

ROTTNEROS

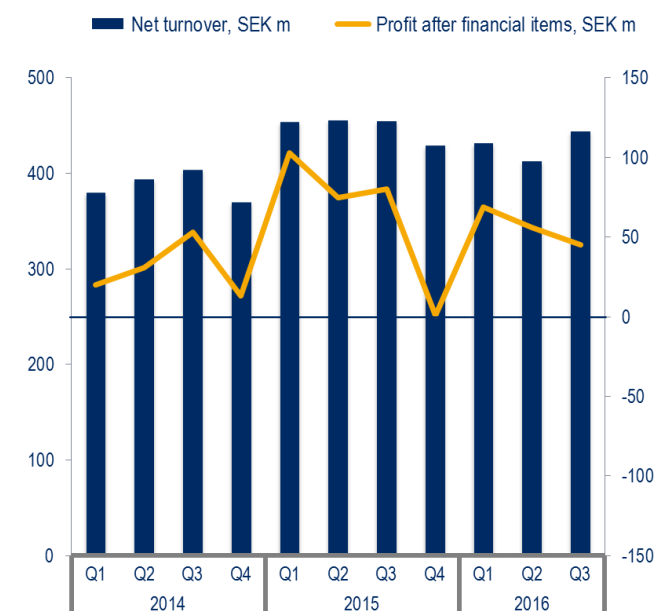
INTERIM REPORT JANUARY – SEPTEMBER 2016

DEVELOPMENT MILESTONE FOR ROTTNEROS MILL

The quarter in figures

	Jul-Sep 2016	Apr-Jun 2016	change, %	Jul-Sep 2015	change, %	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Jan-Dec 2015
Net turnover, SEK m	444	413	8	455	-2	1,289	1,365	1,719	1,795
Operating profit, SEK m	46	57	-19	81	-43	174	260	177	263
Profit after financial items, SEK m	45	56	-20	80	-44	170	257	172	259
Net income, SEK m	34	46	-26	62	-45	134	222	135	223
Earnings per share, SEK	0.23	0.30	-23	0.41	-44	0.88	1.46	0.88	1.46
Cash flow from operating activities, SEK m	93	52	79	84	11	174	264	245	335
Return on capital employed, %	4.1	5.4		7.4		15.9	24.5	15.7	25.5
Production, thousand tonnes	91.9	100.0	-8	95.3	-4	287.0	284.8	375.5	373.3
Deliveries, thousand tonnes	95.6	92.8	3	94.7	1	281.3	280.9	372.6	372.2

- The Company's investments in the Agenda 500 development programme continue to increase capacity. An important milestone for Rottneros Mill was the expansion of the CTMP line in September, increasing capacity for the line by 20% or by 4% for the entire Group.
- Delivery volumes in the third quarter rose by 1% compared with third quarter 2015 and by 3% compared with second quarter 2016.
- Net turnover for the third quarter was SEK 444 million (455). Profit after financial items for the third quarter amounted to SEK 45 million (80) and earnings per share amounted to SEK 0.23 (0.41).
- The NBSK pulp list price in the third quarter was 4% lower in USD and SEK, compared with the third quarter of 2015. Compared with the second quarter of 2016, however, the increase in SEK was nearly 6%.
- Production volumes dropped because of the maintenance shutdown at Rottneros Mill, and a somewhat lower production rate at Vallvik Mill.
- Lennart Eberleh started as new President and CEO of Rottneros AB on 1 September 2016.
- Per Lundeen was appointed to serve as new Chairman of the Board on 9 September 2016.
- Rottneros is leading a new EU project for completely bio-based packaging.



COMMENTS BY THE PRESIDENT

I am proud to have been appointed CEO and President for such a well-run company as Rottneros. I have the privilege of leading Rottneros on its chosen path, using Agenda 500 as a guide in our efforts to achieve industrial development. We will learn from our past, finish what has been started and continue to further develop the Rottneros Group.

A major focus moving forward will be to further develop the organisation to maximise the return on our investments. Dedicated employees who have the opportunity to grow comprise an important success factor for the future. I hope that my interest in leadership and communication will help to make Rottneros even more energetic and forward-thinking than previously. Energy and momentum must be integral to everything we do – in our customer relationships, in the mills and in our ability to attract tomorrow's workforce.

Stable market and historically high profit level

As a whole, the underlying market has been stable this quarter. We have seen a positive market trend for mechanical pulp in Asia. Consolidated earnings for the quarter have decreased compared with the very high level this same quarter last year, primarily due to lower pulp prices. From a historic perspective, however, the level of earnings and profitability remained good. Production in September was slightly lower than in the past, mainly because we were preparing for the autumn shutdown in Vallvik.

Well equipped for a production development

The annual maintenance shutdown at Rottneros Mill in September has gone better than expected. During the shutdown investments approved under Agenda 500 were installed and the facility is now well-equipped for a higher rate of production. These investments are the first of the two steps in the planned capacity increases at the mill.

The annual maintenance shutdown at Vallvik Mill took place in early October. In addition to the planned maintenance work, a number of efficiency improvements were installed in connection with the shutdown.

Agenda 500 not only boosts our capacity and productivity, but also continues to refine our carefully selected niches and our service offering. We will continue to put our employees' safety first at the same time that we take greater responsibility for both the internal and the external environment. An increased integration of sustainability into our business model and an understanding of the connection to the financial results are both important factors for us to be able to continue to deliver good growth.

I will continue to lead Rottneros on the chosen path with a focus on the customer and on customised pulp, as well as on safe and optimised production. We have some hard work ahead of us, but I am confident that we can do it. I look forward to developing Rottneros together with our talented employees and partners.

Lennart Eberleh

JANUARY–SEPTEMBER 2016

MARKETS AND PRODUCTS

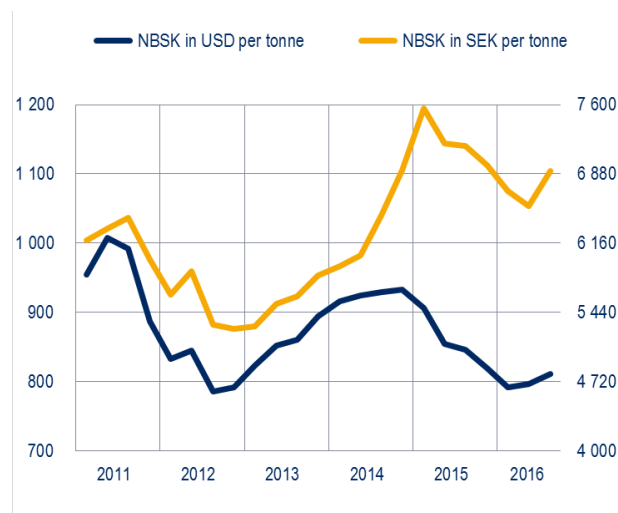
Underlying demand for pulp is robust in the emerging markets, but stagnant within the OECD area. The structural decline in graphic paper continues, but has been offset by increased fibre consumption globally in packaging and tissue paper.

Deliveries of chemical market pulp worldwide (World-20) for January–September 2016 totalled 36 million tonnes, up almost 3 per cent from 2015. During the first half of the year, the market was characterised by strong demand and high outbound deliveries, but the growth rate slowed in the third quarter due to weaker demand for hardwood pulp. China and other emerging markets in Asia in particular have buoyed demand this year, while deliveries to the rest of the world have been stagnant or slightly declining.

Capacity utilisation for January–September was 93 per cent for long-fibre and 89 per cent for short-fibre pulp. Producer stock levels at the end of September were on a level corresponding to 39 days of consumption. Stocks are well-balanced for long-fibre, but on the high side for short-fibre.

The price of NBSK since mid-2016 has been around USD 810, which is about USD 10 higher than the price level at the beginning of the year. However, the price of short-fibre pulp has remained under pressure and ended September at around USD 660, about USD 125 lower than at the beginning of the year. The price trend for BCTMP has essentially remained in line with that of short-fibre pulp in Europe.

Trend for NBSK over the past five years



PRODUCTION AND DELIVERIES

Production volumes for the third quarter of 2016 were 4 per cent lower compared with the third quarter of 2015, mainly because of a longer maintenance shutdown at Rottneros Mill than the previous year, as well as a reduced rate of production at Vallvik Mill prior to the annual maintenance shutdown. In connection with this year's maintenance shutdown, several major investments were installed at both mills under the Agenda 500 programme.

Deliveries in the third quarter of 2016 were 1 per cent higher than in the third quarter of 2015 and 3 per cent higher compared with the second quarter of 2016. A high rate of production and inventory build-up earlier in 2016 helped the Group to optimise the autumn deliveries to customers despite the maintenance shutdowns.

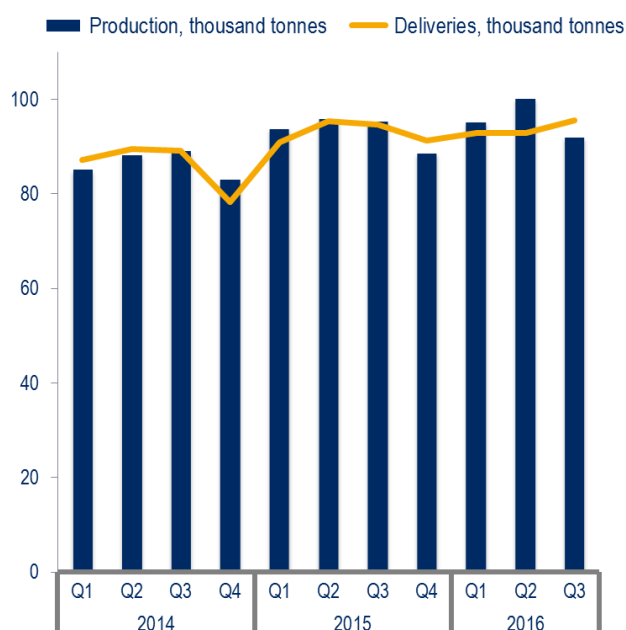
PRODUCTION (TONNES)

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Jan-Dec 2015
Sulphate pulp	56,300	58,500	171,200	169,900	220,000	218,700
Groundwood pulp	16,000	16,500	51,500	51,600	68,800	68,900
CTMP	19,600	20,300	64,300	63,300	86,700	85,700
TOTAL	91,900	95,300	287,000	284,800	375,500	373,300

DELIVERIES (TONNES)

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Jan-Dec 2015
Sulphate pulp	58,400	54,300	168,300	166,000	220,400	218,100
Groundwood pulp	14,600	16,000	49,700	49,900	67,100	67,300
CTMP	22,600	24,400	63,300	65,000	85,100	86,800
TOTAL	95,600	94,700	281,300	280,900	372,600	372,200

Volume growth, quarterly



Maintenance shutdowns and seasonal variations

A maintenance shutdown was carried out at the Rottneros Mill during the third quarter, just like last year. At Vallvik Mill, the annual maintenance shutdown will take place in the fourth quarter, just like last year.

Costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place, in accordance with generally accepted accounting practice. The direct costs relating to the maintenance shutdown at Rottneros Mill in the third quarter totalled SEK 6 million (4). The direct costs relating to the maintenance shutdown at Vallvik Mill in the fourth quarter are estimated to be approximately SEK 30 million (31).

The maintenance shutdown also involves a certain loss of production, which mainly affects turnover and income for the quarter in which the shutdown takes place. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

New environmental permit for Vallvik Mill

In January 2016, Vallvik Mill was granted a new environmental permit, authorising the mill to produce 255,000 tonnes of sulphate pulp. The new permit ensures that Rottneros can continue to expand capacity in accordance with the provisions of the Group's long-term industrial plan Agenda 500.

SALES AND RESULTS

Third quarter 2016 compared with third quarter 2015

	Jul-Sep 2016	Jul-Sep 2015
NBSK PIX, USD	811	846
SEK/USD	8.52	8.48
NBSK, SEK	6,912	7,173
Net turnover	444	455
Operating profit	46	81
Price and currency	-17	
Delivery volume and other	6	
Total difference in turnover	-11	
Raw materials and consumables	-12	
Other expenses	-4	
Other operating income	-8	
Total difference in operating profit	-35	

Turnover in the third quarter of 2016 amounted to SEK 444 million (455), a fall of 2 per cent. The average price of long-fibre sulphate pulp (NBSK) in SEK fell by 4 per cent compared with the same quarter in the previous year. The lower market prices were partly offset by higher delivery volumes and changes in the product and customer mix.

Operating profit for the third quarter of 2016 was SEK 46 million (81), corresponding to 10.4 (17.8) per cent of turnover. The lower rate of production than in the corresponding quarter in the previous year led to higher expenses in relation to turnover and contributed to the lower operating profit.

The average price of electricity on the Nord Pool electricity exchange (area SE3) over the third quarter of 2016 amounted to SEK 0.28 (0.15) per kWh and had a negative impact on income for the unhedged part of electricity consumption.

January–September 2016 compared with January–September 2015

	Jan-Sep 2016	Jan-Sep 2015
NBSK PIX, USD	800	869
SEK/USD	8.40	8.41
NBSK, SEK	6,718	7,313
Net turnover	1,289	1,365
Operating profit	174	260
Price and currency	-78	
Delivery volume and other	2	
Total difference in turnover	-76	
Raw materials and consumables	21	
Other expenses	-28	
Other operating income	-3	
Total difference in operating profit	-86	

Turnover for January–September 2016 amounted to SEK 1,289 million (1,365), a decrease of 6 per cent. The average price of long-fibre sulphate pulp (NBSK) in SEK decreased by 8 per cent compared with the first nine months of 2015.

Operating profit for January–September 2016 was SEK 174 million (260), corresponding to 13.5 (19.0) per cent of turnover. Profit was lower than in the corresponding period in 2015 primarily due to lower turnover.

The cost for raw materials and consumables in January–September was lower than in the corresponding period in 2015, mainly due to increased efficiency in production during the first half of the year. Other expenses were higher than in the corresponding period in 2015, mainly due to higher freight expenses after changes in the customer mix, as well as higher maintenance expenses, increased number of employees, and higher depreciation charges.

The average price of electricity on the Nord Pool electricity exchange (area SE3) over January–September 2016 amounted to SEK 0.25 (0.20) per kWh and had a negative impact on income for the unhedged part of electricity consumption.

Other income statement items

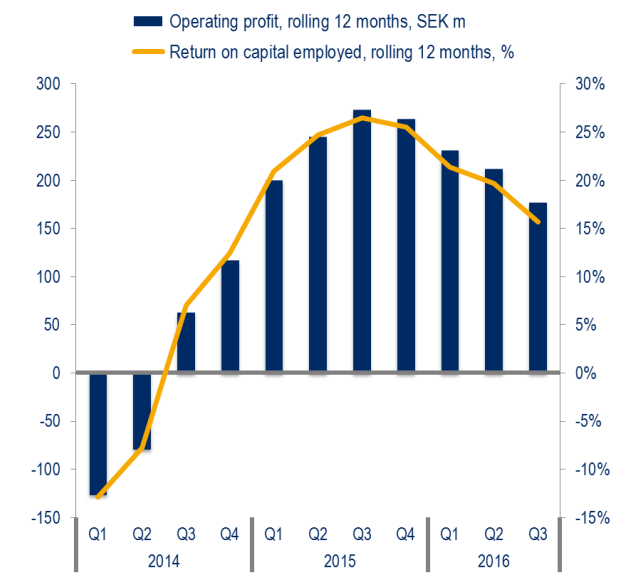
The Group's profit after financial items amounted to SEK 45 million (80) for the third quarter and SEK 170 million (257) for January–September 2016.

Income taxes for January–September totalled SEK 36 million (35). Taxes recognised for January–September primarily relate to utilisation of previously capitalised tax loss carry-forwards. The Group has now utilised all its tax losses and therefore no deferred tax asset is reported at the end of the third quarter (on 30 September 2015, deferred tax asset relating to tax losses amounted to SEK 32 million).

Net profit totalled SEK 34 million (62) for the third quarter and SEK 134 million (222) for January–September 2016. Earnings per share totalled SEK 0.23 (0.41) in the third quarter and SEK 0.88 (1.46) for January–September 2016.

Return on capital employed, measured over a rolling 12-month period, was 15.7 per cent (25.7). Return on equity, measured over a rolling 12-month period, was 11.9 per cent (24.6).

Operating profit and return on capital employed, rolling 12 months



INVESTMENTS AND FINANCIAL POSITION

Group investments in fixed assets amounted to SEK 182 (41) million for January–September 2016. The increase is attributable to the Group's long-term industrial plan, Agenda 500.

In the third quarter, an expansion of the CTMP line at Rottneros Mill was installed, increasing the capacity for the line by 20 per cent or by 4 per cent for the entire Group. The investment is the first of the two steps in the planned capacity increases under Agenda 500 at Rottneros Mill. The expansion in the first step includes an improved pulp washer, a high-concentration bleaching system, and an increased flash-drying capacity.

As part of Agenda 500, the Board of Directors decided during the first quarter of 2016 that a new energy and emission-efficient biomass boiler would be installed at Rottneros Mill. The investment, totalling SEK 98 million, is expected to be commissioned around mid-2017. Following the investment, energy consumption at both mills will for all practical purposes be fossil-free.

In October 2016, the Board of Directors also decided as part of Agenda 500 that a new wash press would be installed at Vallvik Mill. This environmental investment of around SEK 45 million will significantly reduce the mill's COD emissions so that the production capacity can be expanded under the new environmental permit. The wash press will be installed during the maintenance shutdown in 2017.

In 2015–2016, the Board of Directors has decided on total investments of SEK 500 million relating to the long-term industrial plan, Agenda 500, including SEK 280 million carried out in 2015 and January–September 2016. The remaining investments of around SEK 220 million will be

carried out during the fourth quarter of 2016 and in 2017. The majority of these investments are already procured and contracted.

During the second quarter of 2016, a revaluation of the Group's 16% stake in Söderhamns Stuveri & Hamn AB was carried out, resulting in a write-up of SEK 8 million, and reported as other operating income for January–September 2016.

The Group's cash and cash equivalents amounted to SEK 85 million at the end of the third quarter, compared with SEK 221 million at the end of third quarter 2015 and SEK 169 million at year-end 2015.

The Group had no interest-bearing liabilities on 30 September 2016 and 2015. Total granted and unused credit facilities amounted to SEK 175 million.

The equity/assets ratio amounted to 75 (79) per cent as of 30 September. Equity per share totalled SEK 7.49 (SEK 7.37) at the end of the third quarter.

CASH FLOW

Cash flow from operating activities for January–September 2016 amounted to SEK 174 million (264). Cash flow was lower than in January–September of 2015, due to the lower operating income.

Cash flow from operating activities for January–September 2016 was impacted positively by an EU project grant of SEK 14 million that Rottneros has distributed further to its project partners after the balance sheet date. The amount is included in cash and cash equivalents as well as in current liabilities as of 30 September 2016.

The strong cash flow from operating activities funded the Group's investments during January–September 2016. Cash flow after investments for January–September was SEK -8 million (223).

In the second quarter, shareholders were paid dividends totalling SEK 76 million (61). Net cash flow for January–September was SEK -84 million (132).

EU PROJECT FOR COMPLETELY BIO-BASED PACKAGING

Rottneros is leading a new project, Pulpaction, which will develop completely bio-based packaging. The total scope of the project is just under SEK 120 million and is financed to 74 per cent by the EU. Twelve partners within the EU are participating in the project. Rottneros, with its vast expertise in the manufacturing of special pulp and moulded fibre trays, will receive the largest portion of the budget, approximately SEK 25 million. In addition to project coordination, Rottneros will lead development areas within tray moulding and pulp development. The project began in October 2016 and runs for four years.

In its role as project coordinator Rottneros will also administer the project's EU funding. Funding for the project is paid by the EU to Rottneros, which distributes the funding to other partners in the project.

Rottneros has extensive knowledge about the production of trays made of fibre. The packages Rottneros produces today are largely bio-based. The aim of the Pulpaction innovation project is to develop packaging that is

completely bio-based at a competitive price, thereby contributing to more sustainable development in the packaging industry.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees for January–September 2016 was 276 (262). The increase was mainly attributable to production personnel.

PARENT COMPANY

For January–September 2016, the parent company reported a loss of SEK -14 million (-7) after financial items.

CHANGES IN MANAGEMENT

In March 2016, the Board of Directors of Rottneros AB appointed Lennart Eberleh as new President and CEO of Rottneros AB. He assumed his position on 1 September 2016.

On 9 September 2016 the Board of Directors appointed Board member and previous President Per Lundeen to serve as the new Chairman of the Board until the 2017 AGM, when Rune Ingvarsson had decided to step down from the post of Chairman for personal reasons.

On 19 October 2016, the Company appointed Monica Pasanen to serve as the new CFO of the Rottneros Group. She succeeds Krister Lindgren, who has served as interim CFO since 2013. Monica Pasanen most recently worked at Stora Enso, where she has been responsible for Supply Chain in the Consumer Board division. She has more than 20 years of experience in a variety of management positions in both finance and marketing. She will begin in the new position no later than 1 February 2017. Krister Lindgren will continue as interim CFO until then.

SHARE INFORMATION

Largest shareholders as of 30 September 2016

Shareholders	Number of shares (=votes)	Per cent of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	7,705,235	5.0
Försäkringsbolaget Avanza Pension	4,705,615	3.1
Nordnet Pensionsförsäkring AB	1,876,355	1.2
SSB Client Omnibus AC OM07 (15 PCT)	1,553,322	1.0
Försäkrings AB Skandia	1,520,245	1.0
BNY Mellon SA/NV client account	1,131,025	0.7
Borell, Joakim	1,037,711	0.7
SEB Investment Management	1,007,498	0.7
Andersson, Sten Oskar	850,000	0.6
Total for 10 largest owners – by size of holding	99,617,889	64.9
Other shareholders	52,954,036	34.5
Rottneros AB (treasury shares from buy-back)	821,965	0.5
TOTAL	153,393,890	100.0

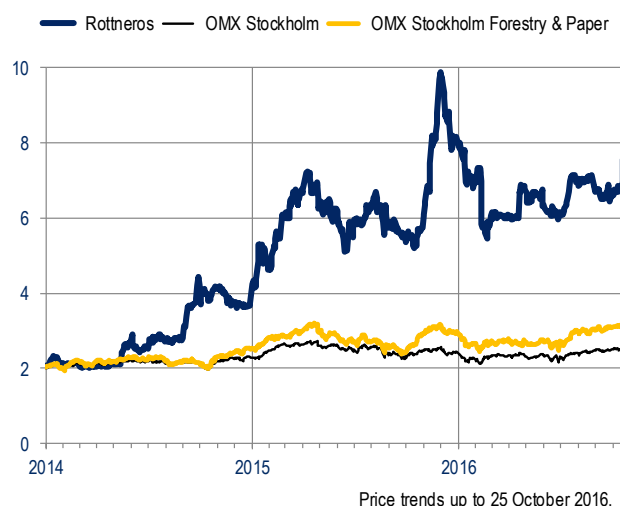
Number of shares and treasury shares

The number of shares in Rottneros totals 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. No change in treasury shares occurred during the January–September 2016 period.

Trend of share price over the first half-year

At the end of the third quarter of 2016, the price of Rottneros share was SEK 6.60 (8.15 at the end of 2015).

Trends of prices, Rottneros share and Stockholm Stock Exchange, 2014-2016



Transactions with related parties

During the January–September period Rottneros sold pulp to the related party Arctic Paper S.A. Group, in the amount of SEK 83 million (109). Outstanding operating receivables from Arctic Paper totalled SEK 18 million (25) at the end of the third quarter. Transactions were conducted on normal market conditions but with a lower level of credit insurance, primarily owing to the group relationship between Arctic Paper and Rottneros.

RISK MANAGEMENT

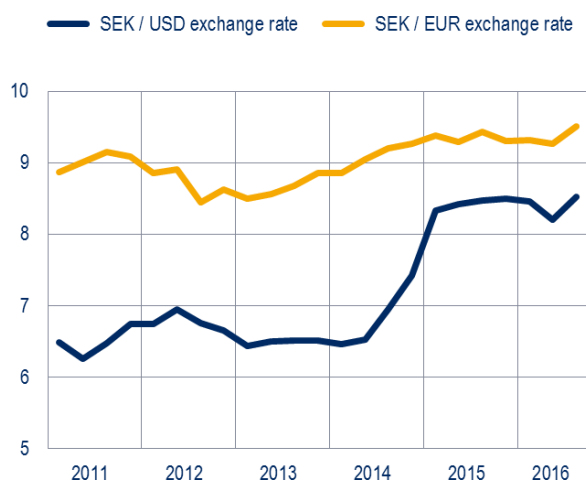
Operationally, the Company uses a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependence on market pulp list prices and at moderating fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are linked to exchange rates and the price of pulp, timber and electricity.

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus high. The direct inflow of USD (the real flow) for January–September represented approximately 45 per cent of the inflow, and in EUR approximately 40 per cent. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a customer contract is between one and three months.

The average USD exchange rate was at the same level compared with the previous year for both the third quarter and for January–September.

Trend of exchange rates over the past five years



Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. The Group held no pulp price hedging contracts on 30 September 2016 or 2015.

Electricity

All electricity for the mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. The amount of electricity prices hedged at the end of the third quarter 2016 was equal to the proportion of forecast consumption shown in the table. The table shows the hedged proportion of estimated total consumption and the average price in SEK/kWh.

Around 20 per cent of electricity price hedges for the remainder of 2016 are denominated in EUR. For these hedges, currency hedges are in place at an average rate of SEK 9.04/EUR. All other electricity price hedges are denominated in SEK.

Electricity hedges as of 30 September 2016

Year	Proportion hedged	EUR/MWh	SEK/kWh
2016 Oct-Dec	88%	37.0	0.256
2017	72%		0.235
2018	64%		0.223
2019	64%		0.229
2020	16%		0.225

The average price level for electricity on the Nord Pool exchange (area SE3) amounted to SEK 0.25 (0.20) per kWh for January–September 2016.

See pages 39-43 of the Annual Report for 2015 for further information on risks.

KEY EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

No significant events occurred after the balance sheet date that affected the Group's financial position and results of operations.

FORTHCOMING FINANCIAL INFORMATION

9 February 2016	Year-end report January–December
16 May 2017	Interim Report January–March
16 May 2017	Annual General Meeting
28 August 2017	Interim Report April–June
13 November 2017	Interim Report July–September

For more information, please visit Rottneros' website, www.rottneros.com.

This report has not been reviewed by the Company's auditors.

Vallvik 10 November 2016

Lennart Eberleh
President and CEO

This information is information that Rottneros AB is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act. This information was submitted for publication, through the agency of the contact person set out below, on 10 November 2016 at 8:00 a.m. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two reports.

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CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Full-year 2015
NET TURNOVER	444	455	1,289	1,365	1,719	1,795
Change in inventories, finished goods	-12	9	17	20	7	10
Other operating income	5	13	45	48	51	54
	437	477	1,351	1,433	1,777	1,859
Raw materials and consumables	-217	-226	-664	-688	-875	-899
Other expenses	-105	-103	-301	-280	-441	-420
Employee benefit expenses	-54	-53	-166	-162	-223	-219
Depreciation/amortisation and impairment losses	-15	-14	-46	-43	-61	-58
	-391	-396	-1,177	-1,173	-1,600	-1,596
OPERATING PROFIT	46	81	174	260	177	263
Financial income	1	0	2	0	3	1
Financial expenses	-2	-1	-6	-3	-8	-5
Total financial items	-1	-1	-4	-3	-5	-4
PROFIT AFTER FINANCIAL ITEMS	45	80	170	257	172	259
Tax on income for the period	-11	-18	-36	-35	-37	-36
NET INCOME	34	62	134	222	135	223
Average number of shares (thousand) ¹	152,572	152,572	152,572	152,572	152,572	152,572
Earnings per share, SEK ¹	0.23	0.41	0.88	1.46	0.88	1.46

¹ No share-based programmes exist that result in dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Full-year 2015
NET INCOME	34	62	134	222	135	223
Other comprehensive income						
Items that have been or may be transferred to profit for the period						
Cash-flow hedging, before tax effect	24	-7	33	-16	26	-23
Cash-flow hedging, tax effect	-5	2	-7	4	-6	5
Translation differences	0	-1	0	-1	1	0
TOTAL OTHER COMPREHENSIVE INCOME	19	-6	26	-13	21	-18
COMPREHENSIVE INCOME FOR THE PERIOD ²	53	56	160	209	156	205

² The entire comprehensive income is attributable to the parent company's shareholders.

CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	30 Sep 2016	30 Sep 2015	31 Dec 2015
Intangible fixed assets	13	6	7
Property, plant and equipment	789	612	659
Deferred tax assets	-	37	38
Financial assets	12	5	2
Total fixed assets	814	660	706
Inventories	299	268	267
Current receivables	320	273	244
Cash and cash equivalents	85	221	169
Total current assets	704	762	680
TOTAL ASSETS	1,518	1,422	1,386
Shareholders' equity	1,142	1,125	1,058
Long-term liabilities			
Interest-bearing	-	-	-
Non-interest-bearing	15	18	18
Total non-current liabilities	15	18	18
Current liabilities			
Interest-bearing	-	-	-
Non-interest-bearing	361	279	310
Total current liabilities	361	279	310
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,518	1,422	1,386

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

Amounts in SEK m	Share capital	Other contributed capital	Treasury shares	Other reserves		Retained earnings, incl. profit for the year	Total shareholders' equity
				Hedging reserve	Translation difference		
Opening balance, 1 January 2015	153	730	-69	-8	-8	177	975
Net income Jan-Sep						222	222
Other comprehensive income, Jan-Sep				-10	-1		-11
Total comprehensive income for Jan-Sep				-10	-1	222	211
Dividends to shareholders, Jan-Sep						-61	-61
Closing balance, 30 September 2015	153	730	-69	-18	-9	338	1,125
Net income Oct-Dec						1	1
Other comprehensive income, Oct-Dec				-8	1		-7
Total comprehensive income, Oct-Dec				-8	1	1	-6
Dividends to shareholders, Oct-Dec						-61	-61
Closing balance, 31 December 2015	153	730	-69	-26	-8	278	1,058
Net income Jan-Sep						134	134
Other comprehensive income, Jan-Sep				26	0		26
Total comprehensive income for Jan-Sep				26	0	134	160
Dividends to shareholders, Jan-Sep						-76	-76
Closing balance, 30 September 2016	153	730	-69	0	-8	336	1,142

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

Amounts in SEK m	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Full-year 2015
Operating profit	174	260	177	263
Adjustment for non-cash flow items				
Depreciation/amortisation and impairment losses	46	43	61	58
Other items not affecting cash flow	-13	0	-13	0
	207	303	225	321
Received/paid financial items	-2	-2	-3	-3
Received/paid taxes	0	0	-1	-1
Cash flow from operating activities before changes in working capital	205	301	221	317
Change in working capital	-31	-37	24	18
Cash flow from operating activities	174	264	245	335
Investments in fixed assets	-182	-41	-244	-103
Sale of fixed assets	0	0	0	0
Cash flow used in investing activities	-182	-41	-244	-103
Amortisation of loan	-	-30	0	-30
Dividend paid	-76	-61	-137	-122
Cash flow used in financing activities	-76	-91	-137	-152
Net cash flow for the period	-84	132	-136	80
Cash and cash equivalents at start of period	169	89	221	89
Net cash flow for the period	-84	132	-136	80
Cash and cash equivalents at end of period	85	221	85	169

PARENT COMPANY INCOME STATEMENTS

PARENT COMPANY INCOME STATEMENT

Amounts in SEK m	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
NET TURNOVER	4	4	6
Other operating income	4	9	11
	8	13	17
Other expenses	-10	-5	-10
Employee benefit expenses	-11	-14	-13
	-21	-19	-23
OPERATING LOSS	-13	-6	-6
Profit from participations in Group companies	-	-	234
Financial expenses	-1	-1	-2
Total financial items	-1	-1	232
LOSS/PROFIT AFTER FINANCIAL ITEMS	-14	-7	226
Tax on income for the period	3	1	-10
NET INCOME	-11	-6	216

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
NET INCOME	-11	-6	216
Other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-11	-6	216

PARENT COMPANY BALANCE SHEET, SUMMARY

Amounts in SEK m	30 Sep 2016	30 Sep 2015	31 Dec 2015
Intangible fixed assets	12	6	6
Property, plant and equipment	0	1	1
Financial assets	311	273	309
Total fixed assets	323	280	316
Current receivables ¹	663	643	655
Cash and cash equivalents	59	1	166
Total current assets	722	644	821
TOTAL ASSETS	1,045	924	1,137
Shareholders' equity	920	849	1,010
Long-term liabilities			
Non-interest-bearing	4	2	3
Total non-current liabilities	4	2	3
Current liabilities			
Non-interest-bearing ²	121	73	124
Total current liabilities	121	73	124
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,045	924	1,137

¹ Includes receivables of SEK 663 million (628) from subsidiaries.

² Includes liabilities of SEK 113 million (53) to subsidiaries.

SUPPLEMENTARY DISCLOSURES AND NOTES, SUMMARY

ACCOUNTING POLICIES

This report has been prepared in accordance with IAS 34 'Interim Financial Reporting', which complies with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1 'Supplementary Accounting Rules for Groups' together with RFR 2 'Accounting for Legal Entities', in respect of the parent company.

The accounting policies, definitions of key ratios and calculation methods are the same as those used in the last annual report.

All amounts in this report are in SEK m, unless stated otherwise. Rounding-off differences may occur.

This report has not been reviewed by the Company's auditors.

FINANCIAL INSTRUMENTS

FAIR VALUE FOR DERIVATIVES, 30 SEPTEMBER 2016

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward sell	EUR 7.0 m	2016	9.52 SEK/EUR	-1
Currency EUR, forward buy	EUR 0.4 m	2016	9.04 SEK/EUR	0
Currency USD, forward sell	USD 13.5 m	2016	8.60 SEK/USD	0
Electricity, forward buy	657,630 MWh	2016-2020	0.232 SEK/kWh	-1
Total fair value				-2

FAIR VALUE FOR DERIVATIVES, 31 DECEMBER 2015

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward buy	EUR 1.6 m	2016	9.00 SEK/EUR	1
Currency USD, forward sell	USD 4.5 m	2016	8.68 SEK/USD	1
Electricity, forward buy	657,480 MWh	2016-2019	0.245 SEK/kWh	-34
Total fair value				-32

The valuation is based on directly observable price quotations on 30 September that are classified at level 2 in the fair value hierarchy described in IFRS 13.

The full fair value of a derivative instrument that constitutes a hedging instrument is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item exceeds twelve months, and as a current asset or current liability if the remaining maturity of the hedged item is less than twelve months. The ineffective portion, which is recognised in the income statement, was SEK 0 (0) million in respect of cash flow hedges. The maximum exposure for credit risk on the reporting date is the fair value of the derivative instruments recognised as assets in the balance sheet.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2015. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2015, since the effect of discounting is not of material significance. Accounts receivable are covered by credit insurance, which recovers most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

GROUP PERFORMANCE IN SUMMARY

	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Full-year 2015	2014	2013	2012	2011
Income statement (SEK m)								
Net turnover	1,289	1,365	1,719	1,795	1,547	1,389	1,437	1,513
Profit/loss before depreciation/amortisation and impairment losses	220	303	238	321	177	-11	61	4
Depreciation/amortisation and impairment losses	-46	-43	-61	-58	-59	-142	-55	-120
Operating profit/loss	174	260	177	263	118	-154	6	-117
Financial items (net financial items)	-4	-3	-5	-4	-4	-4	0	-3
Profit/loss after financial items	170	257	172	259	114	-158	6	-120
Tax on income for the period	-36	-35	-37	-36	19	0	-19	-24
Net income	134	222	135	223	133	-158	-13	-144
Statement of cash flow (SEK m)								
Cash flow from operating activities	174	264	245	335	104	62	41	35
Investments in fixed assets	-182	-41	-244	-103	-59	-37	-51	-157
Cash flow after investments	-8	223	1	232	45	25	-10	-122
Sale of fixed assets	0	0	0	0	39	2	1	9
Cash flow used in/from financing activities	-76	-91	-137	-152	-30	-18	14	-21
Net cash flow	-84	132	-136	80	54	9	5	-134
Balance sheet items (SEK m)								
Fixed assets	814	660	814	706	691	706	809	841
Inventories	299	268	299	267	255	246	240	276
Current receivables	320	273	320	244	226	175	219	209
Cash and cash equivalents	85	221	85	169	89	35	26	21
Net cash/debt	85	221	85	169	59	-25	-52	-26
Shareholders' equity	1,142	1,125	1,142	1,058	975	825	993	1,014
Long-term interest-bearing liabilities	-	-	-	-	30	0	0	5
Long-term non-interest-bearing liabilities	15	18	15	18	9	13	15	11
Current interest-bearing liabilities	-	-	-	-	0	60	78	42
Current non-interest-bearing liabilities	361	279	361	310	247	264	208	275
Capital employed	1,142	1,125	1,142	1,058	1,005	884	1,071	1,061
Balance sheet total	1,518	1,422	1,518	1,386	1,261	1,161	1,294	1,347
Key ratios								
Operating margin, %	13.5	19.0	10.3	14.7	7.6	-11.1	0.4	-7.8
Profit margin, %	13.2	18.8	10.0	14.4	7.3	-11.4	0.4	-8.0
Return on equity, %	12.2	21.2	11.9	21.9	13.6	Neg.	Neg.	Neg.
Return on capital employed, %	15.9	24.5	15.7	25.5	12.4	Neg.	0.1	Neg.
Equity/assets ratio, %	75	79	75	76	77	71	77	75
Debt/equity ratio, %	-7	-20	-7	-16	-6	3	5	3
Interest cover, times	30	71	24	53	29	Neg.	2	Neg.
Other								
Average no. of employees	276	262	273	264	251	256	275	298
Pulp production, 1,000 tonnes	287.0	284.8	378.9	373.3	345.0	333.4	330.4	324.1
Pulp deliveries, 1,000 tonnes	281.3	280.9	371.7	372.2	344.2	332.1	331.4	311.4
List price of NBSK pulp, USD per tonne ¹	800	869	805	857	925	857	814	960
SEK/USD ²	8.40	8.41	8.42	8.44	6.86	6.51	6.78	6.50
List price of NBSK pulp, SEK per tonne	6,718	7,313	6,780	7,285	6,345	5,582	5,519	6,229

¹ Source: PIX quotation once a week. Average for each period.

² Source: Riksbanken's daily listings. Average for each period.

QUARTERLY DATA, GROUP

	2016			2015				2014			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement, SEK M											
Net turnover	444	413	432	429	455	456	454	370	404	394	380
Profit before depreciation/amortisation and impairment losses	61	73	86	18	95	90	118	28	67	45	35
Depreciation/amortisation and impairment losses	-15	-16	-15	-15	-14	-14	-14	-15	-14	-14	-14
Operating profit	46	57	71	3	81	76	104	12	53	31	21
Financial items (net)	-1	-1	-2	-2	-1	-1	-1	1	-1	0	-1
Profit after financial items	45	56	69	1	80	75	103	13	52	31	20
Tax on income for the period	-11	-10	-15	0	-18	6	-23	41	-11	-7	-4
Net income	34	46	54	1	62	81	80	55	41	24	16
Per share											
Earnings per share, SEK	0.23	0.30	0.35	0.01	0.41	0.53	0.52	0.36	0.26	0.16	0.10
Other											
Pulp production, 1,000 tonnes	91.9	100.0	95.1	88.5	95.3	95.8	93.7	82.9	89.0	88.1	85.0
Pulp deliveries, 1,000 tonnes	95.6	92.8	92.9	91.3	94.7	95.3	90.9	78.3	89.2	89.5	87.2
List price of NBSK pulp, SEK per tonne	6,912	6,541	6,699	6,970	7,173	7,199	7,560	6,916	6,452	6,035	5,919

SHARE DATA ¹

		Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Full-year 2015	2014	2013	2012	2011
Shares, opening ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Shares, closing ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Treasury shares ²	Number	822	822	822	822	822	822	822	822
Earnings per share	SEK	0.88	1.46	0.88	1.46	0.87	-1.04	-0.09	-0.95
Cash flow after investments/share ³	SEK	-0.05	1.46	0.01	1.52	0.29	0.16	-0.07	-0.80
Equity per share	SEK	7.49	7.37	7.49	6.93	6.39	5.41	6.51	6.65
Dividend	SEK	-	-	0.50	0.50	0.80	-	-	0.10
Dividend/equity per share	%	-	-	6.7	7.2	12.5	-	-	1.5
Share price at end of period	SEK	6.60	5.50	6.60	8.15	3.74	1.99	2.00	2.11
Market price/equity/share	times	0.9	0.7	0.9	1.2	0.6	0.4	0.3	0.3
P/E ratio per share	times	3.8	1.9	7.5	5.6	4.3	Neg.	Neg.	Neg.
Direct yield ⁴	%	-	-	7.6	6.1	21.4	-	-	4.7

¹ None of the key ratios are affected by any dilution effect.

² The number of shares is in thousands, excluding Rottneros' treasury shares.

³ Cash flow from operating activities less investments in fixed assets, divided by the number of shares.

⁴ The calculation of dividend yield is based on the share price at end of period.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are financial measures that are not defined in IFRS and are presented outside the financial statements. Rottneros uses the alternative performance measures Cash flow after investments, Net cash/debt, Capital employed, Return on capital employed, Return on equity, Equity/assets ratio, Debt/equity ratio, and Interest coverage ratio. The Company believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures to assess the Rottneros Group's financial position and profitability. Rottneros also uses the alternative performance measures P/E ratio and Direct yield, which the Company believes are relevant for investors and other readers. Alternative performance measures can be defined in different ways by other companies and therefore may not be comparable with similar measures used by other companies.

DEFINITIONS OF KEY RATIOS

Operating margin

Operating profit as a percentage of net turnover.

Profit margin

Profit after financial items as a percentage of net turnover.

Earnings per share

Net income divided by the average number of shares.

Equity per share

Shareholders' equity divided by the number of shares.

Cash flow after investments

Cash flow from operating activities, less investments in fixed assets.

Net cash/debt

Cash and cash equivalents less interest-bearing liabilities.

Capital employed

Shareholders' equity plus interest-bearing liabilities.

Return on capital employed

Profit after financial items plus financial expenses, divided by the average capital employed for the period.

Return on equity

Net income as a percentage of average equity for the period.

Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

Debt/equity ratio

Net debt/cash as a percentage of shareholders' equity.

Interest coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

P/E ratio

Share price at end of the period in relation to earnings per share.

Direct yield

Dividend as a percentage of the share price at the end of the period.

GLOSSARY

Market pulp	Pulp sold on the market and transported to the customer. Market pulp accounts for about one third of pulp production worldwide. The remaining two thirds are produced at integrated paper and board mills, or used internally within a group.	Long-fibre pulp	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
BCTMP	Bleached Chemi-Thermo-Mechanical Pulp: bleached mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is common in North America and Asia (see CTMP).	Mechanical pulp	Pulp produced using a mechanical process for fibre separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, TMP and CTMP/BCTMP are types of mechanical pulp.
BEK	Bleached Eucalyptus Kraft pulp.	NBSK	Northern Bleached Softwood Kraft Pulp: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
CTMP	Chemi-Thermo-Mechanical Pulp. Development of TMP, where the mechanical pulp is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.	PIX	Price index published by FOEX.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, instead of chlorine gas.	Groundwood pulp (SGP)	Mechanical pulp based on roundwood as a raw material.
High-yield pulp	Groundwood pulp, TMP and CTMP/BCTMP.	TMP	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.
Chemical pulp	Paper pulp produced by boiling raw timber with chemicals. The pulp can be bleached to a higher brightness and a higher strength than mechanical pulp. Chemical pulp is usually sulphate pulp, but can also be sulphite pulp.	UKP	Unbleached Kraft Pulp, unbleached sulphate pulp.
Short-fibre pulp	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.		

ROTTNEROS IN SUMMARY



Rottneros produces customised pulp for the open market.

ROTTNEROS

Rottneros had just over 260 employees and a turnover of approximately SEK 1.8 billion in 2015. The Group produced 373,300 tonnes of pulp in total.

ROTTNEROS IN FIGURES

SEK m	2015	2014	2013	2012	2011
Net turnover	1,795	1,547	1,389	1,437	1,513
Income after net financial items	259	114	-158	6	-120
Investments in fixed assets	103	59	37	51	157
Average number of employees	264	251	256	275	298
Production per employee (Ktonnes)	1.4	1.4	1.3	1.2	1.1

Ratios, %

Equity/assets ratio	76	77	71	77	75
Return on capital employed	25.5	12.4	Neg	0.1	Neg
Return on equity	21.9	13.6	Neg	Neg	Neg
Operating margin	14.7	7.6	-11.1	0.4	-7.8

SEK/share

Share price 31 Dec	8.15	3.74	1.99	2.00	2.11
Equity per share	6.93	6.39	5.41	6.51	6.65
Earnings per share	1.46	0.87	-1.04	-0.09	-0.95
Cash flow after investments/share	1.52	0.29	0.16	-0.07	-0.80
Dividend	0.50	0.80	–	–	0.10

THE GROUP'S PRODUCTS, DELIVERY VOLUME DISTRIBUTION



41% Bleached sulphate pulp
18% Unbleached sulphate pulp
23% CTMP
18% Groundwood pulp

GEOGRAPHICAL DISTRIBUTION OF TURNOVER



19% Germany
18% Italy
16% Sweden
10% U.S.A.
5% Other Nordic countries
22% Rest of Europe
10% Rest of world

THE WAY FORWARD

In order to achieve sustainable profitability Rottneros will offer products and services of the highest quality. Production at the mills is another key parameter in generating profitability. In February 2015, the Board decided on a strategic action plan to strengthen and develop Rottneros long term, Agenda 500. The focus on selected niches will continue under the plan. A planned capacity expansion will eliminate bottlenecks at the mills over the next few years.

OBJECTIVE

THE GROUP WILL ACHIEVE SUSTAINABLE PROFITABILITY OVER A BUSINESS CYCLE.

This will be accomplished through a **FOCUS ON SELECTED NICHES** where Rottneros has the capacity to achieve competitive advantages and become the market leader. Sales will be concentrated to those market segments where the Group is able to offer customers clear added value through high-quality and customised products.

→ INCREASED PRODUCTIVITY

Productivity is vital for sustainable profitability. The objective is to increase long-term productivity by continually developing our processes and carrying out well-planned and effective preventive maintenance work.

→ INCREASED PRODUCTION VOLUME

The company will increase pulp production volume by improving accessibility and expanding capacity.

→ IMPROVED SAFETY

Good order will prevail at Rottneros. Our objective is to have no sick days on account of work-related incidents.

→ SKILLS DEVELOPMENT

We will develop our skills and competence with the objective of having a workforce that is committed and safety-conscious.

→ THE LEADER IN SERVICE

Customers should perceive Rottneros as the leader in service. We will provide know-how on how the Group's products can be used to improve customers' end products within our chosen segments.

ROTTNEROS' MILL

95
employees



MECHANICAL PULP



Pulp deliveries,
thousand tonnes

GROUND- WOOD PULP



Spruce

Bleached/unbleached



Board



Printing and
writing paper



Tissue
paper

Production (tonnes)

2015
68,900
2014
52,800 } **+30%**

CTMP



Spruce/pine

Bleached/unbleached



Board



Tissue
paper



Printing and
writing paper



Filters

Production (tonnes)

2015
85,700
2014
80,800 } **+6%**

CTMP



Aspen/birch

Bleached



Printing and
writing paper



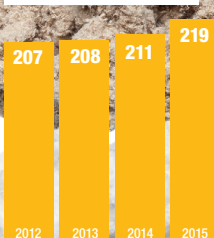
Fine paper

VALLVIK'S MILL

157
employees



CHEMICAL PULP



Pulp deliveries,
thousand tonnes

LONG- FIBRE SULPHATE



Spruce/pine

Bleached



Printing and
writing paper



Tissue paper

Production (tonnes)

2015
153,300
2014
123,300 } **+24%**



Board



Filters

Unbleached



Kraft paper



Filters



Electrical insulating
material

Production (tonnes)

2015
65,300
2014
88,000 } **-26%**



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