

ROTTNEROS: INTERIM REPORT JANUARY – SEPTEMBER 2015

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- Income after net financial items amounted to SEK 80 (52) million for the third quarter of 2015 and SEK 222 (80) for January–September, our best January–September performance in the current structure.
- Net turnover for the third quarter totalled SEK 455 (404) million, a 13% increase compared with 2014.
- The quarter is strong in terms of both production and financial performance, despite the negative impact of a seven-day production shutdown at Rottneros Bruk.
- Production volumes increased by 7% compared with the third quarter of 2014, and for January–December, production volumes increased by 9% compared with the same period last year.
- The PIX price in USD declined during the second quarter and amounted to an average of USD 846. Denominated in SEK, the price decrease was less than 1% compared with the second quarter. Compared with the third quarter of 2014, the price increase in SEK was about 11%.
- Cash flow before investments in the third quarter of 2015 remained strong at SEK 84 (92) million and SEK 270 million on a rolling 12-month basis, compared with SEK 104 million for full-year 2014. Interest-bearing net receivables as of 30 September amounted to SEK 221 (44) million.
- The board has decided to convene an extraordinary general meeting in December 2015 regarding the so-called additional dividend of SEK 0.40 per share, corresponding to MSEK 61.

Comments by the president

Established greatly improved new level of earnings

With a strong third quarter, the Rottneros Group continued on its positive course. It is now one year since I became CEO and it feels appropriate to reflect on the past year. Rottneros' employees have made the company considerably more stable, establishing a greatly improved performance level. The dollar and pulp prices are part of the trend, but our internal improvement programme has made a substantial contribution. The company has become debt-free and has resumed paying dividends.

It is also uplifting to note that the board has decided to convene an extraordinary general meeting in December to decide on a so-called extra dividend of SEK 0.40 per share.

Profit after net financial items was SEK 80 million for the quarter, a 54% improvement over the same period last year and profit after net financial items for the first nine months was SEK 257 million, a 152% improvement over the first nine months of 2014. This positive trend was driven by our own improvement measures, although the trend for the dollar compared with last year continued to benefit earnings. Production increased by a total of 7 per cent compared with the same quarter last year. Earnings also improved compared with the second quarter, even though pulp prices and the dollar both moved in the wrong direction. This achievement clearly shows that the Group's steady improvement initiatives have produced results.

The decline in electricity prices has benefitted earnings since production of high-yield pulp at Rottneros Mill is so electricity-intensive. Since we hedge a large portion of our electricity purchases, our purchase prices will continue to drop even moving forward as older futures contracts are renewed at lower electricity prices.

Continued stable demand

Demand for our various grades of pulp generally remained stable. However, price pressures in the global market for long-fibre pulp continued this quarter.

With the launch of Opacity Extreme, a high-yield pulp for thin packaging and printing paper, as well as special applications, Rottneros further strengthened its product portfolio. This is the third new product the company has launched over the past year. With its combination of excellent strength properties, high purity and superior opacity, Opacity Extreme could become the leading product in the market for thin paper.

The annual maintenance shutdown of Vallvik Mill is scheduled for November. In connection with the shutdown, a few capacity-enhancing installations will be carried out within the framework of Agenda 500.

Competitive return and efficient investments

When we compare Rottneros' performance with reports published by our industry colleagues, we can conclude that our return on capital employed over the past 12 months was 26 per cent, which is the best in the industry. This means that Rottneros' has met its financial target: return on capital employed shall exceed this figure for comparable pulp-producing companies.

Rottneros has formulated Agenda 500, a new long-term industrial plan aimed at increasing production at the company's two mills to at least 460,000 tonnes per year through extremely cost-effective investments. Under this scheme we are investing less than half as much money as our competitors per tonne of increased capacity. During the quarter the Board of Directors of the Rottneros Group resolved to invest an additional SEK 100 million in equipment within the framework of Agenda 500. These investments will be installed in the autumn of 2016.

Compared with our industry colleagues, we also see that our employees are as productive as our competitors' employees, even though the competitors often have larger plants. Because Rottneros' two mills have been so well-run over the years, I can also note that our level of equity in fixed assets is about half as large as other pulp producers, measured in relation to turnover, or volume produced.

Competence and resource reinforcement

Rottneros' dedicated employees are the cornerstone of our efforts to grow the Group. And it is extremely positive that during the year we had almost 50 new hires. As a result, we replaced employees who are leaving due to retirement, but we also increased staffing as part of the initiative to enhance skills and resources as planned under Agenda 500.

The Group's strong position in relation to the industry also means that we can confidently continue our journey towards an even stronger Rottneros.

Per Lundeen

(For the complete interim report see attached file)

For more information, please visit. www.rottneros.com

Vallvik, 13 November 2015

Per Lundeen

Chief Executive Officer and President

Rottneros discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. This information was submitted for publication on 28 August 2015 at 08.30 am. 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.