

ROTTNEROS

INTERIM REPORT JANUARY – SEPTEMBER 2015

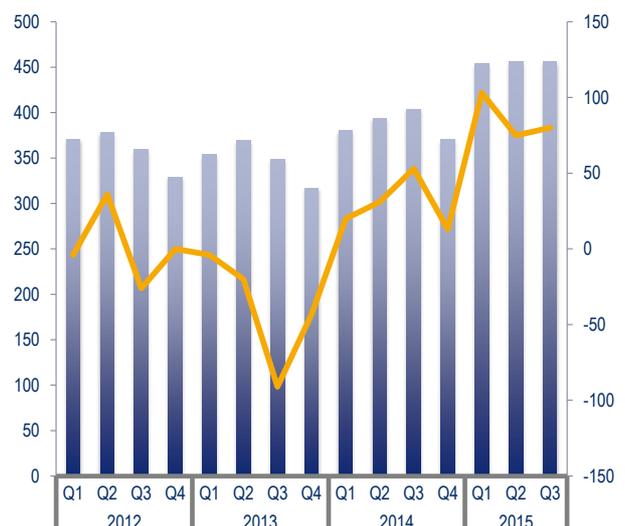
The quarter in figures

	July–Sept 2015	April–June 2015	July–Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Rolling 12 months	Jan–Dec 2014
Net turnover, SEK m	455	456	404	1,365	1,177	1,735	1,547
Operating income, SEK m	81	76	53	260	106	274	118
Income after net financial items, SEK m	80	75	52	257	102	271	114
Income after tax, SEK m	62	81	41	222	80	277	133
Earnings per share, SEK ¹	0.41	0.53	0.26	1.46	0.52	1.81	0.87
Cash flow before investments, SEK m	84	116	92	264	98	270	104

¹ Basic and diluted

- 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.

■ Net turnover SEK m ■ Earnings after net financial items, SEK m



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

THE PULP MARKET

MARKETS AND PRODUCTS

PULP MARKET INTERNATIONALLY

This year market pulp has been characterised by weakly rising demand for long-fibre, strong demand for short fibre and geographically, a sharp increase in shipments to China.

Deliveries of chemical market pulp worldwide (World- 20) during the first nine months of the year totalled 35 million tonnes, up almost four per cent from 2014. Capacity utilisation during the period was 92 per cent. Aggregate producer stock levels at the end of September corresponded with 35 days of consumption.

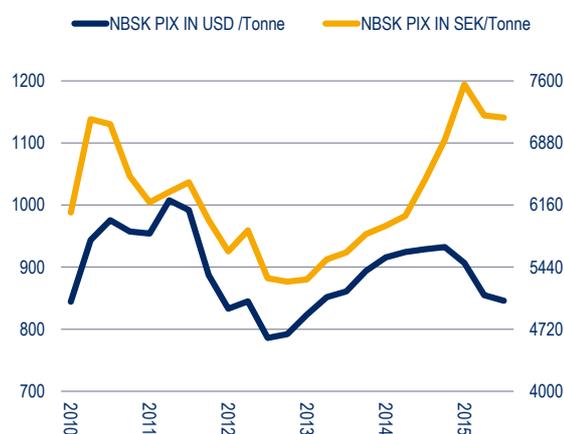
Despite declining demand in Western Europe and in Asia outside of China, the long-fibre sulphate market during the year has been in relatively good balance thanks to high deliveries to the Chinese market. So far this year, total deliveries of long-fibre pulp have increased by 0.7 per cent.

Producer stock levels have increased by one day since mid-year to a level equivalent to 30 days of consumption at the end of September.

The price of NBSK, which had stabilised at just over USD 850 earlier this summer, has been subjected to renewed pressure in recent months. At the end of October the price was around USD 830, about USD 100 less than at the beginning of the year. However, the upswing in the price of short fibre that began already one year ago has continued and since the turn of the year the price has risen by almost USD 70 to USD 810. The price gap between long and short-fibre pulp has thus narrowed from USD 190 at the beginning of the year to USD 20 at the end of October.

Deliveries of BCTMP from the leading producing countries during January–September totalled 2.1 million tonnes, up almost 4 per cent from 2014. Capacity utilisation was 91 per cent and inventories at the end of September corresponded with 40 days of consumption.

NBSK trend the past five years



PRODUCTION AND DELIVERIES

The Group continues to have a positive trend in both production and delivery volumes.

The rise in production volume compared with the previous year was about seven per cent for the third quarter and nine per cent for the January–September period. Total production for the period amounts to 284,800 tonnes, compared with 262,100 tonnes in the corresponding period of the previous year

Deliveries during the third quarter of 2015 amounted to 94,700 (89,200) tonnes, an increase in volume of 6 per cent.

Deliveries during January–September 2015 amounted to 280,900 (265,900) tonnes, an increase in volume of 6 per cent.

CTMP and groundwood pulp account for the largest increase, largely due to new product launches carried out in autumn 2014 and spring 2015.

PRODUCTION (TONNES)

	July–Sept 2015	July–Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Rolling 12 months	Jan-Dec 2014
Sulphate pulp	58,500	56,300	169,900	162,900	218,300	211,400
Groundwood pulp	16,500	12,300	51,600	39,100	65,300	52,800
CTMP	20,300	20,400	63,300	60,100	84,100	80,800
TOTAL	95,300	89,000	284,800	262,100	367,700	345,000

DELIVERIES (TONNES)

	July–Sept 2015	July–Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Rolling 12 months	Jan-Dec 2014
Sulphate pulp	54,300	55,500	166,000	167,400	209,900	211,300
Groundwood pulp	16,000	9,900	49,900	38,400	65,100	53,500
CTMP	24,400	23,800	65,000	60,100	84,400	79,400
TOTAL	94,700	89,200	280,900	265,900	359,400	344,200

Maintenance shutdowns and seasonal variations

A maintenance shutdown was carried out at the mill in Rottneros during the third quarter. Last year there were two shutdowns, one in July that was combined with a maintenance initiative in October. At Vallvik Mill, the annual maintenance shutdown is planned for the fourth quarter of 2015, just like last year.

Costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. The cost of the shutdown is estimated to SEK 30 (30) million. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

INVOICING AND RESULTS

July–September 2015 compared with July–September 2014

Deviation analysis

	July–Sept 2015	July–Sept 2014
NBSK PIX	846	929
SEK/USD	8.48	6.95
NBSK SEK	7,173	6,452
OPERATING PROFIT	81	53
Price & Mix		-18
Currency		42
Volume		15
Variable costs		6
Hedging activities realised		2
Other		-19
TOTAL DIFFERENCE		28

The average price of long-fibre sulphate pulp (NBSK) in USD decreased by 9 per cent compared with the same period the previous year. However, the increase in NBSK was 11 per cent denominated in SEK due to a stronger USD in relation to the SEK. Group net turnover amounted to SEK 455 (404) million for January–September 2015, an increase of about 13 per cent.

Increased production and volumes contributed SEK 15 million.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.15 (0.31) per kWh for July–September 2015 and had a positive impact on variable costs. However, this may not have a full impact since parts of electricity consumption are hedged at higher levels than current spot prices.

- The Group's operating profit for the quarter amounted to SEK 81 (53) million.
- Group profit after net financial items amounted to SEK 80 (52) million and includes net financial items of SEK -1 (-1) million.
- Profit after tax amounted to SEK 62 (41) million.
- Earnings per share after tax amounted to SEK 0.41 (0.26).
- Cash flow per share amounted to SEK 0.37 (0.26).

January–September 2015 compared with January–September 2014

Deviation analysis

	Jan–Sept 2015	Jan–Sept 2014
NBSK PIX	869	923
SEK/USD	8.41	6.68
NBSK SEK	7,313	6,161
OPERATING PROFIT	260	106

Price & Mix	-38
Currency	155
Volume	46
Variable costs	19
Hedging activities realised	7
Other	-35
TOTAL DIFFERENCE	154

The average price of long-fibre sulphate pulp (NBSK) in USD decreased by 6 per cent compared with the same period the previous year. The increase in SEK was 19 per cent. Group net turnover amounted to SEK 1,365 (1,177) million for January–September 2015, an increase of about 16 per cent.

Increased production and volumes contributed SEK 46 million.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.20 (0.29) per kWh for January–September 2015 and had a positive impact on variable costs.

- The Group's operating profit for January–September amounted to SEK 260 (106) million. The outcome of hedging activities realised for currency and pulp amounted to SEK 3 (-8) million.
- Group profit after net financial items amounted to SEK 257 (102) million and includes net financial items of SEK -3 (-4) million.
- Profit after tax amounted to SEK 222 (80) million.
- Earnings per share after tax amounted to SEK 1.46 (0.52).
- Cash flow per share amounted to SEK 0.86 (0.26).

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 41 (29) million during January–September 2015.
- The Group had cash and cash equivalents amounting to SEK 221 million at the end of September 2015, compared with SEK 165 million at the end of June 2015.
- The Group had no interest-bearing liabilities on 30 September 2015, compared with SEK 30 million in 2014.
- Interest-bearing net receivables amounted to SEK 221 (44) million.
- Total granted and unused credit facilities amounted to SEK 175 million.
- The equity/assets ratio amounted to 79 (74) per cent as of 30 September 2015.
- Equity per share amounted to SEK 7.37 (SEK 6.00 as of 30 September 2014).

CASH FLOW

- Cash flow from operating activities before investments for the period in 2015 amounted to SEK 264 (98) million. The increase in working capital had an adverse impact on cash flow of SEK 32 million during the year, mainly attributable to higher accounts receivable than at the end of 2014.

- Cash flow after investing activities for January–September 2015 was SEK 223 (69) million.
- In the second quarter shareholders were paid dividends for a total of SEK 61 million.
- Cash flow for January–September 2015 was SEK 131 (39) million and was impacted by net repayments of debt and dividends paid, for a total of SEK -91 (-30) million.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees for the January–September 2015 period amounted to 265 (251). The increase was mainly attributable to production personnel.

TAXES

Taxes for the January–September 2015 period are related to utilisation of previously capitalised loss carryforwards and activation of previously unrecognised loss carryforwards. Based on the current level of profitability, the Board of Directors determined in connection with the interim financial statements that all previously unrecognised tax loss carryforwards will be capitalised.

Deferred tax assets related to the tax loss thus amounts to SEK 32 million as of 30 September 2015, equivalent to a taxable income of SEK 144 million.

PARENT COMPANY

Profit after net financial items for the parent company amounted to SEK -7 (-40) million for January–September. The result after net financial items includes hedging activities realised of SEK 0 (-20) million.

SHARE INFORMATION

Number of shares

As of 30 September 2015

Registered number of shares	153,393,890
- of which treasury shares	821,965

Largest shareholders as of 30 September 2015

Shareholders	Number of shares (=votes)	Percentage of capital
Arctic Paper SA	78,230,883	51
PROAD	7,605,235	5
Försäkringsbolaget Avanza Pension	5,285,405	3
Nordnet Pensionsförsäkring AB	2,302,893	2
Försäkrings AB Skandia	1,549,835	1
Skandianiska Enskilda Banken S.A. W8IMY	1,011,000	1
Schiller, Marcus	1,000,000	1
SEB Investment Management	930,170	1
Jönsson, Mikael	921,416	1
Andersson, Sten Oskar	800,000	1
Total holdings of 10 largest shareholders	99,636,837	65
Other shareholders	52,935,088	35
Rottneros AB (treasury stock from buy-back)	821,965	1
TOTAL	153,393,890	100

Treasury shares

The number of shares in Rottneros amounts to 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. No change in treasury shares occurred during the year.

Share price trend during the year

During the year the value of the share increased from SEK 3.74 to SEK 5.50 per share, an increase of 47%. Including the dividend of SEK 0.40, this gives a total return for the year of 58%.

Transactions with related parties

Rottneros sold pulp to the related party Arctic Paper S.A. Group in the amount of SEK 109 (73) million. Outstanding operating receivable from Arctic Paper amounted to SEK 25 million on 30 September. Transactions were conducted on normal market conditions, but with a lower level of credit insurance, owing to the group relationship between Arctic Paper and Rottneros.

RISK MANAGEMENT

The company's operational work involves 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 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.

The nature of financial assets and liabilities are in all essential respects the same as of 31 December 2014. The carrying amounts are deemed to be the equivalent of actual values, which was also the case at the end of 2014.

Income after financial items

Group	2015				2014				2013			
	III	II	I	IV	III	II	I	IV	III	II	I	
Income after financial items	80	75	103	13	52	31	20	-43	-91	-20	-4	
Whereof:												
Currency hedges	4	-3	2	-2	-1	-	-	3	-1	-2	2	
Pulp price hedges	-	-	-	-8	-4	-2	-	-	-	-	3	
Electricity hedges	-10	-4	-3	-4	-3	-5	-5	-3	-3	-2	-1	
Total hedges	-6	-7	-1	-14	-8	-7	-5	-	-4	-4	4	
Green electricity	1	1	1	1	1	1	1	1	1	1	1	

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the main underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus very high, and the direct inflow of USD (the real flow) corresponds to approximately 50% and approximately 35% in EUR. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a pulp contract is between one and three months.

The average USD exchange rate was about 22% higher in July–September 2015 compared with the previous year and amounted to SEK/USD 8.48 compared with SEK/USD 6.95 for the corresponding period in 2014. The slightly higher average exchange rate for SEK/USD in the third quarter compared with the second quarter had a favourable impact on revenue of SEK 2 million in the third quarter.

Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 30 September there are no hedging contracts signed for 2015.

Electricity

All physical electricity for the Swedish mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are listed in EUR. The amount of electricity hedged at the end of September 2015 corresponded 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.

In addition, currencies were hedged in the form of forward contracts for EUR 2.8 million, at an average rate of SEK/EUR 9.00 for electricity purchases for the period 2015 to 2016. Other electricity hedges are denominated in SEK.

Electricity hedges as of 30 September 2015

Year	Proportion hedged	EUR/MWh	SEK/kWh
2015	58%	44.3	26.6
2016	64%	37.0	26.4
2017	48%		24.6
2018	32%		24.4
2019	32%		25.5

The average price level for electricity on Nord Pool amounted to SEK 0.15 (0.31) per kWh for July–September 2015.

See pages 29 to 33 of the Annual Report for 2014 for further information on risks.

Market value (SEK million) September 2015

Hedging	Hedged volume	Hedging level	Market value	Reference value,
				Spot rate 30 June 2015
Currency EUR, forward sell	EUR 2.7 million	9.45 SEK/EUR	0	9.41 SEK/EUR
Currency EUR, forward buy	EUR 2.8 million	9.00 SEK/EUR	1	9.41 SEK/EUR
Currency USD, futures sold	USD 5.5 million	8.45 SEK/EUR	0	8.39 SEK/USD
Electricity	526,460 MWh	0.27 SEK/kWh	-28	0.143 SEK/kWh
Total market value			-27	

Market value (SEK million) September 2014

Hedging	Hedged volume	Hedging level	Market value	Reference value,
				Spot rate 31 June 2014
Currency EUR, forward sell	EUR 1 m	8.84 SEK/EUR	0	9.18 SEK/EUR
Currency EUR, forward buy	EUR 7 M	9.11 SEK/EUR	1	9.18 SEK/EUR
Pulp price	6,000 tonnes	5,720 SEK (PIX)	-6	SEK 6,632 (PIX)
Electricity	208,503 MWh	39 SEK/kWh	-12	0.369 SEK/kWh
Total market value			-17	

The table above shows the market values of all hedging. The value refers to the liquidation value; i.e. a valuation is made in accordance with forward contracts on 30 September 2015. The reference value refers to the spot rate on 30 September and is provided as supplementary information. As a result of the application of IFRS/IAS, these market values are reflected in the balance sheet.

ACCOUNTING POLICIES

This interim 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.

KEY EVENTS AFTER THE REPORTING DATE

The board has decided to convene an extraordinary general meeting in December 2015 regarding the so-called extra dividend of SEK 0.40 per share, corresponding to MSEK 61. Apart from that, no other significant events occurred after the balance sheet date that affected the Group's financial position and results of operations.

FORTHCOMING FINANCIAL INFORMATION

12 February 2016	Year-end report January–December
13 May 2016	Interim Report January–March
26 August 2016	Interim Report April–June
10 November 2016	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.

Stockholm 12 November 2015

Per Lundeen

President and CEO

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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 13 November 2015 at 8:30 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.

DEFINITIONS OF KEY RATIOS

Equity/assets ratio

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

Interest-bearing net assets/liabilities

Liquid assets minus interest-bearing liabilities.

Debt/equity ratio

Interest-bearing net assets/liabilities divided by shareholders' equity.

Operating margin

Operating profit after depreciation as a percentage of net turnover for the period.

Profit margin

Profit after net financial items as a percentage of net turnover for the period.

Net income

Net income is the profit/loss after tax.

Earnings per share

Net profit/loss divided by the average number of shares.

Return on capital employed

Profit after net financial items plus interest expense for the relevant period divided by the average capital employed for the period in question.

Capital employed

Balance sheet total less non-interest-bearing operating liabilities including deferred tax liabilities.

Return on equity

Net income for the relevant period as a percentage of average shareholders' equity for the period in question.

Interest coverage ratio

Profit/loss after net financial items plus interest expense, divided by interest expense.

P/E ratio

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

Direct yield

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

Operating cash flow/share

Cash flow from operating activities and investments divided by the number of shares.

Cash flow before investments/share

Cash flow from operating activities divided by the number of shares.

GLOSSARY

Glossary

BEK	Bleached Eucalyptus Kraft, bleached eucalyptus pulp	NBSK	Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
CTMP	Chemi Thermo Mechanical Pulp. Development of TMP, where the raw material is impregnated with chemicals. Stronger than TMP.	Groundwood pulp (SGP)	Mechanical pulp based on roundwood as a raw material.
ECF	Elementary Chlorine Free. Sulphate pulp bleached using chlorine dioxide only.	TMP	Thermo Mechanical Pulp: Mechanical pulp produced using a technique in which the chips are preheated with steam.
Chemical pulp	Paper pulp produced by boiling raw timber with chemicals. Has higher brightness and strength than mechanical pulp.	UKP	Unbleached Kraft Pulp, unbleached sulphate pulp
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.		

INCOME STATEMENTS GROUP

CONSOLIDATED INCOME STATEMENT (SEK MILLION)

	July–Sept 2015	July–Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Rolling 12 months	Full-year 2014
Net turnover	455	404	1,365	1,177	1,735	1,547
Change in inventories, finished goods	9	4	20	-22	38	-4
Other operating income	13	6	48	32	61	45
TOTAL INCOME	477	414	1,433	1,187	1,834	1,588
Raw materials and consumables	-226	-215	-688	-642	-894	-847
Other external costs	-103	-86	-280	-258	-393	-374
Employee benefit expenses	-53	-46	-162	-138	-215	-190
Depreciation/amortisation & impairment	-14	-14	-43	-43	-58	-59
TOTAL COSTS	-396	-361	-1,173	-1,081	-1,560	-1,470
OPERATING PROFIT	81	53	260	106	274	118
Financial income	-	1	-	-1	1	-
Financial expenses	-1	-2	-3	-3	-4	-4
Total financial items	-1	-1	-3	-4	-3	-4
PROFIT/LOSS EFTER FINANCIAL ITEMS	80	52	257	102	271	114
Tax on income for the year	-18	-11	-35	-22	6	20
NET PROFIT/LOSS AFTER TAX	62	41	222	80	277	133
Shares, opening	152,572	152,572	152,572	152,572	152,572	152,572
Shares issued ¹	-	-	-	-	-	-
Number of treasury shares bought back ¹	822	822	822	822	822	822
Shares closing ¹	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares ¹	152,572	152,572	152,572	152,572	152,572	152,572
Earnings after tax/share, SEK ¹	0.41	0.26	1.46	0.52	1.81	0.87

¹ Profit after tax per share is the same before and after dilution. No dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	July–Sept 2015	July–Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Rolling 12 months	Full-year 2014
NET PROFIT/LOSS AFTER TAX	62	41	222	80	277	133
Other comprehensive income						
Cash-flow hedging, profit/loss before tax	-8	8	-16	6	-19	21
Cash-flow hedging, tax effect	2	-2	4	-1	0	-6
Exchange rate differences	0	0	-1	1	1	2
TOTAL OTHER COMPREHENSIVE INCOME	-6	6	-13	6	-18	17
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	56	47	209	86	259	150
Factors affecting turnover						
Pulp price, NBSK list price, USD ¹	846	929	869	923	871	925
SEK/USD ²	8.48	6.95	8.41	6.68	8.59	6.86
Pulp price NBSK, SEK	7,173	6,452	7,313	6,161	7,497	6,345
Rottneros' deliveries, tonnes	94,700	89,200	280,900	265,900	359,300	344,200

¹ Source: PIX/Market Pulse.

² Source: The Riksbank's yearly average

SUMMARY CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Sept 2015	Sept 2014	Dec 2014
Intangible fixed assets	6	5	5
Property, plant and equipment	612	613	615
Deferred tax assets	37	29	69
Financial fixed assets	5	-	2
Total fixed assets	660	647	691
Inventories	268	236	255
Current receivables	273	243	226
Cash and cash equivalents	221	74	89
Total current assets	762	553	570
Assets held for sale	-	33	-
TOTAL ASSETS	1,422	1,233	1,261
Shareholders' equity	1,125	915	975
Long-term liabilities			
Interest-bearing	-	30	30
Non interest-bearing	18	10	9
Total non-current liabilities	18	40	39
Current liabilities			
Non interest-bearing	279	278	247
Total current liabilities	279	278	247
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,422	1,233	1,261

SUMMARY CONSOLIDATED CASH AND CASH EQUIVALENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS (SEK MILLION)

	Jan–Sept 2015	Jan–Sept 2014	Rolling 12	Full-year 2014
Operating profit/loss	260	106	272	118
Adjustment for non cash-flow items				
Depreciation/amortisation/impairment losses	43	43	59	59
Other items not affecting cash flow	-	-11	11	-
	303	138	342	177
Received/paid financial items	-2	-3	-1	-2
Received/paid taxes	-4	-5	1	-
Cash flow from operating activities before working capital changes	297	130	342	175
Change in working capital	-33	-32	-72	-71
Cash flow from operating activities	264	98	270	104
Investments in fixed assets	-41	-29	-71	-59
Sale of fixed assets	-	-	39	39
Cash-flow from investing activities	-41	-29	-32	-20
Borrowings	-	30	-	30
Repayment of loans	-31	-60	-31	-60
Dividend paid	-61	-	-61	-
Cash flow from financing activities	-92	-30	-92	-30
Cash flow for the year	131	39	146	54
Cash and cash equivalents at the beginning of the year	89	35	74	35
Cash flow for the year	131	39	146	54
Cash and cash equivalents at end of year	220	74	220	89

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan–Sept 2015	Jan–Sept 2014	Full-year 2014
Opening shareholders' equity	975	825	825
Total comprehensive income for the period	211	90	150
Dividend	-61	-	-
Closing shareholders' equity	1,125	915	975

SHARE DATA¹

		Jan–Sept 2015	Jan–Sept 2014	Rolling 12	Full-year 2014	2013	2012	2011	2010	2009
Shares, opening ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	1,525,719	180,212
Shares issued ²	Number	-	-	-	-	-	-	-	-	1,345,507
No. of company's own shares bought back ²	Number	-	-	-	-	-	-	-	-1,373,147	-
Buy-back of treasury shares ²	Number	822	822	822	822	822	822	822	822	8,220
Shares, closing ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572	1,525,719
Average number of shares ^{2,5}	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572	26,884
Operating profit or loss/share ⁵	SEK	1.70	0.70	1.80	0.77	-1.01	0.04	-0.77	0.90	-6.18
Profit/loss after tax per share ⁵	SEK	1.46	0.52	1.82	0.87	-1.04	-0.09	-0.95	0.82	-2.59
Operating cash flow/share ^{3,5}	SEK	0.86	0.26	0.96	0.35	0.06	0.03	-0.74	0.51	2.74
Shareholders' equity per share ⁵	SEK	7.37	6.00	7.37	6.39	5.41	6.51	6.65	8.05	7.14
Dividend ⁵	SEK	0.40	-	0.40	-	-	-	0.10	0.20	-
Dividend/equity per share	%	5.4%	-	5.4%	-	-	-	1.50	2.50	-
Share price at end of period ⁵	SEK	5.50	4.20	5.50	3.74	1.99	2.00	2.11	4.37	6.90
Share price/equity per share	x	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.5	1.0
P/E ratio per share	x	3.8	8.1	3.0	4.3	Neg	Neg	Neg	5.3	Neg
Direct yield ⁴	%	7.3%	-	7.3%	-	-	-	4.7	4.6	-

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 after normal investments, but excluding strategic investments.

⁴ Direct yield is calculated in relation to the closing listed price.

⁵ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

QUARTERLY DATA FOR THE GROUP (SEK MILLION)

	2015			2014				2013			
	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	455	456	454	370	404	394	380	317	349	369	354
Operating profit/loss before depreciation/amortisation	95	90	118	28	67	45	35	-27	7	-1	10
Depreciation/amortisation and impairment losses	-14	-14	-14	-15	-14	-14	-14	-15	-96	-15	-16
Operating profit/loss	81	76	104	12	53	31	21	-42	-89	-16	-6
Net financial items	-1	-1	-1	1	-1	0	-1	-1	-2	-4	2
Income after financial items	80	75	103	13	52	31	20	-43	-91	-20	-4
Taxes	-18	6	-23	41	-11	-7	-4	0	0	0	0
Profit/loss after tax	62	81	80	55	41	24	16	-43	-91	-20	-4
Pulp production, 1,000 tonnes	95	96	94	83	89	88	85	79	78	88	88
Pulp deliveries, 1,000 tonnes	95	95	91	78	89	90	87	76	83	88	86
Operating margin, %	17.8	16.7	22.8	3.4	13.1	8.0	5.7	Neg	Neg	Neg	Neg
Profit margin, %	17.6	16.4	22.7	3.4	12.9	8.0	5.3	Neg	Neg	Neg	Neg
Return on equity, %	5.5	7.6	7.6	6.1	4.7	2.9	1.8	Neg	Neg	Neg	Neg
Return on capital employed, %	7.2	7.1	9.8	1.4	5.6	3.6	1.8	Neg	Neg	Neg	1.0
Equity/assets ratio, %	79.1	78.6	78.5	77.3	74.2	71.9	72.8	71.1	74.9	72.0	74.2
Debt/equity ratio, times	-0.2	-0.2	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.0	0.1	0.1
Interest cover, times	81.0	76.0	104.0	13.0	27.0	32.0	20.0	Neg	Neg	Neg	Neg
Equity/share, SEK	7.37	7.00	6.87	6.39	6.00	5.69	5.49	5.41	5.76	6.29	6.46
Earnings after tax/share, SEK	0.41	0.53	0.52	0.36	0.26	0.16	0.10	-0.28	-0.59	-0.13	-0.03
Cash flow before investments/share, SEK	0.55	1.18	0.42	0.04	0.60	0.04	-0.01	0.02	0.31	-0.06	0.14
Operating cash flow/share, SEK	0.37	1.09	0.38	0.10	0.26	-0.07	-0.07	-0.03	-0.04	0.04	0.09
Capital expenditure, SEK m	30	6	5	30	6	13	10	17	12	4	2

INCOME STATEMENT – PARENT COMPANY

INCOME STATEMENT – PARENT COMPANY (SEK MILLION)

	July-Sept 2015	July-Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Full-year 2014
Net turnover	2	2	5	5	6
Other operating income	-3	1	9	5	-1
TOTAL INCOME	-2	3	14	10	5
Other external costs	6	-13	-5	-35	-36
Employee benefit expenses	-8	-6	-14	-13	-23
TOTAL COSTS	-2	-19	-19	-48	-58
OPERATING PROFIT	-4	-16	-6	-38	-54
Profit from participations in group companies	-	-	-	-	98
Financial income, other	-	-	-	-	-5
Financial expenses, other	-1	-	-1	-2	-3
Total financial items	-1	-1	-1	-2	90
PROFIT/LOSS EFTER FINANCIAL ITEMS	-5	-17	-7	-40	36
Tax on income for the year	1	-	1	-	21
NET PROFIT/LOSS AFTER TAX	-4	-17	-6	-40	57

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	July-Sept 2015	July-Sept 2014	Jan–Sept 2015	Jan–Sept 2014	Full-year 2014
NET PROFIT/LOSS AFTER TAX	-4	-17	-6	-40	57
Other comprehensive income					
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-4	-17	-6	-40	57

SUMMARY PARENT COMPANY BALANCE SHEET

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Sept 2015	Sept 2014	Dec 2014
Intangible fixed assets	6	5	5
Property, plant and equipment	1	34	1
Financial fixed assets	273	251	272
Total fixed assets	280	290	278
Current receivables ¹	643	669	701
Cash and cash equivalents	1	1	1
Total current assets	644	670	702
TOTAL ASSETS	924	960	980
Shareholders' equity	849	817	916
Long-term liabilities			
Non interest-bearing	2	1	1
Total non-current liabilities	2	1	1
Current liabilities			
Interest-bearing	-	67	-
Non interest-bearing	73	75	63
Total current liabilities	73	142	63
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	924	960	980

¹ Including receivable on subsidiaries SEK 628 (668) million.

GROUP PERFORMANCE IN SUMMARY

GROUP PERFORMANCE IN SUMMARY

	Jan– Sept 2015	Jan– Sept 2014	Rolling 12 months	2014	2013	2012	2011	2010
KEY INDICATORS THAT AFFECT TURNOVER								
Pulp price NBSK, USD ¹	869	923	871	925	857	814	960	930
SEK/USD ²	8.41	6.68	8.59	6.86	6.51	6.78	6.50	7.21
Pulp price NBSK, SEK	7,313	6,161	7,497	6,345	5,582	5,519	6,229	6,705
Rottneros' deliveries, tonnes	280,900	265,900	359,300	344,200	332,100	331,400	311,400	330,300
Turnover and income, SEK million								
Net turnover	1,365	1,177	1,735	1,547	1,389	1,437	1,513	1,684
Profit/loss before depreciation/amortisation and impairment losses	303	149	332	176	-11	61	4	224
Depreciation/amortisation and impairment losses	-43	-43	-58	-59	-142	-55	-120	-86
Operating profit/loss after depreciation/amortisation and impairment losses	260	106	274	118	-154	6	-117	138
Net financial items	-3	-4	-3	-4	-4	0	-3	0
Profit/loss after net financial items	257	102	271	114	-158	6	-120	138
Profit/loss after tax	222	80	277	133	-158	-13	-144	125
Balance sheet items (SEK m)								
Fixed assets	660	680	660	691	706	809	841	867
Inventories	268	236	268	255	246	240	276	213
Current receivables	273	243	273	226	175	219	209	259
Cash and cash equivalents	221	74	221	89	35	26	21	155
Shareholders' equity	1,125	915	1,125	975	825	993	1,014	1,228
Long-term interest-bearing liabilities	0	30	0	30	0	0	7	10
Long-term non interest-bearing liabilities	18	10	18	9	13	15	11	0
Current interest-bearing liabilities	0	0	0	0	60	78	42	29
Current non interest-bearing liabilities	279	278	279	247	264	208	275	227
Balance sheet total	1,422	1,233	1,422	1,261	1,161	1,294	1,347	1,494
Key ratios								
Operating margin, %	19	9	16	8	Neg	0	-8	8
Profit margin, %	19	9	16	7	Neg	0	-8	8
Return on capital employed, %	25	11	26	12	Neg	0	Neg	12
Return on equity after tax, %	20	9	25	14	Neg	Neg	Neg	11
Equity/assets ratio, %	79	74	79	77	71	77	75	82
Debt/equity ratio, times	-0.2	0.1	-0.2	0.1	0.1	0.1	0.0	-0.1
Interest cover, times	87	20	91	29	Neg	2	Neg	26
Other								
Capital expenditure, SEK m	41	29	32	20	35	46	157	125
Average no. of employees	265	251	258	251	256	275	298	308

¹ Source: PIX/Market Pulse.

² Source: The Riksbank's yearly average

ROTTNEROS IN SUMMARY

Rottneros produces customised pulp for the market pulp market.

ROTTNEROS

Rottneros had just over 250 employees and a turnover of approximately SEK 1.5 billion in 2014. The Group produced 345,000 tonnes of pulp in total.

ROTTNEROS IN FIGURES

SEK m	2014	2013	2012	2011	2010
Net turnover	1,547	1,389	1,437	1,513	1,684
Profit/loss after net financial items	114	-158	6	-120	138
Investments in fixed assets	59	35	51	157	125
Average number of employees	251	256	275	298	308
Production per employee (Ktonnes)	1.4	1.3	1.2	1.1	1.0

RATIOS

Equity/assets ratio	77.4	71	77	75	82
Return on capital employed	12.4	Neg	Neg	Neg	11.6
Return on equity	13.6	Neg	Neg	Neg	10.8
Operating margin	7.6	-11.1	0.4	-7.8	8.2

SEK/SHARE

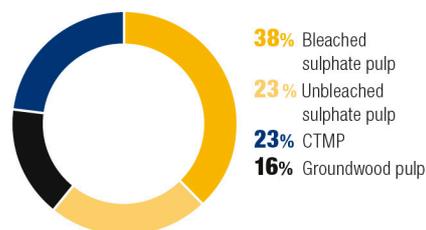
Share price 31 Dec	3.74	1.99	2.00	2.11	4.37
Equity per share ¹	6.38	5.41	6.51	6.65	8.05
Profit/loss after tax per share ¹	0.87	-1.04	-0.09	-0.95	0.82
Operating cash flow per share ^{1, 2}	0.35	0.06	0.03	-0.74	0.51
Dividend ^{1, 3}	0.40	0.0	0.0	0.0	0.20

¹ There was a reverse share split in April 2010 where ten existing shares were combined as one share. The comparison periods have been adjusted for this reverse split.

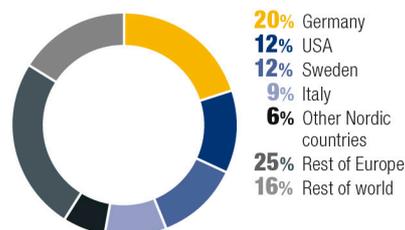
² Cash flow after normal investments but excl. strategic investments.

³ Proposed dividend for 2014.

THE GROUP'S PRODUCTS, DELIVERY VOLUME DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION OF TURNOVER



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.

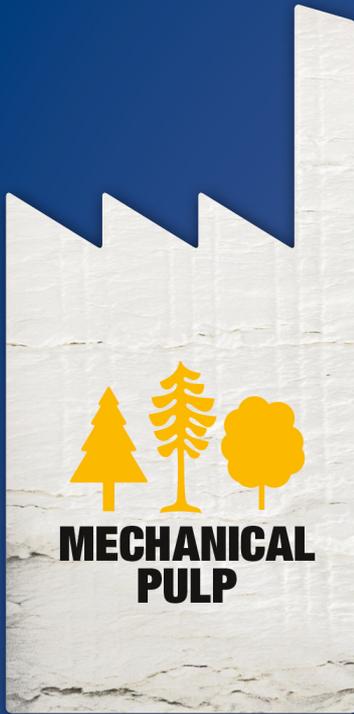
→ SKILLS DEVELOPMENT

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



**GROUND-
WOOD PULP**
Spruce

Bleached/unbleached



Board
Printing and writing paper

Pulp deliveries
(thousand tonnes)



Production (tonnes)



CTMP
Spruce/pine

Bleached/unbleached



Board
Tissue paper
Printing and writing paper

Production (tonnes)



CTMP
Aspen/birch

Bleached



Printing and writing paper
Fine paper

VALLVIK'S MILL



**LONG-
FIBRE
SULPHATE**
Spruce/pine

Bleached



Printing and writing paper
Tissue paper

Pulp deliveries
(thousand tonnes)



Production (tonnes)



Unbleached



Board
Filters

Production (tonnes)



Kraft paper
Filters
Electrical insulating material





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