

ROTTNEROS

INTERIM REPORT, JANUARY TO SEPTEMBER 2014

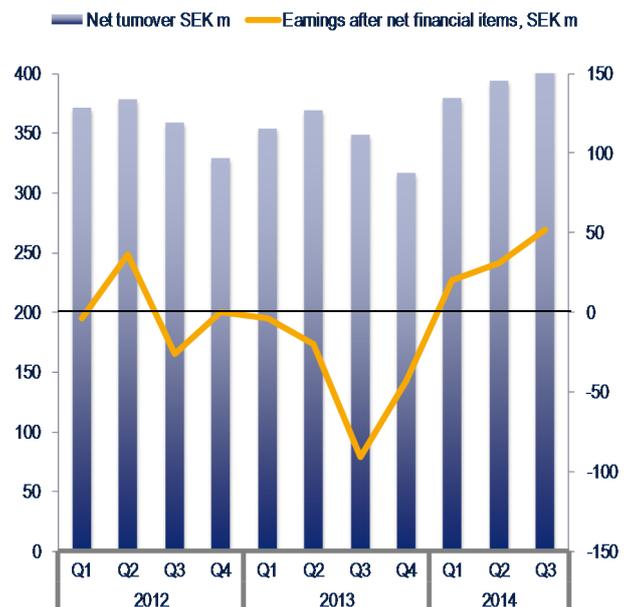
Period in review

	Jul-Sep 2014	Apr-Jun 2014	Change	Jul-Sep 2013	Change	Jan-Sep 2014	Jan-Sep 2013	Change
Net turnover, SEK m	404	394	10	349	55	1,177	1,072	105
Operating Income, SEK m	53	31	22	-89	142	106	-111	217
<i>including items affecting comparability</i>	53	31	22	-9	62	106	-19	125
Income after net financial items, SEK m	52	31	21	-91	143	102	-115	217
Profit/loss after tax, SEK m	41	24	17	-91	132	80	-115	195
Earnings per share after tax, SEK	0.26	0.16	0.10	-0.59	0.85	0.52	-0.75	1.27
<i>including items affecting comparability</i>	0.26	0.16	0.10	-0.07	0.33	0.52	-0.15	0.67
Cash flow before investments, SEK m	92	-3	95	47	45	98	60	38

- Income after net financial items amounted to SEK 52 million for the third quarter of 2014, compared with a profit of SEK 31 million for the second quarter of 2014 and a loss of SEK -91 million for the third quarter of 2013. Income after net financial items amounted to SEK 102 (-115) million for the period January to September. The comparison period 2013 included one-off items that amounted to SEK -92 million.
- A strong market meant that the average PIX price for NBSK continued to rise during the third quarter and amounted to an average of USD 929. The price increase in Swedish kronor amounts to seven per cent compared with the second quarter of 2014. The price increase in SEK amounts to approximately 14 per cent compared with the third quarter of 2013.
- Cash flow from operating activities amounted to SEK 92 (47) million for the third quarter of 2014. Net loan receivables amounted to SEK 44 (-9) million on 30 September.
- Rottneros' deliveries increased by five per cent over the year, while the pulp market increased by one per cent.

Events after the end of the period

- Rottneros is selling the BCTMP equipment from Utansjö Bruk to BillerudKorsnäs. The sale will affect the cash position positively with SEK 39 million.



CEO'S STATEMENT

Strong upward trend continues

It is with great delight and satisfaction that we are able to report a continuing upward trend for the third quarter. The Group is showing an operating profit of SEK 53 million, which is significantly better than the levels reported in recent years. The operating profit for the first nine months of the year amounted to SEK 106 million, representing an improvement of SEK 125 million compared with the same period of 2013.

Good market prospects and favorable currency trends have paved the way for this significant improvement to our results. In addition to this, internal measures with a clear focus on structured working methods have brought good order to our mills within a short period of time. This will also increase production availability in the future.

We are continuing to work on a broad front to build a new Rottneros. Modern and cohesive leadership represents a critical piece of the jigsaw for achieving market leadership and sustainable profitability. By creating common core values for all workers, we are laying the foundation for long-term success. For this reason we launched an advanced leadership training program for all managers within the Group after the summer. The next phase of this work will involve our entire workforce. So far our 'Core value project' has been successful and has great prospects of proving to be of decisive importance for our future. Our yearly maintenance stop in Vallvik was conducted during October and it went successfully according to plan. The cost of the stop will affect the result for the fourth quarter.

It is also pleasing that the process of selling the production equipment from Utansjö Bruk has borne fruit after several years' work. The sale of the equipment to BillerudKorsnäs, which is to be completed during the fourth quarter, is expected to provide a cash injection of SEK 39 million.

The normal seasonal decline in August never emerged, and the strong demand reached new heights in September. The market for softwood kraft pulp continues to be strong and our order books are well filled for the fourth quarter. Projects are being conducted at both mills that will further increase productivity following the maintenance shutdown in the autumn.

To conclude, I am excited about the forthcoming quarter and the opportunities that our extensive program of change will yield for the future.

Carl-Johan Jonsson

THE PULP MARKET

MARKETS AND PRODUCTS

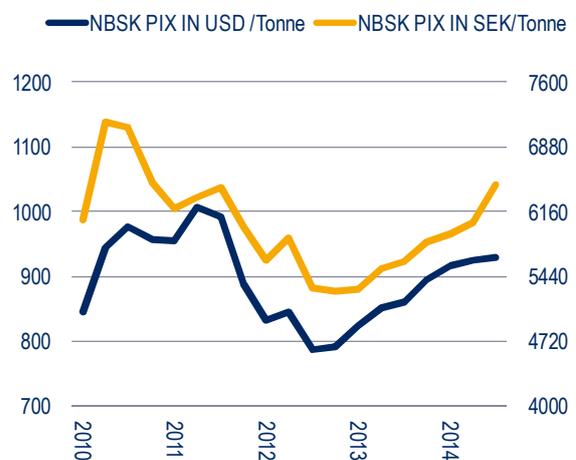
PULP MARKET INTERNATIONALLY

The market pulp market has benefited from the recovery of the international economic situation, which is being driven by the United States and China. A structural decline in graphic paper in the mature economies is being offset by an increase in global fibre consumption within packaging and tissue.

Global deliveries of chemical market pulp after eight months are just over one per cent above the level for the previous year, while BCTMP deliveries fell by 1.5 per cent. Producer stock levels were 38 days for chemical pulp and 34 days for BCTMP at the end of August.

A good balance prevails in the softwood kraft pulp market. Capacity utilisation has been 93% so far this year, and producer stock levels corresponded to 29 days' consumption at the end of August. There was a marginal increase in the price of NBSK during the third quarter, which lay at around USD 929 at the end of September, approximately 25 dollars above its level at the beginning of the year. Consequently, the USD price has increased by just under three per cent this year, while costs for European purchasers rose by more than twelve per cent as a consequence of the dollar strengthening against the Euro.

Demand is stronger for hardwood kraft pulp than for softwood kraft, but here the market is characterised by imbalance on account of increased supply-side pressure from Latin America owing to new production capacity. Capacity utilisation was significantly lower during the year than for long-fibre. Producer stock levels are higher and prices have fallen by approximately 45 dollars so far this year to the current level of around USD 725. Price trends for BCTMP have largely followed those for short-fibre pulp.



PRODUCTION AND DELIVERIES

The Group's pulp mills at Rottneros Bruk and Vallviks Bruk have a combined annual production capacity of approximately 400,000 tonnes. Production amounted to 89,000 (78,000) tonnes for July to September 2014.

Deliveries amounted to 89,200 (82,600) tonnes during the third quarter of 2014, representing a volume increase of eight per cent.

PRODUCTION (TONNES)

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Softwood kraft pulp	56 300	53 200	162 900	160 300
Groundwood pulp	12 300	11 700	39 100	42 600
BCTMP	20 400	13 100	60 100	51 600
TOTAL	89 000	78 000	262 100	254 500

DELIVERIES (TONNES)

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Softwood kraft pulp	55 500	56 600	167 400	163 600
Groundwood pulp	9 900	11 600	38 400	42 300
BCTMP	23 800	14 400	60 100	50 000
TOTAL	89 200	82 600	265 900	255 900

Maintenance shutdowns and seasonal variations

There was a holiday shutdown at Rottneros Bruk in July, which was combined with annual maintenance work. A maintenance shutdown will take place at Vallviks Bruk during the fourth quarter. Costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. The cost is estimated to SEK 30 (30) million. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

INVOICING AND RESULTS

January to September 2014 compared with January to September 2013

Deviation analysis

	Jan-Sep 2014	Jan-Sep 2013
NBSK PIX USD	923	845
SEK/USD	6.68	6.51
NBSK SEK	6,161	5,507
OPERATING INCOME	106	-111
Price	63	
Currency	27	
Volume	12	
Variable costs	28	
One-off items 2013	92	
Hedging activities realised	-5	
TOTAL SEK million	217	

The average price of softwood kraft pulp (NSBK) in USD increased by nine per cent compared with the same period of the previous year. The increase in SEK was twelve per cent. Group net turnover amounted to SEK 1,177 (1,072) million for January to September 2014, an increase of approximately ten per cent.

Our work involving changes of working methods have yielded results, and the improved production stability at our mills has resulted in lower direct costs.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.29 (0.34) per kWh for January to September 2014 and had a positive impact on variable costs.

- Group operating income amounted to SEK 106 (-111) million for the period. The outcome of hedging activities realised for currency and pulp amounted to SEK -8 (-3) million. One-off items affected the comparison period by SEK -92 million
- Group income after net financial items amounted to SEK 102 (-115) million and includes net financial items of SEK -4 (-4) million.
- Income after tax amounted to SEK 80 (-115) million.
- Earnings per share after tax amounted to SEK 0.52 (-0.75).
- Cash flow per share amounted to SEK 0.26 (0.09).

July to September 2014 compared with July to September 2013

Deviation analysis

	Jul-Sep 2014	Jul-Sep 2013
NBSK PIX USD	929	861
SEK/USD	6.95	6.55
NBSK SEK	6,452	5,641
OPERATING INCOME	53	-89
Price	14	
Currency	23	
Volume	15	
Variable costs	15	
One-off items 2013	80	
Hedging activities realised	-4	
Other	-1	
TOTAL SEK million	142	

The average price of softwood kraft pulp (NBSK) in USD increased by eight per cent to USD 929, while the average price of NBSK translated into SEK increased from SEK 5,641 to 6,452 per tonne, an increase of 14 per cent influenced by a strong dollar.

Group net turnover amounted to SEK 404 (394) million during the quarter, an increase of approximately 16 per cent which corresponds to price changes in the market. The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.31 (0.46) per kWh for the third

quarter of 2014 and had a positive impact on variable costs compared with the previous year.

- Group operating income amounted to SEK 53 (-89) million for the third quarter of 2014. More stable production at Vallviks Bruk during the quarter resulted in lower direct costs. The outcome of hedging activities realised for currency and pulp amounted to SEK -5 (-1) million for the third quarter of 2014. One-off items affected the comparison period by SEK -80 million
- Group income after net financial items amounted to SEK 51 (-91) million and includes net financial items of SEK -2 (-2) million.
- Income after tax amounted to SEK 41 (-91) million.
- Earnings per share after tax amounted to SEK 0.26 (-0.59).
- Cash flow per share amounted to SEK 0.32 (-0.04).

July to September 2014 compared with April to June 2014

Deviation analysis, SEK million

	Jul-Sep 2014	Apr-Jun 2014
NBSK PIX USD	929	924
SEK/USD	6.95	6.53
NBSK SEK	6,452	6,035
OPERATING INCOME	53	31
Price	-13	
Currency	24	
Volume	6	
Variable costs	9	
Hedging activities realised	-3	
Other	-1	
TOTAL SEK million	22	

Group net turnover amounted to SEK 404 million for the quarter compared with SEK 394 million for the second quarter of 2014. The average price of softwood kraft pulp (NBSK) in USD increased marginally to USD 929. A stronger dollar rate had a positive impact on the average price of NBSK translated into SEK, demonstrating an increase of seven per cent.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.31 per kWh for the third quarter of 2014 compared with SEK 0.29 per kWh for the second quarter of 2014.

- Group operating income amounted to SEK 53 (31) million for the third quarter of 2014. The outcome of hedging activities realised for currency and pulp during the third quarter of 2014 amounted to SEK -5 (-2) million.
- Group income after net financial items amounted to SEK 51 million for the third quarter of 2014, compared with SEK 31 million for the second quarter of 2014.

INVESTMENTS AND FINANCIAL POSITION

- Group's capital expenditures amounted to SEK 29 (18) million for the 2014 period.
- The Group had liquid funds amounting to SEK 74 million at the end of September 2014, compared with SEK 35 million at the end of December 2013.
- The Group had total interest-bearing liabilities of SEK 30 (49) million on 30 September 2014. Interest-bearing net receivables amounted to SEK 44 (-9) million.
- With a view of increasing the financial scope total lines of credit were increased by SEK 25 million.. In conjunction with this, SEK 30 million was moved from an account overdraft facility to a long-term loan.
- Approved but unutilised credit facilities amounted to SEK 145 million in total at the end of the period and total approved credit facilities amounted to SEK 175 million.
- The equity/assets ratio amounted to 74 (75) per cent as of 30 September 2014.
- Equity per share amounted to SEK 6.00 (SEK 5.76 as of 30 September 2013).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 98 (60) million for the 2014 period and included cash flow of SEK -1 (1) million from financial hedging. An increase in the volume of deliveries over the past six months in conjunction with efficient work with the working capital had a positive impact on the cash flow during the third quarter.
- Cash flow after capital expenditures amounted to SEK 69 (42) million for January to September 2014.
- The total cash flow amounted to SEK 39 million and was affected by amortization of loans with SEK -30 (-28) million.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 251 (259) for January to September 2014.

TAX

Deferred tax assets amounted to SEK 25 million on 30 September 2014. The utilisation of previously capitalised loss carry-forwards affected this amount by SEK 22 million during the year. Any remaining recorded deferred tax assets relate to unutilised loss carry-forwards amounting to SEK 114 million. There were also tax loss carry-forwards of SEK 290 million, for which deferred tax assets have not been recorded.

PARENT COMPANY

The parent company's loss after net financial items amounted to SEK -40 (-80) million for January to September. One-off items affected the comparison period by SEK -45 million. The result after net financial items includes hedging activities realised of SEK -20 (-3) million.

SHARE INFORMATION

NUMBER OF SHARES

	As per September 30th 2014
Registered number of shares	153,393,890
- of which treasury shares	821,965

LARGEST SHAREHOLDERS AS PER SEPTEMBER 30th 2014

Shareholder	Number of shares (=votes)	Percentage of capital
Arctic Paper SA	78,230,883	51.0
Peter Gyllenhammar genom bolag	15,638,072	10.2
Robur Försäkring	7,448,285	4.9
Clearstream Banking S.A., W8IMY	5,600,280	3.7
Åkesson, Morgan	2,380,000	1.6
BBVA Ireland P.L.C	2,323,139	1.5
Försäkringsaktiebolaget, Avanza Pension	1,814,672	1.2
Larsson Bo	1,489,104	1.0
Försäkrings AB Skandia	1,482,174	1.0
Mikael Jönsson	866,417	0.6
Total holdings of 10 largest shareholders	117,273,026	76.5
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	35,298,899	23.0
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. There were no changes to treasury holdings during the period.

Transactions with related parties

Rottneros sold pulp to the Arctic Paper S.A. Group (a related party), amounting to SEK 73 (93) million. Outstanding receivables from Arctic Paper amounted to SEK 15 million on 30 September. Transactions were conducted on normal market terms but with a lower level of credit insurance, primarily owing to the group relationship between Arctic Paper and Rottneros.

Dividend

It was resolved at the annual general meeting of Rottneros held on 25 April 2014 that no dividend should be paid for the financial year 2013.

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

the 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 scope and nature of financial assets and liabilities are in all essential respects the same as on 31 December 2013. The carrying amounts are the same as the actual values, which was also the case at the end of 2013.

Profit/loss after financial items

Group	2014				2013				Full year
	III	II	I	IV	III	II	I		
Profit/loss after financial items	52	31	20	-43	-91	-20	-4	-158	
Whereof:									
Currency hedges	-1	-	3	-1	-2	2	2	2	
Pulp price hedges	-4	-2	-	0	0	0	3	3	
Electricity hedges	-3	-5	-5	-3	-3	-2	-1	-9	
Total hedges	-8	-7	-5	-	-4	-4	4	-4	
Green electricity	1	1	1	1	1	1	1	4	

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the main underlying currency for the pulp price is predominantly in USD. The underlying exposure to USD is thus very high, and the direct inflow of USD (the real flow) corresponds to approximately 60% and in EUR approximately 20%. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a contract is between one and three months.

The average USD rate was approximately seven per cent higher for July to September, amounting to SEK 6.95/USD compared with SEK 6.55/USD for the same period of 2013. The impact of exchange rates on revenues amounted to SEK 23 million compared with the same period 2013.

In addition, currencies were hedged in the form of forward contracts concluded for EUR 6 million, at an average rate of SEK 9.15/EUR, for electricity purchases for the period 2014 to 2016.

Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 30 June, the contract concluded for 2014 was for 2,000 tonnes per month at a price of SEK 5,720 per tonne for the period October to December. A contract for 6,000 tonnes was realised during the quarter, which affected the result by SEK -4 million.

Electricity

All 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 June 2014 corresponded to the proportion of forecast consumption shown in the table. The table shows average prices in EUR/MWh, together with average prices in SEK/kWh.

Electricity Hedging as per 30th of September 2014

Year	Part hedged	SEK/kWh
2014	62%	0,37
2015	48%	0.37
2016	26%	0.33

The average price level for electricity on Nord Pool amounted to SEK 0.31 (0.34) per kWh for July to September 2014. See pages 25 to 29 of the Annual Report for 2013 for further information on risks.

MARKET VALUE (SEK million) SEPTEMBER 2014

Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 Sep 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, SEK	6,0000 tonnes	5,720 SEK (PIX)	-6	5 981 SEK (PIX)
Electricity	208,503 MWh	0.39 SEK /kWh	-12	0.29 Sek/kWh
Total market value			-17	

MARKET VALUE (SEK million) SEPTEMBER 2013

Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 Sep 2014
Currency USD, forward sell	USD 9 m	6.72 SEK/USD	3	6.43 SEK/EUR
Currency EUR, forward sell	EUR 1 m	8.84 SEK/EUR	0	8.68 SEK/EUR
Currency EUR, forward buy	EUR 11 m	9.17 SEK/EUR	-4	8.68 SEK/EUR
Electricity	243,735 MWh	0.40 SEK /kWh	-16	0.32 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 2014. 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 and in some cases in the income statement, but are also shown here as supplementary information.

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 24 October 2014 at 08.30. 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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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.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Utansjö plant

Rottneros AB (publ) concluded a contract which means that Rottneros is selling the BCTMP equipment from Utansjö Bruk to BillerudKorsnäs. These assets are therefore classified according to IFRS 5 as 'non-current assets held for sale' as of 30 September. This transaction will have a positive impact on Rottneros' liquidity of approximately SEK 39 million and is expected to be completed in the fourth quarter. The impact on the result is not expected to have any material impact on the Group.

FORTHCOMING FINANCIAL INFORMATION

12 February 2015	Year-end Report 2014
20 May 2015	Interim report January-march
28 July 2015	Interim report April-June

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

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

Stockholm, 23 October 2014

Carl-Johan Jonsson

Chief Executive Officer and President

DEFINITIONS OF KEY RATIOS

Equity/assets ratio

Shareholders' equity as a percentage of the total assets.

Interest-bearing net assets/liabilities

Cash and cash equivalents minus interest-bearing liabilities.

Debt/equity ratio

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

Operating margin

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

Profit margin

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

Net profit/loss

Net income is the profit/loss after tax.

Earnings per share

Net income divided by the average number of shares.

Return on capital employed

Income after net financial items plus interest expense for the 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 period as a percentage of average shareholders' equity for the period in question.

Interest coverage ratio

Income after net financial items plus interest expense, divided by interest expense.

P/E ratio

Closing share price at period-end in relation to earnings per share after tax.

Direct yield

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

Operating cash flow/share

Cash flow from operations and normal investments divided by the number of shares.

Cash flow before investments/share

Cash flow from operations divided by the number of shares.

GLOSSARY

Glossary

BEK	Bleached Eucalyptus Kraft, bleached eucalyptus 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.
Chemical pulp	Paper pulp produced by boiling raw timber with chemicals. Has higher brightness and strength than mechanical pulp.	NBSK	Northern Bleached Softwood Kraft: bleached softwood kraft pulp. Price leader on the global market.
BCTMP	Chemi-Thermo-Mechanical Pulp. Development of TMP, where the raw material is impregnated with chemicals. Stronger than TMP.	TMP	Thermo-Mechanical Pulp. Mechanical pulp produced using a technique in which the chips are preheated with steam.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide only.	UKP	Unbleached Kraft Pulp, unbleached sulphate pulp
Groundwood pulp (SGP)	Mechanical pulp made from groundwood		

GROUP PROFIT/LOSS

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net turnover	404	349	1,177	1,072	1,389
Change in inventories, finished goods	4	-21	-22	-9	5
Other income	6	3	32	30	44
TOTAL INCOME	414	331	1,187	1,093	1,438
Raw materials and consumables	-215	-201	-642	-688	-897
Other costs	-87	-83	-258	-243	-361
Personnel costs	-46	-40	-138	-146	-192
Depreciation/amortisation and write-downs	-14	-96	-43	-127	-142
TOTAL OPERATING COSTS	-361	-420	-1,081	-1,204	-1,592
OPERATING INCOME	53	-89	106	-111	-154
Financial income	1	0	-1	0	0
Financial expenses	-2	-2	-3	-4	-4
Net financial items	-1	-2	-5	-4	-4
INCOME AFTER NET FINANCIAL ITEMS	52	-91	102	-115	-158
Tax on income for the year	-11	0	-22	0	0
NET PROFIT/LOSS AFTER TAX	41	-91	80	-115	-158
Earnings after tax/share (SEK) ¹	0.26	-0.59	0.52	-0.75	-1.04

¹ Profit after tax per share, after dilution, is the same as the profit after tax per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
NET PROFIT/LOSS AFTER TAX	41	-91	80	-115	-158
Other comprehensive income					
Cash-flow hedging, income before tax	8	12	13	1	-13
Cash-flow hedging, tax effect	-2	-3	-3	0	3
Exchange rate differences	0	0	0	0	-1
TOTAL OTHER COMPREHENSIVE INCOME	6	9	11	1	-11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	47	-82	90	-114	-169

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	929	851	923	837	857
SEK/USD ²	6.95	6.56	6.68	6.50	6.51
Pulp price NBSK, SEK	6,452	5,583	6,161	5,443	5,582
Rottneros' deliveries, tonnes	89,200	82,600	265,900	252,100	332,100

GROUP BALANCE SHEET

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Sep 2014	Sep 2013	Dec 2013
Intangible fixed assets	5	5	5
Tangible fixed assets	613	646	647
Financial fixed assets	29	50	54
Total fixed assets	647	701	706
Inventories	236	227	246
Current receivables	243	207	174
Liquid funds	74	40	35
Total current assets	553	474	455
Assets for sale	33	-	-
TOTAL ASSETS	1,233	1,175	1,161
Shareholders' equity	915	879	825
Longterm liabilities			
Non interest-bearing	10	12	13
Total longterm liabilities	40	12	13
Current liabilities			
Interest-bearing	0	49	60
Non interest-bearing	278	235	263
Total current liabilities	278	284	323
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,233	1,175	1,161

GROUP CASH FLOW

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Operating income	106	-111	-154
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	43	127	142
Other non cash-flow items	-11	-1	0
	138	15	-12
Received/paid financial items	-3	-3	-3
Received/paid taxes	-5	-2	0
Cash-flow from current operations before change in working capital	130	10	-15
Change in working capital	-32	50	77
Cash-flow from current operations	98	60	62
Acquisition of fixed assets	-29	-18	-35
Sale of fixed assets	0	0	0
Cash-flow from investing activities	-29	-18	-35
New loans	30	0	0
Repayment of loans	-60	-28	-18
Cash-flow from financing activities	-30	-28	-18
Cash-flow for the year	39	14	9
Liquid funds at beginning of year	35	26	26
Cash-flow for the year	39	14	9
Liquid funds at end of year	74	40	35

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Opening shareholders' equity	825	993	993
Total comprehensive income for the period	90	-114	-169
Dividend	-	-	-
Closing shareholders' equity	915	879	824

SHARE DATA¹

		Jan-Sep 2014	Jan-Sep 2013	Full year 2013	2012	2011	2010	2009
Shares, opening ²	No.	152,572	152,572	152,572	152,572	152,572	1,525,719	180,212
Shares issued ²	No.	-	-	0	-	0	0	1,345,507
No. of company's own shares bought back ²	No.	-	-	-	-	-	-1,373,147	-
Repurchased treasury shares ²	No.	822	822	822	822	822	822	8,220
Shares closing ²	No.	152,572	152,572	152,572	152,572	152,572	152,572	1,525,719
Average number of shares ²	No.	152,572	152,572	152,572	152,572	152,572	152,572	26,884
Operating profit or loss/share ^{2,5}	SEK	0.70	-0.73	-1.01	0.04	-0.77	0.90	-6.18
Earnings after tax/share ⁵	SEK	0.52	-0.75	-1.04	-0.09	-0.95	0.82	-2.59
Operating cash flow/share ^{3,5}	SEK	0.26	0.09	0.06	0.03	-0.74	0.51	2.74
Equity/share ⁵	SEK	6.00	5.76	5.41	6.51	6.65	8.05	7.14
Dividend ⁵	SEK	-	-	-	0.00	0.10	0.20	-
Dividend/equity/share	%	-	-	-	-	1.50	2.50	-
Share price at end of period ⁵	SEK	4.20	2.05	1.99	2.00	2.11	4.37	6.90
Share price/equity/share	Times	0.7	0.4	0.4	0.3	0.3	0.5	1.0
P/E ratio/share	Times	8.1	Neg	Neg	Neg	Neg	5.3	Neg
Direct yield ⁴	%	-	0	0.0	0.0	4.7	4.6	-

¹ No key ratios were influenced by any dilution effect.

² The number of shares is stated in thousands, excluding treasury shares held by Rottneros.

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. sammanläggning.

QUARTERLY DATA (SEK MILLION)

	2014			2013				2012			
	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	404	394	380	317	349	369	354	329	359	378	371
Operating profit/loss before depreciation	67	45	35	-27	7	-1	10	16	-15	50	10
Depreciation/amortisation and write-downs	-14	-14	-14	-15	-96	-15	-16	-15	-13	-14	-13
Operating profit/loss	53	31	21	-42	-89	-16	-6	1	-28	36	-3
Net financial items	-1	0	-1	-1	-2	-4	2	-1	2	0	-1
Profit/loss after financial items	52	31	20	-43	-91	-20	-4	0	-26	36	-4
Tax	-11	-7	-4	0	0	0	0	-10	0	-9	0
Profit/loss after tax	41	24	16	-43	-91	-20	-4	-10	-26	27	-4
Pulp production, 1,000 tonnes	89	88	85	79	78	88	88	86	73	90	82
Pulp deliveries, 1,000 tonnes	89	90	87	76	83	88	86	79	85	82	85
Operating margin, %	13.2	8.0	5.7	Neg	Neg	Neg	Neg	0.3	Neg	9.7	Neg
Return on equity after full tax, %	4.7	2.9	1.8	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on capital employed, %	5.6	3.6	1.8	Neg	Neg	Neg	1.0	1.0	Neg	Neg	Neg
Equity/assets ratio, %	74.2	71.9	72.8	71.1	74.9	72.0	74.2	76.7	76.2	74.0	74.6
Equity/share, SEK ¹	6.00	5.69	5.49	5.41	5.76	6.29	6.46	6.51	6.58	6.71	6.64
Earnings after tax/share, SEK ¹	0.26	0.16	0.10	-0.28	-0.59	-0.13	-0.03	-0.07	-0.17	0.18	-0.03
Cash flow before investments/share, SEK	0.60	0.04	-0.01	0.02	0.31	-0.06	0.14	-0.05	0.09	0.44	-0.21
Operating cash flow/share, SEK ¹	0.26	-0.07	-0.07	-0.03	-0.04	0.04	0.09	0.08	0.00	0.35	-0.32

PARENT PROFIT/LOSS

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net turnover	2	1	5	4	6
Other income	1	0	6	5	9
TOTAL INCOME	3	1	10	9	15
Other costs	-13	-7	-35	-21	-35
Personnel costs	-6	-2	-13	-22	-25
TOTAL OPERATING COSTS	-19	-9	-48	-43	-60
OPERATING INCOME	-16	-8	-37	-34	-46
Profit from participations in group companies	0	-45	0	-45	-45
Financial income, other	0	1	0	1	1
Financial expenses, other	0	-2	-2	-2	-3
Net financial items	-1	-46	-2	1	-47
INCOME AFTER NET FINANCIAL ITEMS	-17	-54	-40	-80	-93
Tax on income for the year	0	0	0	0	0
NET PROFIT/LOSS AFTER TAX	-17	-54	-40	-80	-93

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
NET PROFIT/LOSS AFTER TAX	-17	-54	-40	-80	-93
Other comprehensive income					
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-17	-54	-40	-80	-93

PARENT BALANCE SHEET

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Sep 2014	Sep 2013	Dec 2013
Intangible fixed assets	5	4	4
Tangible fixed assets	34	1	1
Financial fixed assets	251	250	251
Total fixed assets	290	255	256
Current receivables ¹	669	659	700
Liquid funds	1	2	1
Total current assets	670	661	701
TOTAL ASSETS	960	916	957
Shareholders' equity	817	871	858
Current liabilities	0	0	0
Interest-bearing	67	28	46
Non interest-bearing	75	17	53
Total current liabilities	142	45	99
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	960	916	957

1) Including receivable on subsidiaries SEK 668 (640) Million.

GROUP REVIEW

SIX YEAR REVIEW

	Jan-Sep 2014	Jan-Sep 2013	2013	2012	2011	2010	2009
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD ¹	923	845	857	814	960	930	657
SEK/USD ²	6.68	6.51	6.51	6.78	6.50	7.21	7.65
Pulp price NBSK, SEK	6,161	5,507	5,582	5,519	6,229	6,705	4,989
Rottneros' deliveries, tonnes	265,866	255,900	332,100	331,400	311,400	330,300	376,700
Turnover and income, SEK million							
Net turnover	1,177	1,072	1,389	1,437	1,513	1,684	1,508
Profit/loss before depreciation	149	-68	-11	61	4	224	-61
Depreciation	-43	-43	-142	-55	-120	-86	-104
Operating profit/loss after depreciation	106	-111	-154	6	-117	138	-166
Net financial items	-5	-4	-4	0	-3	0	97
Profit/loss after net financial items	102	-115	-158	6	-120	138	-69
Profit/loss after tax	80	-115	-158	-13	-144	125	-69
Balance sheet items, SEK million							
Fixed assets	680	701	706	809	841	867	849
Inventories	236	227	246	240	276	213	215
Current receivables	243	207	175	219	209	259	230
Liquid funds	74	40	35	26	21	155	111
Shareholders' equity	915	879	825	993	1,014	1,228	1,089
Long-term interest-bearing liabilities	0	1	0	0	7	10	57
Long-term non interest-bearing liabilities	10	12	13	15	11	0	1
Current interest-bearing liabilities	0	49	60	78	42	29	44
Current non interest-bearing liabilities	278	235	264	208	275	227	214
Balance sheet total	1,233	1,175	1,161	1,294	1,347	1,494	1,405
Financial ratios							
Operating margin, %	9.0	Neg	Neg	Neg	Neg	8.2	Neg
Profit margin, %	8.6	Neg	Neg	Neg	Neg	8.2	Neg
Return on capital employed, %	11.1	Neg	Neg	Neg	Neg	11.6	Neg
Return on equity after full tax, %	8.7	Neg	Neg	Neg	Neg	10.8	Neg
Equity/assets ratio, %	74.2	74.8	71.1	76.7	75.3	82.2	77.5
Debt/equity ratio, Times	0.1	0.1	0.1	0.1	0.0	-0.1	0.1
Interest cover, Times	20	Neg	Neg	2.0	Neg	26	Neg
Other							
Capital expenditure, SEK m	29	18	35	46	157	125	10
Average no. of employees	251	261	256	275	298	308	387

¹ Source: FOEX NBSK PIX.

² Source: Swedish central bank 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 1.4 billion in 2013. The Group produced 333,400 tonnes of pulp in total.

ROTTNEROS IN FIGURES

SEK m	2013	2012	2011	2010	2009
Net turnover	1,389	1,437	1,513	1,684	1,508
Profit/loss after net financial items	-158	6	-120	138	-69
Investments in fixed assets	35	51	157	125	10
Average number of employees	256	275	298	308	387
Production per employee (Ktonnes)	1.3	1.2	1.1	1.0	0.9

RATIOS

Equity/assets ratio	71	77	75	82	78
Return on capital employed	Neg	Neg	Neg	11.6	Neg
Return on equity	Neg	Neg	Neg	10.8	Neg
Operating margin	-11.1	0.4	-7.8	8.2	-11.0

SEK/SHARE

Shareholders' equity per share ¹	5.41	6.51	6.65	8.05	7.14
Profit/loss after tax per share ¹	-1.04	-0.09	-0.95	0.82	-2.59
Operating cash flow per share ^{1, 2}	0.06	0.03	-0.74	0.51	2.74
Dividend ¹	0.0	0.0	0.10	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.

GROUPS' PRODUCTS



68% Sulphate pulp
17% CTMP
13% Groundwood pulp
2% Other

GEOGRAPHICAL DISTRIBUTION OF TURNOVER



22% Germany
12% US
11% Sweden
9% Italy
6% Finland
25% Rest of Europe
15% Rest of world

THE WAY FORWARD

Rottneros has been conducting a programme of change since the autumn of 2013, with the aim of generating sustainable profitability. This necessary process is based on establishing common objectives, and consensus on defined and shared core values and developing an understanding of the way in which we will work to achieve the set objectives.

OBJECTIVE

The Group will achieve sustainable profitability over a business cycle.

This will be achieved by:

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.

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

➔ **SERVICE LEADER.** Customers should perceive Rottneros as a leader in service. In our chosen segments we will provide our customers with knowledge and know-how on how to utilise our products to improve their end products.

ROTTNEROS' MILL



GROUND-WOOD PULP



Spruce

Bleached/unbleached



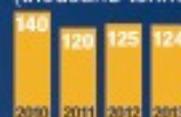
Board



Printing and writing paper



Pulp deliveries (thousand tonnes)



Production (tonnes)



CTMP



Spruce/pine

Bleached/unbleached



Board



Tissue paper



Printing and writing paper



Filters

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

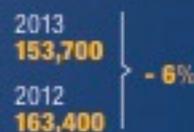


Tissue paper

Pulp deliveries (thousand tonnes)



Production (tonnes)



Unbleached



Board



Filters

Unbleached



Kraft paper



Filters



Electrical insulating material

Production (tonnes)





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