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Paper Excellence to Buy Resolute Forest for \$1.6 Billion

- Deal comes as North American supplies of paper are tight
- Resolute shares soar to most ever as transaction announced

By Simon Casey

Canadian pulp-and-paper producer the Paper Excellence Group agreed to buy Resolute Forest Products Inc. for \$1.6 billion in cash in its second major deal in 14 months.

Holdings of each Resolute share will get \$20.50 and a so-called contingent value right on future softwood lumber duty deposit refunds, closely held Paper Excellence said Wednesday in a statement. The deal comes as supplies of paper in North America are expected to remain tight into 2023 after mills converted to cardboard to meet rising demand for boxes and packing materials during a pandemic-fueled e-commerce boom.

Montreal-based Resolute is a leading global producer of newsprint and is the largest North American producer of paper used in retail flyers and magazines. Resolute shares rose as much as 66% to \$20.71 on Wednesday, a record increase and the highest price since 2011. They were up 64% at 10:35 a.m. in New York.

Resolute “complements our existing pulp, paper and packaging businesses and adds capabilities in lumber and tissue,” Paper Excellence Vice Chair and Chief Strategy Officer Patrick Loulou said.

Paper Excellence announced in May 2021 that it agreed to acquire Domtar Corp. for about \$2.8 billion. That deal was completed in November.