorf	France	Recycled containerboard	0	0	-90	0	0	-90	Closure
Pro-Gest	Italy	Recycled containerboard	0	0	-60	-60	0	-120	Closure
Hamburger Containerboard	Austria	Recycled containerboard	0	0	-47	-93	0	-140	Closure
Cartiere del Polesine	Italy	Recycled containerboard	0	0	0	-85	0	-85	Closure
Veolia and Fibre E.C.	France	Recycled containerboard						400	Planned
Stora Enso	Belgium	Recycled containerboard						700	Planned
MEPCO	n.a.	Recycled containerboard						400	Planned
Progroup	Germany	Recycled containerboard						750	Planned
Announced capacity changes			1,040	370	506	993	879		
Other projects			-493	-184	170	-675	-949		
Total announced capacity changes			547	186	676	317	-70		
<i>Total capacity change y-o-y</i>			<i>1.7%</i>	<i>0.6%</i>	<i>2.0%</i>	<i>0.9%</i>	<i>-0.2%</i>		

Source: ABG Sundal Collier, RISI

On top of the new projects that have been announced in Europe, new capacity is set to come on-stream in Russia and Turkey over the next few years. We expect that the majority of these volumes will go to domestic consumption, China or other Asian markets. Still, a small share of the volumes could enter European markets and affect the market balance.

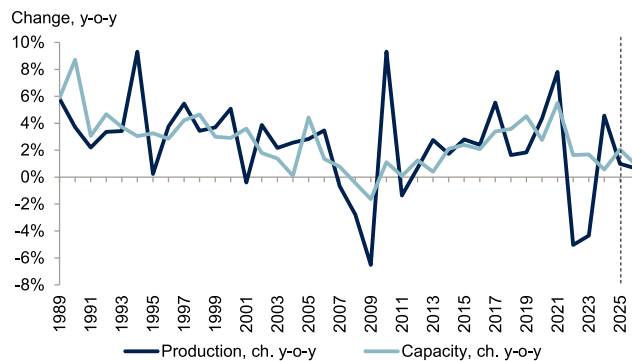
Announced new capacity in Russia and Turkey

Announced capacity changes in Eastern Europe and Turkey						
Company	Mill/Location	Country	Type	Cap. ch. (kt)	Year	Grade
Ilir	Ust-Ilirsk	Russia	new PM	600	2023	kraftliner
Kipas Paper	Söke	Turkey	new PM	650	2023	testliner/kraftliner
Hamburger	Kutahya	Turkey	new PM	480	2023	testliner/fluting
Okulovka		Russia	upgrade	25	2023	containerboard
Modern Karton (Eren Group)	Corlu	Turkey	new PM	640	2023	recycled containerboard
Ankutsan	Adana	Turkey	new PM	240	2023	recycled containerboard
SFT	Adygea region	Russia	new PM	280	2025	testliner
Proletariy	Surazh	Russia	new PM	180	2025	containerboard
APPM		Russia	new PM	700	2027	kraftliner/fluting
Total '25-				1,160		

Source: ABG Sundal Collier, RISI

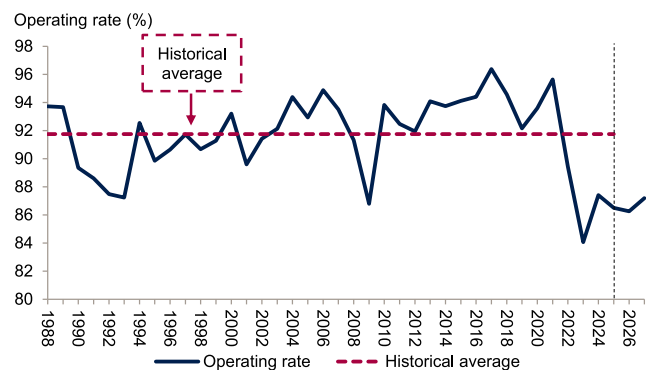
The containerboard market balance is still relatively weak judging by historical standards. We forecast a demand growth of 1.0-1.5% in '26-'27e (~2.4% p.a. historically, ~2.8% excluding '22-'23). In addition, capacity expansions continue to weigh on the utilisation rate, and we see it at 86% in '26, relatively in line with the '25 level.

Containerboard WE: supply and demand



Source: ABG Sundal Collier, RISI

Containerboard WE: operating rate



Source: ABG Sundal Collier, RISI

A better N-American containerboard market balance

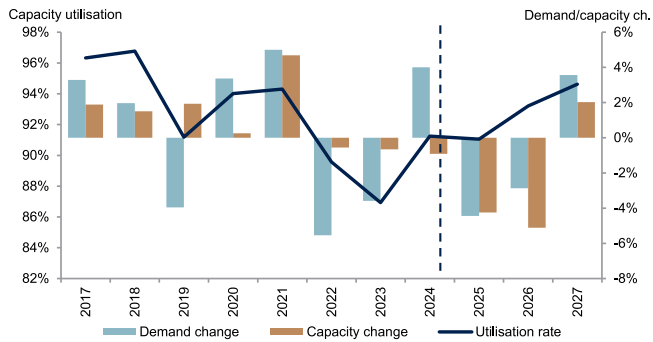
The North American containerboard market has held up much better compared to the European market. Note that US containerboard capacity was cut by ~10% in '25 (4mt), bringing the total reduction since '23 to 5.8mt. Recent permanent mill closures by IP (Campti/Red River, 840kt, Riceboro, 430kt, and Savannah 1,000kt), SW (Forney, 350kt), and Georgia-Pacific (Cedar Springs, 1,040kt) follows weak demand. The utilisation rate in North America is currently at ~91-92% (weighed down by soft demand), which compares to the historical average of 93-94%. We expect it to climb back up to 95-96% in '26/'27 due to limited new supply and significant cuts.

Overview of NA closures

Company	Mill	Capacity, kt	% of '24 capacity
Georgia-Pacific	Cedar Springs	1,040	2.5%
International Paper	Savannah ++	2,270	5.5%
Smurfit Westrock	Forney	350	0.8%
PCA	Wallula	250	0.6%
Greif	Fitchburg	72	0.2%
Total		3,982	9.6%

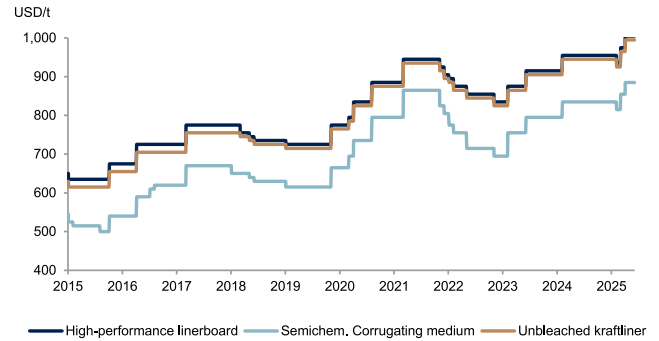
Source: ABG Sundal Collier, RISI

North American cont.board utilisation rate vs. supply/demand



Source: ABG Sundal Collier, RISI

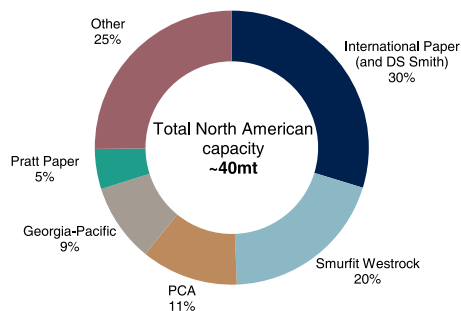
North American containerboard prices



Source: ABG Sundal Collier, RISI

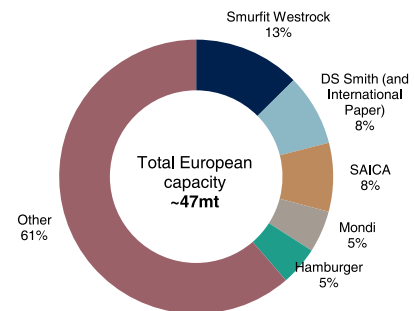
The better market balance in North American market is driven by a higher degree of consolidation. North America has a total containerboard capacity of ~40mt, and the top 5 players control ~75% of the market (~30mt), while the top 5 players in Europe only control ~40% of the market (total market of ~47mt). In a more consolidated market like North America, the top players have significant influence over supply, and can therefore more easily avoid overcapacity by delaying/cutting capacity. In the short term, we do not expect the stronger US dynamics to translate to Europe, as International Paper's planned EMEA spin-off reduces incentives to support regional balance and may instead increase the risk of excess supply flowing into an already oversupplied market.

NA cont.board market shares



Source: ABG Sundal Collier, RISI

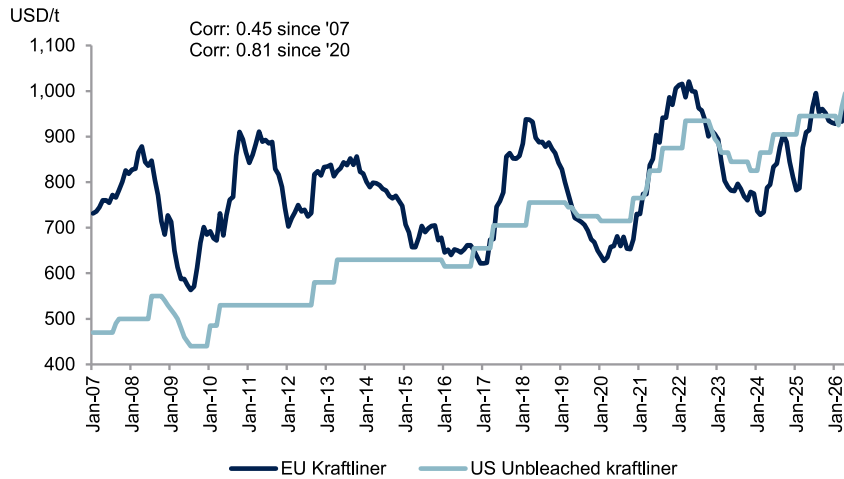
European cont.board market shares



Source: ABG Sundal Collier, RISI

US linerboard prices have increased three times by USD 40/t for a total increase of USD 120/t since Feb'24 (up 30% from Feb'20). We argue that the North American market has benefited from becoming more consolidated than the European market. Below, we have compared the US and European kraftliner prices, and we find that the US prices are less volatile than the European prices, and since '07, the US prices have risen by 112%, while the European prices only are up ~40%. This is the result of the higher degree of consolidation and hence capacity discipline in the US.

Kraftliner prices in EU and NA



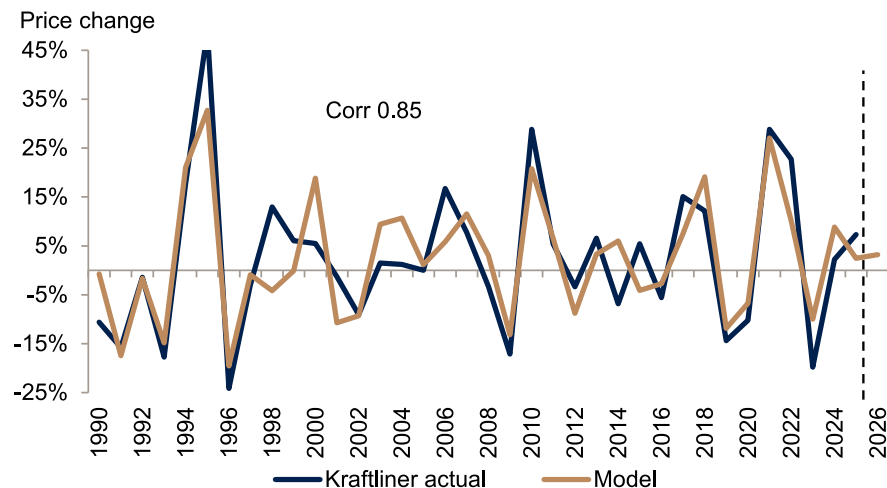
Source: ABG Sundal Collier, RISI

ABGSC containerboard model slightly up for '26

Our containerboard price model pointed to lower prices in '23 due to a weaker utilisation rate (more capacity, weaker macro). This played out in the market with kraftliner/testliner prices down 25-36%. The model pointed to prices up in '25 (actual '25 increase was ~7%), and the model points up in '26 (~3%). Our model is based on changes in the Western European containerboard operating rate and the pulp price, and has historically been quite accurate, with an 85% correlation between estimated and actual price changes.

1. Containerboard prices follow the pulp price and a 10% change in the pulp price impacts containerboard prices by 5-6%.
2. Containerboard demand is driven by the utilisation rate: A 10% change in the utilisation rate has a 5-6% effect on containerboard prices.

ABGSC containerboard price model

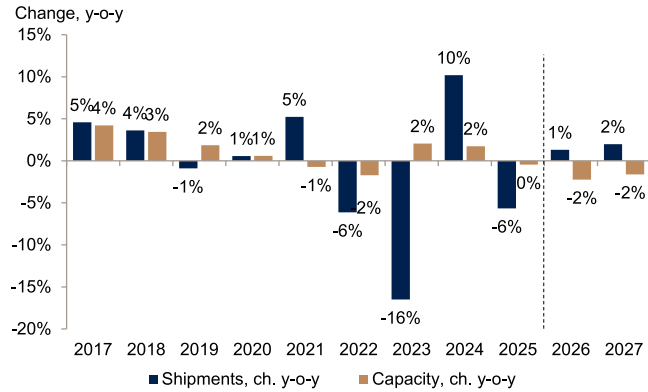


Source: ABG Sundal Collier, RISI

Cartonboard: Soft market conditions likely to drive closures

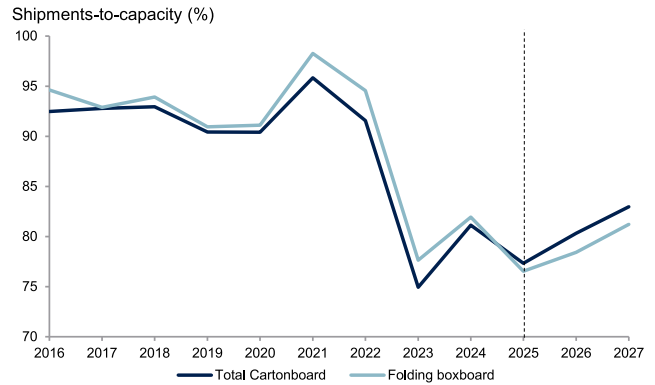
The Western European utilisation rate for cartonboard likely landed at ~77% in '25 vs. ~81.1% in '24. The utilisation in '24 was mainly driven by a short restocking phase in Q1, before demand shifted to the softer side the rest of the year. '25 was impacted by weak demand (down ~6% y-o-y). We expect a slight stabilisation in '26, with growth at ~1%. We estimate that the current utilisation rate as of Q2'26 to be 78-79%.

Cartonboard WE: Supply and demand growth



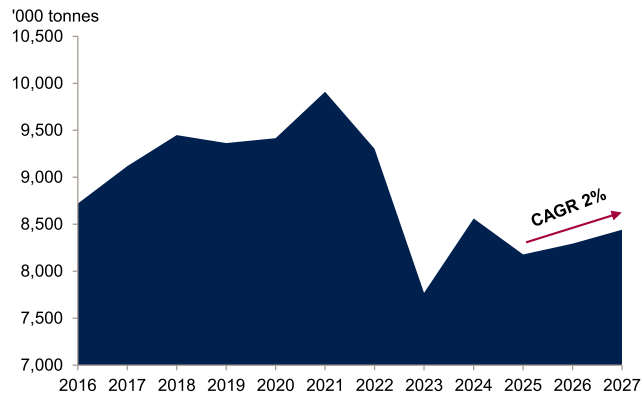
Source: ABG Sundal Collier, RISI

Cartonboard WE: shipments to capacity



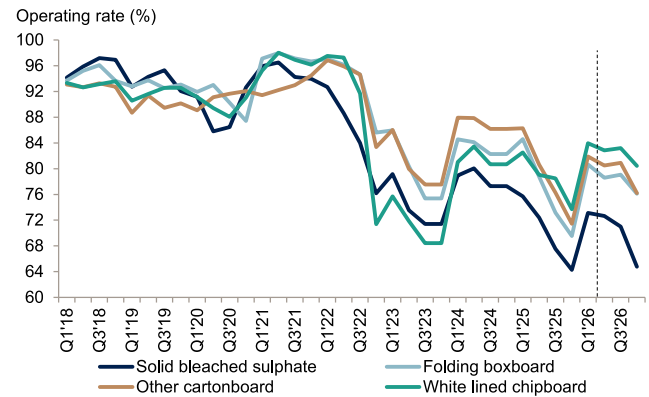
Source: ABG Sundal Collier, RISI

Cartonboard WE: shipment growth



Source: ABG Sundal Collier, RISI

Cartonboard WE: operating rate per grade



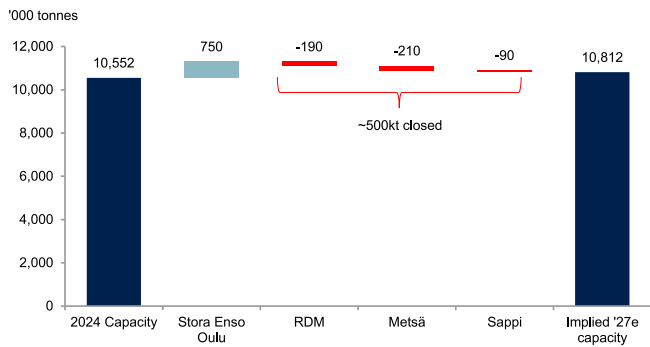
Source: ABG Sundal Collier, RISI

As discussed above, the cartonboard market is pressed, with utilisation rates at <80%. With its new Oulu mill, Stora will add 750kt or 7% to the WE cartonboard capacity, which is not ideal given the current conditions. However, note that RDM, Metsä and Sappi have in total announced ~500kt capacity cuts, i.e net capacity growth of 2% into '27 vs '24. This would imply a utilisation of 78% in '27, i.e quite unchanged from current levels.

However, this only focusses on the announced closures. RISI assumes additional cuts (total of ~1,200kt), bringing the capacity down 4% in 27 vs '24. This gives a utilisation rate of ~83% in '27. That is better, but not good enough compared to the historical average of ~90%.

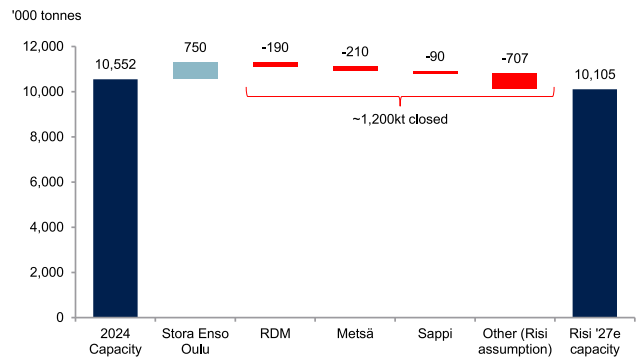
We note that in its assumptions, RISI forecasts ~707kt of additional closures. We have looked at the West European cash cost curve, and we find that Stora's Fors mill (400kt capacity) is situated to the right/mid of the cost curve. Stora wants to shift volumes from Fors to Oulu, which is situated lower on the cash cost curve. This would support the market balance, but also help Stora's competitors.

Simplified cartonboard market balance - announced cuts



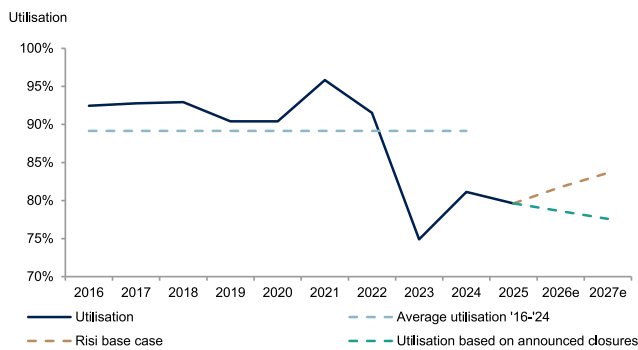
Source: ABG Sundal Collier, RISI, Companies

Simplified cartonboard market balance incl. RISI assumption



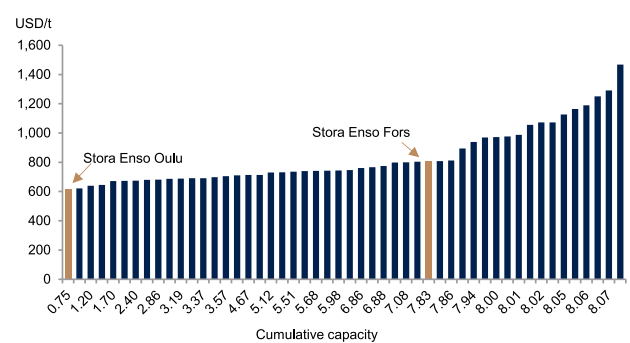
Source: ABG Sundal Collier, RISI, Companies

Cartonboard utilisation



Source: ABG Sundal Collier, RISI

West European cartonboard cash cost curve



Source: ABG Sundal Collier, RISI

Capacity: New projects cartonboard

Major capacity changes ('000t/y)										
Company	Country	Grade	2020	2021	2022	2023	2024	2025	2026	2027
Carl Macher	Germany	Coreboard	50	0	0	0	0	0	0	0
Holmen	Sweden	Solid bleached board	100	0	0	0	0	0	0	0
Hamburger	Germany	White-lined chipboard	-30	0	0	0	0	0	0	0
Mayr-Melnhof	Austria	Recycled cartonboard	-80	0	0	0	0	0	0	0
Karna Pulp and Paper	Russia	FBB	0	220	0	0	0	0	0	0
UMKA	Serbia	FBB	0	70	0	0	0	0	0	0
Buchmann	Germany	FBB	0	-30	0	0	0	0	0	0
Geroi Truda	Belarus	FBB	0	150	50	0	0	0	0	0
Baden Board	Germany	FBB	0	-165	0	0	0	0	0	0
Bukóza	Slovakia	White-lined chipboard	0	0	0	85	30	20	10	0
Stora Enso	Sweden	Liquid packaging board	0	0	0	50	25	25	0	0
Metsä Board	Husum	FBB	0	0	0	100	50	50	0	0
RDM Group	France	White-lined chipboard	0	0	0	200	-140	0	0	0
Solidus	Netherlands	Solid board	0	0	0	0	-150	0	0	0
Cardboard Packaging	Czech Republic	Finished board	0	0	0	0	15	0	0	0
MM Board and Paper	Slovenia	FBB	0	0	0	0	35	0	0	0
MM Board and Paper	Germany	White-lined chipboard	0	0	0	0	35	0	0	0
WEIG	Germany	White-lined chipboard	0	0	0	0	20	20	0	0
MM Board and Paper	Austria	White-lined chipboard	0	0	0	20	10	10	0	0
Stora Enso	Finland	FBB, liner	0	0	0	0	0	200	350	200
RDM Group	Spain	White-lined chipboard	0	0	0	0	0	-190	0	0
Metsä Board	Finland	FBB	0	0	0	0	0	-105	-105	0
Sappi	Germany	Solid bleached board, FBB	0	0	0	0	0	0	-90	0
Announced capacity changes			40	245	50	455	-70	30	165	200
Other projects			22	-321	-228	-247	251	-78	-400	-365
Total announced capacity changes			62	-76	-178	209	181	-48	-235	-165
Total capacity change y-o-y			0.6%	-0.7%	-1.7%	2.1%	1.7%	-0.5%	-2.2%	-1.6%

Source: ABG Sundal Collier, RISI

The EU Trilogue has struck an agreement (April'24) on the Packaging and Packaging Waste Regulation (PPWR) after turbulent discussions. Single-use plastic packaging for fresh fruit and vegetables, and fast food in restaurants, will be banned in the EU from 2030. All packaging on the EU market will have to be recyclable by 2030, and take-away businesses will also have to let their customers bring their own containers. Additionally, they must endeavour to offer 10% in packaging formats suitable for re-use. Cardboard packaging are exempt from the re-use and re-fill obligations.

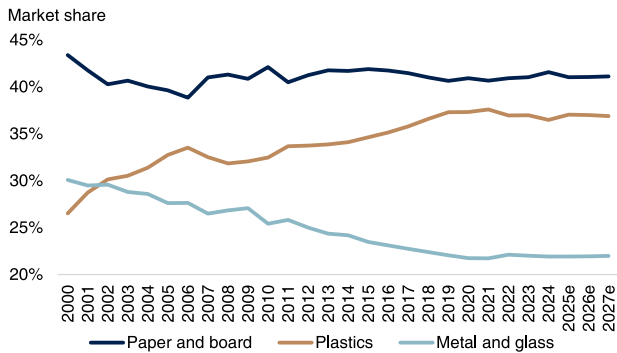
The winners appear to be the paper packaging players (vs. earlier PPWR versions), such as Billerud, Stora, SCA, Metsä Board, and Holmen. Huhtamäki is negatively affected (although the effects are small), while Elopak is relatively unaffected.

Plastic no longer fantastic, but packaging volumes are

In the last 15-20 years, plastics have gained ~9pp more market share, mainly at the expense of metal and glass. Paper and board's share of the global packaging market is

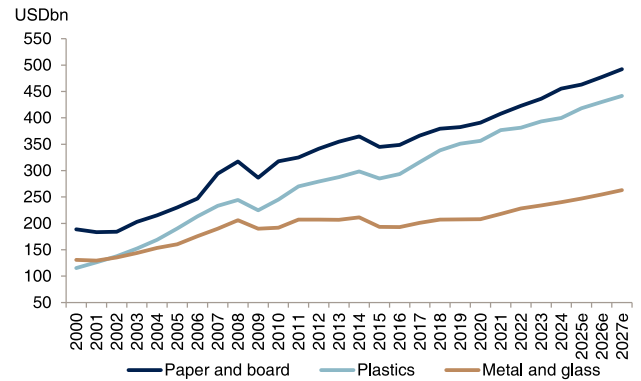
~41% while the plastics' share is ~37%. The PPWR is likely to reduce the market share of plastic, and a real "war on plastics" would benefit paper-based packaging vs. plastic-based packaging.

Packaging by material, market share



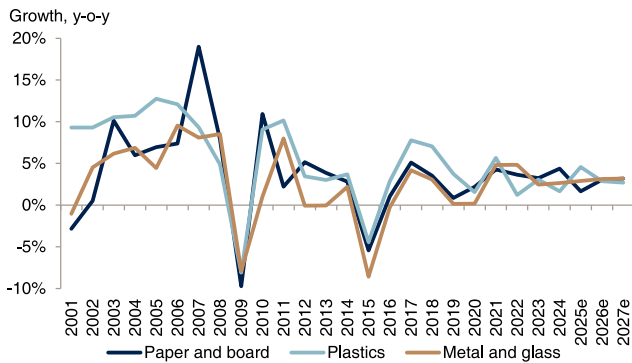
Source: ABG Sundal Collier, Smithers Pira

Packaging by material, market share in USDbn



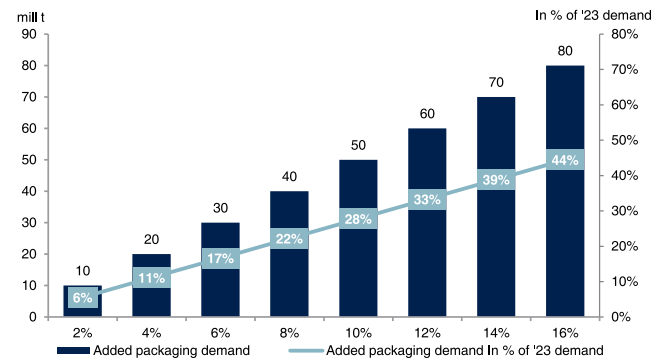
Source: ABG Sundal Collier, Smithers Pira

Packaging by material, growth



Source: ABG Sundal Collier, Smithers Pira

Conversion from plastic to packaging, added demand



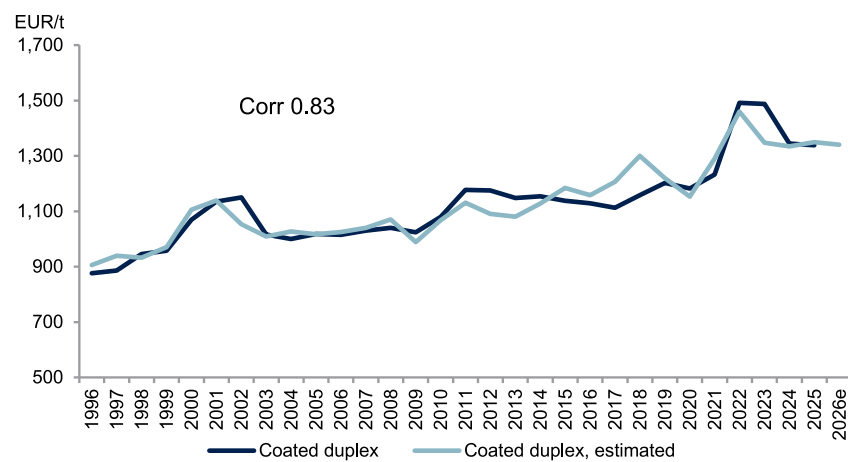
Source: ABG Sundal Collier, Smithers Pira, McKinsey & Company

ABGSC cartonboard price model

Our cartonboard price model is based on the Western European cartonboard operating rate (with a 1Y lag), pulp price, and FX (USD/EUR), and has historically displayed a good fit, with an 83% correlation between estimated and actual prices. Our model pointed to a flat prices in '25, and this played out (-0.4%). The model points to prices down in '26 (driven by soft utilisation).

1. The cartonboard price follows the pulp price and a USD 100 increase/decrease in the pulp price impacts the cartonboard price by +/- EUR 40.
2. For each unit increase/decrease in the FX rate (USD/EUR), the cartonboard price will increase/decrease by +/- EUR 55.
3. For each unit increase/decrease in the utilisation rate (with 1-year lag), the price of cartonboard is expected to increase/decrease by +/- EUR 840.

ABGSC cartonboard price model



Source: ABG Sundal Collier, RISI

Income Statement (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Sales	19,591	18,410	18,684	20,792	18,081	20,244	20,426	19,710	21,427	23,619
COGS	1,771	-15,687	-9,575	-10,598	-11,274	-13,101	-13,862	-14,405	-15,108	-16,951
Gross profit	21,362	2,723	9,109	10,194	6,807	7,143	6,564	5,305	6,319	6,668
EBITDA	21,362	2,723	9,109	10,194	6,807	7,143	6,564	5,305	6,319	6,668
Depreciation and amortisation	-1,696	-1,578	-1,476	-1,552	-1,950	-2,116	-2,132	-2,301	-2,316	-2,316
EBITA	3,420	2,839	7,633	8,642	4,657	5,027	4,432	3,004	4,003	4,352
EBIT	3,420	2,839	7,633	8,642	4,657	5,027	4,432	3,004	4,003	4,352
Net financial items	-126	-117	-106	-39	-414	-506	-433	-341	-293	-207
Pretax profit	19,540	1,028	7,527	8,603	4,243	4,521	3,999	2,663	3,710	4,145
Tax	-4,018	-261	-1,426	-1,782	-818	-882	-794	-502	-742	-829
Net profit	15,522	767	6,101	6,821	3,425	3,639	3,205	2,160	2,968	3,316
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	15,522	767	6,101	6,821	3,425	3,639	3,205	2,160	2,968	3,316
EPS	22.10	1.09	8.69	9.71	5.16	5.18	4.56	3.08	4.23	4.72
EPS adj.	4.75	2.90	8.69	9.71	4.88	5.18	4.56	3.08	4.23	4.72
Total extraordinary items after tax	12,185	-1,271	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	20.6	25.4	18.9	20.7	19.3	19.5	19.9	18.9	20.0	20.0
Gross margin (%)	109.0	14.8	48.8	49.0	37.6	35.3	32.1	26.9	29.5	28.2
EBITDA margin (%)	109.0	14.8	48.8	49.0	37.6	35.3	32.1	26.9	29.5	28.2
EBITA margin (%)	17.5	15.4	40.9	41.6	25.8	24.8	21.7	15.2	18.7	18.4
EBIT margin (%)	17.5	15.4	40.9	41.6	25.8	24.8	21.7	15.2	18.7	18.4
Pre-tax margin (%)	99.7	5.6	40.3	41.4	23.5	22.3	19.6	13.5	17.3	17.5
Net margin (%)	79.2	4.2	32.7	32.8	18.9	18.0	15.7	11.0	13.9	14.0
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	4.5	-6.0	1.5	11.3	-13.0	12.0	0.9	-3.5	8.7	10.2
EBITDA growth (%)	306.7	-87.3	234.5	11.9	-33.2	4.9	-8.1	-19.2	19.1	5.5
EBITA growth (%)	-13.3	-17.0	168.9	13.2	-46.1	7.9	-11.8	-32.2	33.3	8.7
EBIT growth (%)	-13.3	-17.0	nm	13.2	-46.1	7.9	-11.8	-32.2	33.3	8.7
Net profit growth (%)	324.2	-95.1	695.4	11.8	-49.8	6.2	-11.9	-32.6	37.4	11.7
EPS growth (%)	nm	-95.1	nm	11.8	-46.9	0.4	-11.9	-32.6	37.4	11.7
Profitability	-	-	-	-	-	-	-	-	-	-
ROE (%)	31.5	1.1	7.9	7.6	3.4	3.5	3.1	2.1	2.9	3.2
ROE adj. (%)	6.8	2.9	7.9	7.6	3.4	3.5	3.1	2.1	2.9	3.2
ROCE (%)	34.0	1.4	8.8	8.7	4.2	4.3	3.9	2.7	3.6	4.0
ROCE adj. (%)	5.9	3.6	8.8	8.7	4.2	4.3	3.9	2.7	3.6	4.0
ROIC (%)	4.7	2.7	7.3	7.0	3.4	3.5	3.1	2.2	2.9	3.2
ROIC adj. (%)	4.7	2.7	7.3	7.0	3.4	3.5	3.1	2.2	2.9	3.2
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	21,362	2,723	9,109	10,194	6,807	7,143	6,564	5,305	6,319	6,668
EBITDA adj. margin (%)	109.0	14.8	48.8	49.0	37.6	35.3	32.1	26.9	29.5	28.2
EBITDA lease adj.	21,362	2,723	9,109	10,194	6,807	7,143	6,564	5,305	6,319	6,668
EBITDA lease adj. margin (%)	109.0	14.8	48.8	49.0	37.6	35.3	32.1	26.9	29.5	28.2
EBITA adj.	3,420	2,839	7,633	8,642	4,657	5,027	4,432	3,004	4,003	4,352
EBITA adj. margin (%)	17.5	15.4	40.9	41.6	25.8	24.8	21.7	15.2	18.7	18.4
EBIT adj.	3,420	2,839	7,633	8,642	4,657	5,027	4,432	3,004	4,003	4,352
EBIT adj. margin (%)	17.5	15.4	40.9	41.6	25.8	24.8	21.7	15.2	18.7	18.4
Pretax profit Adj.	3,294	2,722	7,527	8,603	4,243	4,521	3,999	2,663	3,710	4,145
Net profit Adj.	3,338	2,038	6,101	6,821	3,425	3,639	3,205	2,160	2,968	3,316
Net profit to shareholders adj.	3,338	2,038	6,101	6,821	3,425	3,639	3,205	2,160	2,968	3,316
Net adj. margin (%)	17.0	11.1	32.7	32.8	18.9	18.0	15.7	11.0	13.9	14.0

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
EBITDA	21,362	2,723	9,109	10,194	6,807	7,143	6,564	5,305	6,319	6,668
Net financial items	-126	-117	-106	-39	-414	-506	-433	-341	-293	-207
Paid tax	-4,018	-261	-1,426	-1,782	-818	-882	-794	-502	-742	-829
Non-cash items	0	0	0	0	0	0	0	0	0	0
Cash flow before change in WC	17,218	2,345	7,577	8,373	5,575	5,755	5,337	4,461	5,284	5,632
Change in working capital	-199	1,319	-697	-1,158	-356	-790	-742	172	-1,032	-900
Operating cash flow	17,019	3,664	6,880	7,215	5,219	4,965	4,595	4,633	4,252	4,731
Capex tangible fixed assets	-3,060	-2,964	-4,750	-5,000	-4,000	-2,800	-3,867	-2,000	-2,800	-2,800
Acquisitions and Disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	13,959	700	2,130	2,215	1,219	2,165	728	2,633	1,452	1,931

Cash Flow (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Dividend paid	-1,229	0	-1,405	-2,282	-1,756	-1,931	-2,107	-2,107	-1,756	-2,107
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Leasing liability amortisation	0	0	0	0	0	0	0	0	0	0
Balance Sheet (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Other intangible assets	0	0	0	0	0	0	0	0	0	0
Tangible fixed assets	90,386	96,398	109,465	127,132	137,787	137,963	135,006	136,428	136,428	136,428
Total other fixed assets	898	988	1,056	1,524	1,444	963	1,110	896	896	896
Fixed assets	91,284	97,386	110,521	128,656	139,231	138,926	136,116	137,324	137,324	137,324
Inventories	5,014	4,044	4,189	4,856	5,361	5,730	6,555	6,107	6,766	7,340
Receivables	2,313	1,964	2,516	3,007	2,858	3,279	3,196	3,472	3,846	4,172
Cash and liquid assets	454	1,273	1,007	836	502	1,328	590	162	162	162
Total assets	99,065	104,667	118,233	137,355	147,952	149,263	146,457	147,065	148,098	148,998
Shareholders equity	68,510	72,163	83,055	96,358	104,284	104,035	101,504	100,328	101,189	103,451
Minority	0	0	0	0	0	0	17	17	17	17
Total equity	68,510	72,163	83,055	96,358	104,284	104,035	101,521	100,345	101,206	103,468
Long-term debt	9,541	8,944	8,759	10,825	11,268	12,213	11,529	10,126	8,714	5,899
Other current liabilities	21,014	23,560	26,419	30,172	32,400	33,015	33,407	36,595	38,178	39,631
Total liabilities and equity	99,065	104,667	118,233	137,355	147,952	149,263	146,457	147,065	148,098	148,998
Net IB debt	9,087	7,671	7,752	9,989	10,766	10,885	10,939	9,964	8,552	5,737
Net IB debt excl. pension debt	9,087	7,671	7,752	9,989	10,766	10,885	10,939	9,964	8,552	5,737
Net IB debt excl. leasing	9,087	7,671	7,752	9,989	10,766	10,885	10,939	9,964	8,552	5,737
Capital employed	78,051	81,107	91,814	107,183	115,552	116,248	113,050	110,470	109,919	109,367
Capital invested	77,597	79,834	90,807	106,347	115,050	114,920	112,460	110,308	109,757	109,205
Working capital	-13,687	-17,552	-19,714	-22,309	-24,181	-24,006	-23,656	-27,016	-27,567	-28,119
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	75,146	75,146	75,146	75,146	75,146	75,146	75,146	75,146	75,146	75,146
Net IB debt adj.	9,087	7,671	7,752	9,989	10,766	10,885	10,939	8,964	7,552	4,737
Market value of minority	0	0	0	0	0	0	17	17	17	17
EV	84,233	82,817	82,898	85,135	85,912	86,031	86,102	84,127	82,715	79,900
Total assets turnover (%)	24.5	18.1	16.8	16.3	12.7	13.6	13.8	13.4	14.5	15.9
Working capital/sales (%)	-75.1	-84.8	-99.7	-101.1	-128.6	-119.0	-116.7	-128.5	-127.4	-117.9
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	13.3	10.6	9.3	10.4	10.3	10.5	10.8	9.9	8.4	5.5
Net debt / market cap (%)	12.1	10.2	10.3	13.3	14.3	14.5	14.6	13.3	11.4	7.6
Equity ratio (%)	69.2	68.9	70.2	70.2	70.5	69.7	69.3	68.2	68.3	69.4
Net IB debt adj. / equity (%)	13.3	10.6	9.3	10.4	10.3	10.5	10.8	8.9	7.5	4.6
Current ratio	0.37	0.31	0.29	0.29	0.27	0.31	0.31	0.27	0.28	0.29
EBITDA/net interest	169.5	23.3	85.9	261.4	16.4	14.1	15.2	15.5	21.6	32.1
Net IB debt/EBITDA (x)	0.4	2.8	0.9	1.0	1.6	1.5	1.7	1.9	1.4	0.9
Net IB debt/EBITDA lease adj. (x)	0.4	2.8	0.9	1.0	1.6	1.5	1.7	1.7	1.2	0.7
Interest coverage	27.1	24.3	72.0	221.6	11.2	9.9	10.2	8.8	13.7	21.0

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Actual shares outstanding	702	702	702	702	702	702	702	702	702	702
Actual shares outstanding (avg)	702	702	702	702	702	702	702	702	702	702
All additional shares	0	0	0	0	0	0	0	0	0	0
Actual dividend per share	0.00	2.00	3.25	2.50	2.75	3.00	3.00	2.50	3.00	3.00
Reported earnings per share	22.10	1.09	8.69	9.71	5.16	5.18	4.56	3.08	4.23	4.72

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Shares outstanding adj.	702	702	702	702	702	702	702	702	702	702
Diluted shares adj.	702	702	702	702	702	702	702	702	702	702
EPS	22.10	1.09	8.69	9.71	5.16	5.18	4.56	3.08	4.23	4.72
Dividend per share	0.00	2.00	3.25	2.50	2.75	3.00	3.00	2.50	3.00	3.00
EPS adj.	4.75	2.90	8.69	9.71	4.88	5.18	4.56	3.08	4.23	4.72
BVPS	97.55	102.75	118.26	137.20	148.49	148.13	144.53	142.86	144.08	147.30
BVPS adj.	97.55	102.75	118.26	137.20	148.49	148.13	144.53	142.86	144.08	147.30
Net IB debt/share	12.94	10.92	11.04	14.22	15.33	15.50	15.58	12.76	10.75	6.75
Share price	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00
Market cap. (m)	75,146	75,146	75,146	75,146	75,146	75,146	75,146	75,146	75,146	75,146
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	4.8	98.0	12.3	11.0	20.7	20.7	23.4	34.8	25.3	22.7
EV/sales (x)	4.3	4.5	4.4	4.1	4.8	4.2	4.2	4.3	3.9	3.4

Valuation and Ratios (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
EV/EBITDA (x)	3.9	30.4	9.1	8.4	12.6	12.0	13.1	15.9	13.1	12.0
EV/EBITA (x)	24.6	29.2	10.9	9.9	18.4	17.1	19.4	28.0	20.7	18.4
EV/EBIT (x)	24.6	29.2	10.9	9.9	18.4	17.1	19.4	28.0	20.7	18.4
Dividend yield (%)	0.0	1.9	3.0	2.3	2.6	2.8	2.8	2.3	2.8	2.8
FCF yield (%)	18.6	0.9	2.8	2.9	1.6	2.9	1.0	3.5	1.9	2.6
Le. adj. FCF yld. (%)	18.6	0.9	2.8	2.9	1.6	2.9	1.0	3.5	1.9	2.6
P/BVPS (x)	1.10	1.04	0.90	0.78	0.72	0.72	0.74	0.75	0.74	0.73
P/BVPS adj. (x)	1.10	1.04	0.90	0.78	0.72	0.72	0.74	0.75	0.74	0.73
P/E adj. (x)	22.5	36.9	12.3	11.0	21.9	20.7	23.4	34.8	25.3	22.7
EV/EBITDA adj. (x)	3.9	30.4	9.1	8.4	12.6	12.0	13.1	15.9	13.1	12.0
EV/EBITA adj. (x)	24.6	29.2	10.9	9.9	18.4	17.1	19.4	28.0	20.7	18.4
EV/EBIT adj. (x)	24.6	29.2	10.9	9.9	18.4	17.1	19.4	28.0	20.7	18.4
EV/CE (x)	1.1	1.0	0.9	0.8	0.7	0.7	0.8	0.8	0.8	0.7
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	15.6	16.1	25.4	24.0	22.1	13.8	18.9	10.1	13.1	11.9
Capex/depreciation	1.8	1.9	3.2	3.2	2.1	1.3	1.8	0.9	1.2	1.2
Capex tangibles / tangible fixed assets	3.4	3.1	4.3	3.9	2.9	2.0	2.9	1.5	2.1	2.1
Depreciation on tangibles / tangibles	1.9	1.6	1.3	1.2	1.4	1.5	1.6	1.7	1.7	1.7

Source: ABG Sundal Collier, Company Data

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Stock price, company ratings and target price history

Company: SCA

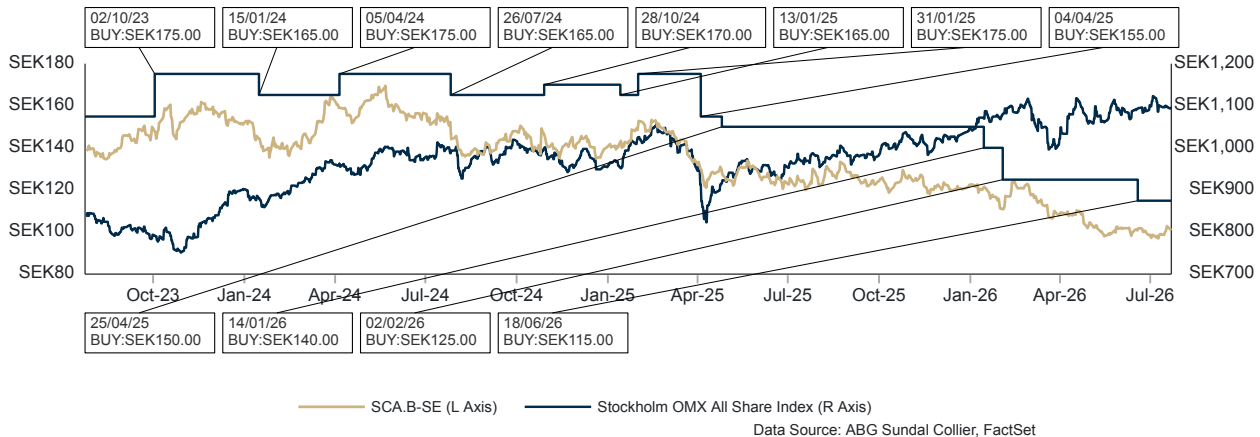
Currency: SEK

Current Recommendation: BUY

Date: 21/7/2026

Current Target price: 120.00

Current Share price: 107.00



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