

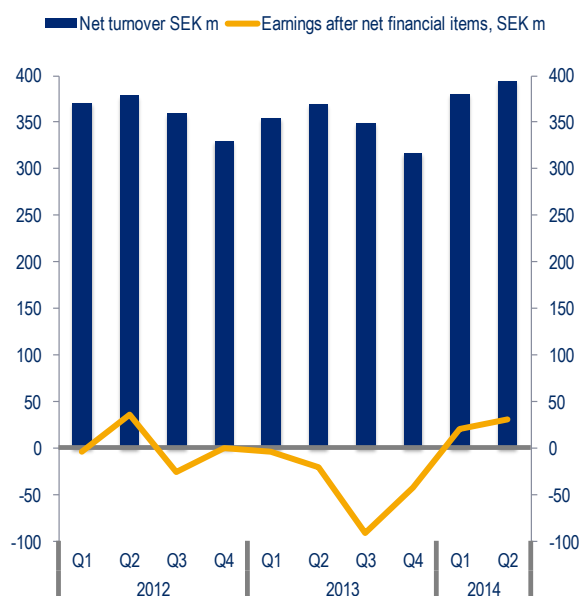
ROTTNEROS

INTERIM REPORT (JANUARY-JUNE 2014)

Period in review

	Apr-Jun 2014	Jan-Mar 2014	change	Apr-Jun 2013	change	Jan-Jun 2014	Jan-Jun 2013	change
Net turnover, SEK m	394	380	13	369	24	773	723	50
Operating Income, SEK m	31	21	10	-16	47	53	-22	75
<i>including items affecting comparability</i>	31	21	10	-4	35	53	-10	63
Income after net financial items, SEK m	31	20	11	-20	51	50	-24	74
Profit/loss after tax, SEK m	24	16	8	-20	44	39	-24	63
Earnings per share after tax, SEK	0.16	0.10	0.06	-0.13	0.29	0.26	-0.16	0.42
<i>including items affecting comparability</i>	0.16	0.10	0.06	-0.05	0.21	0.26	-0.08	0.34
Cash flow before investments, SEK m	-3	9	-12	-9	6	6	12	-6

- Profit after net financial items amounted to SEK 31 million for the second quarter of 2014, compared with a profit of SEK 20 million for the first quarter of 2014 and a loss of SEK -20 million for the second quarter of 2013. Profit after net financial items amounted to SEK 50 (-24) million for the first half of the year.
- A strong market has led to that the average PIX price for NBSK continued to rise during the second quarter and amounted to an average of USD 924. The price increase in Swedish kronor amounts to ten per cent compared with the corresponding period of 2013. The price increase amounts to two per cent compared with the previous quarter.
- Production continued to be stable at Vallviks Bruk during the second quarter, which resulted in lower direct costs and had a positive impact on the result.
- The increase in working capital had a negative impact on cash flow of SEK 73 million, mainly due to the high level of invoicing in June. Cash flow from operating activities amounted to SEK -3 (-9) million for the second quarter of 2014. Net borrowing amounted to SEK -42 (-45) million on 30 June.



CEO'S STATEMENT

The journey continues – a strong first half year for Rottneros

I would like to start by saying that I am very satisfied with our performance during the first six months of this year, which resulted in an operating profit of SEK 53 million, a level we have not been close to achieving since the first half year of 2011.

Our strong focus on management by objectives and new working methods combined with clear leadership has brought good order and improved production availability. Stable market conditions together with our programme of change have resulted in a strong first half year.

Our programme of change – Focus15 – continues to be pursued vigorously within our operations. New working methods have, among other things, resulted in more stable production and fewer production hours lost at Vallviks Bruk compared with previously. We are running several parallel projects to increase our capacity, which are expected to yield results after the annual maintenance shutdown in the autumn. The operation at Rottneros Bruk has performed well, with more stable production and continued good demand during the second quarter.

We are launching an advanced leadership training programme in the autumn. Our work to develop modern, uniform leadership with clear management by objectives represents an integral component of our programme of change and is both a vital and central part of our plan to become a market leader.

The paper pulp market remains stable and demand is being underpinned by the moderate recovery of the world economy. Capacity utilisation for long-fibre sulphate pulp was 93 per cent for the year, which must be considered good, and the price of NBSK has been USD 925 per tonne for some time now.

In conclusion, I am looking forward to an exciting second half to the year and to seeing the future effects of Focus15.

Carl-Johan Jonsson

THE PULP MARKET

MARKETS AND PRODUCTS

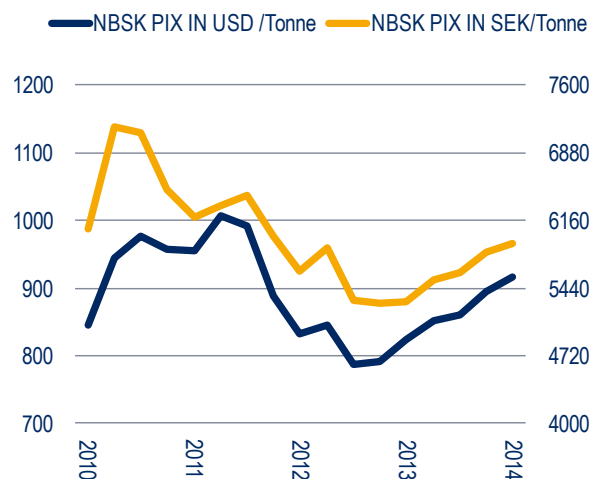
PULP MARKET INTERNATIONALLY

The underlying demand for paper pulp is currently being underpinned by the moderate recovery of the international economic situation, though changes to consumer patterns within media are having a negative impact. A structural decline in graphic paper in the mature economies can be observed, though this has been partly offset by an increase in the consumption of packaging materials and tissue paper. Paper production continues to increase in China, but at a slower pace than in previous years.

So far this year global deliveries of chemical market pulp have remained at the same level as in 2013, while there has been a slight reduction in CTMP deliveries. Producer stock levels were 36 days for chemical pulp and 31 days for CTMP at the end of May.

A good balance prevails in the long-fibre sulphate market. Capacity utilisation has been 93% so far this year, and producer stock levels corresponded to 26 days' production at the end of May. There was a marginal increase in the price of NBSK during the second quarter, which lay at USD 925 by mid-year, almost 20 dollars above its level at the beginning of the year.

The short-fibre pulp market is more uncertain and characterised primarily by increase pressure on the supply side from new manufacturing capacity in Latin America. Capacity utilisation was significantly lower during the year than for long-fibre. Producer stock levels are higher and prices have fallen by almost 30 dollars so far this year to the current level of around USD 740. Price trends for CTMP 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 88,100 (88,400) tonnes for April to June 2014.

Deliveries amounted to 89,500 (87,800) tonnes during the second quarter of 2014, representing a volume increase of 2% compared with the previous year.

PRODUCTION (TONNES)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Sulphate pulp	54,300	54,900	106,600	107,100
Groundwood pulp	14,100	13,800	26,800	30,900
CTMP	19,700	19,700	39,700	38,500
TOTAL	88,100	88,400	173,100	176,500

DELIVERIES (TONNES)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Sulphate pulp	56,300	55,400	111,900	107,000
Groundwood pulp	16,900	15,200	28,500	30,700
CTMP	16,300	17,200	36,300	35,600
TOTAL	89,500	87,800	176,700	173,300

Maintenance shutdowns and seasonal variations

There is normally a holiday shutdown at Rottneros Bruk for part of June and July, which is 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. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

INVOICING AND RESULTS

January to June 2014 compared with January to June 2013

Deviation analysis

	Jan-Jun 2014	Jan-Jun 2013
NBSK PIX	920	837
SEK/USD	6.52	6.50
NBSK SEK	6,007	5,443
OPERATING INCOME	53	-22

Price	49
Currency	2
Volume	0
Variable costs	20
Hedging activities realised	-6
Comparison items 2013	12
Other	-2
TOTAL	75

The average price of long-fibre sulphate pulp (NSBK), in both USD and SEK, increased by ten per cent compared with the same period of the previous year. Group net turnover amounted to SEK 773 (723) million for January to June 2014, an increase of seven per cent. The deviation in relation to the price increase is largely explained by lower timber sales to external customers by our Latvian company.

Our work involving changes to 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 0.28 (0.34) per kWh for January to June 2014, which had a positive impact on variable costs.

- Group operating profit amounted to SEK 53 (-22) million for the period. The outcome of hedging activities realised for currency and pulp amounted to SEK -3 (3) million. Lump-sum items affected the comparison period by SEK -12 million.
- Group profit after net financial items amounted to SEK 50 (-24) million and includes net financial items of SEK -3 (-2) million.
- Profit after tax amounted to SEK 39 (-24) million.
- Earnings per share after tax amounted to SEK 0.26 (-0.16).
- Cash flow per share amounted to SEK -0.07 (0.13).

April to June 2014 compared with April to June 2013

Deviation analysis

	Apr-Jun 2014	Apr-Jun 2013
NBSK PIX	924	851
SEK/USD	6.53	6.56
NBSK SEK	6,035	5,583
OPERATING INCOME	31	-16
Price	28	
Currency	-2	
Volume	2	
Variable costs	14	
Hedging activities realised	-1	
Comparison items 2013	12	
Other	-6	
TOTAL	47	

The average price of long-fibre sulphate pulp (NBSK) in USD increased by nine per cent to USD 924, while the average price of NBSK translated into SEK increased from SEK 5,583 to 6,035 per tonne, an increase of eight per cent influenced by a weak, lower dollar rate. Group net turnover amounted to SEK 394 (369) million during the quarter, an increase of seven per cent which corresponds to the price changes in the market.

More stable production at Vallviks Bruk during the quarter resulted in lower direct costs. The average price of electricity on the Nord Pool electricity

exchange amounted to SEK 0.29 (0.33) per kWh for April to June 2014, which had a positive impact on variable costs.

- Group operating profit amounted to SEK 31 (-16) million for the second quarter of 2014. The outcome of hedging activities realised for currency and pulp amounted to SEK -3 (-2) million for the second quarter of 2014. Lump-sum items affected the comparison period by SEK -12 million
- Group profit after net financial items amounted to SEK 31 (-20) million and includes net financial items of SEK -1 (-4) million.
- Profit after tax amounted to SEK 24 (-20) million.
- Earnings per share after tax amounted to SEK 0.16 (-0.13).
- Cash flow per share amounted to SEK 0.0 (0.04).

April to June 2014 compared with January to March 2014

Deviation analysis

	Apr-Jun 2014	Jan-Mar 2014
NBSK PIX	924	916
SEK/USD	6.53	6.46
NBSK SEK	6,035	5,919
OPERATING INCOME	31	21
Price	3	
Currency	4	
Volume	2	
Variable costs	7	
Hedging activities realised	-3	
Other	-3	
TOTAL	10	

Group net turnover amounted to SEK 394 million for the quarter compared with SEK 380 million for the first quarter of 2014. The average price of long-fibre sulphate pulp (NBSK) in USD increased by one per cent to USD 924. A stronger dollar rate had a positive impact on the average price of NBSK translated into SEK, demonstrating an increase of two per cent.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.29 per kWh for the second quarter of 2014, compared with SEK 0.27 per kWh for the first quarter of 2014.

- Group operating profit amounted to SEK 31 (21) million for the second quarter of 2014. The outcome of hedging activities realised for currency and pulp during the second quarter of 2014 amounted to SEK -3 (0) million.
- Group profit after net financial items amounted to SEK 31 million for the second quarter of 2014, compared with profit of SEK 20 million for the first quarter of 2014.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 23 (6) million for the 2014 period.
- The Group had liquid funds amounting to SEK 25 million at the end of June 2014, compared with SEK 35 million at the end of December 2013.
- The Group had total interest-bearing liabilities of SEK 67 (91) million on 30 June 2014. Interest-bearing net liabilities amounted to SEK 42 (45) million.
- Approved but unutilised credit facilities amounted to SEK 108 million in total at the end of the period and total approved credit facilities amounted to SEK 175 (150) million.
- The equity/assets ratio amounted to 72 (72) per cent on 30 June 2014.
- Equity per share amounted to SEK 5.69 (SEK 6.29 on 30 June 2013).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 6 (12) million for January to June 2014 and included cash flow of SEK -2 (4) million from financial hedging. The increase in working capital had a negative impact on cash flow of SEK 73 million, mainly due to the high level of invoicing in June which resulted in an increase in trade debtors at the end of the period.
- Cash flow after investments amounted to SEK -17 (6) million for January to June 2014.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 251 (261) for January to June 2014.

TAX

Deferred tax assets amounted to SEK 36 million on 30 June 2014. The utilisation of previously capitalised loss carry-forwards affected this amount by SEK 11 million. Any remaining recorded deferred tax assets relate to unutilised loss carry-forwards amounting to SEK 162 million. There were also tax loss carry-forwards of SEK 145 million, for which deferred tax assets have not been recorded.

PARENT COMPANY

The parent company's loss after net financial items amounted to SEK -24 (-26) million for January to June 2014. The result after net financial items includes hedging activities realised of SEK -13 (0) million.

SHARE INFORMATION

NUMBER OF SHARES

	30 June 2014
Registered number of shares	153,393,890
- of which treasury shares	821,965

Largest shareholders 30 June 2014

Shareholder	Number of shares (=votes)	Percentage of capital
Arctic Paper SA	78,230,883	51
Peter Gyllenhammar (company owned)	17,216,981	11
Robur Försäkring	7,561,785	5
Clearstream Banking S.A., W8IMY	5,600,280	4
Åkesson, Morgan	2,499,000	2
BBVA Ireland P.L.C	2,323,139	2
Försäkrings AB Skandia	1,496,704	1
Larsson Bo	1,489,104	1
Försäkringsaktiebolaget, Avanza Pension	1,475,743	1
Sten Malmer Holding AB	1,067,274	1
Total holdings of 10 largest shareholderst	118,960,893	78
Rottneros AB (treasury stock from buy-back)	821,965	1
Other shareholders	33,611,032	21
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 45 (71) million. Outstanding receivables from Arctic Paper amounted to SEK 11 million on 30 June. 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.

Utansjö plant

Work continues to find a new use for the CTMP line from Utansjö Bruk. However, no project has reached the stage where the likelihood of implementation has been such that it would be appropriate to classify the fixed assets as 'holdings for sale' under IFRS 5. Therefore, in accordance with the rules contained in IFRS 5, these assets are to be classified as 'property, plant and equipment' until such time as it is considered that they are likely to be sold.

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

	2014			2013			
Group	II	I	IV	III	II	I	Full year
Profit/loss after financial items	31	20	-43	-91	-20	-4	-158
Whereof:							
Currency hedges		-	3	-1	-2	2	2
Pulp price hedges	-3	-	0	0	0	3	3
Electricity hedges	-5	-5	-3	-3	-2	-1	-9
Total hedges	-8	-5	-	-4	-4	4	-4
Green electricity	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 0.6 per cent lower for April to June, amounting to SEK 6.53/USD compared with SEK 6.56 for April to June 2013. The impact of exchange rates on revenues amounted to SEK -2 million.

In addition, currencies were hedged in the form of forward contracts concluded for EUR 8 million, at an average rate of SEK 9.13/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 July to December. A contract for 6,000 tonnes was realised during the quarter, which affected the result by SEK -3 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 at 30 of June 2014

Year	Part hedged	SEK/kWh
2014	62%	37,2
2015	48%	36,7
2016	26%	32,7

The average price level for electricity on Nord Pool amounted to SEK 0.29 (0.33) per kWh for April to June 2014.

See pages 25 to 29 of the Annual Report for 2013 for further information on risks.

MARKET VALUE (SEK million) June 2014

Hedging	Hedged volume	Hedge price	Market Value	Reference spot rate 30 Jun 2014
Currency EUR, forward sell	Eur1 m	8.84 SEK/EUR	-	9.02 SEK/EUR
Currency EUR, forward buy	Eur 8 m	9.13 SEK/EUR	1	9.19 SEK/EUR
Pulp price, SEK	12 0000 tonne	5,720 SEK (PIX)	-6	6,240 SEK (PIX)
Electricity	250 455 MWh	0.39 SEK/kWh	-19	0.28 SEK/kWh
Total market value			-24	

MARKET VALUE (SEK million) June 2013

Hedging	Hedged volume	Hedge price	Market Value	Reference spot rate 30 Jun 2013
Currency USD, forward sell	USD 15 m	6.62 SEK/USD	-1	6.74 SEK/USD
Currency EUR, forward sell	EUR 1 m	8.84 SEK/EUR	0	8.78 SEK/EUR
Currency EUR, forward buy	EUR 13 m	9.16 SEK/EUR	-4	8.78 SEK/EUR
Pulp price, SEK	6 000 tonne	5,700 SEK (PIX)	-1	5,800 SEK (PIX)
Electricity	267 855 MWh	0.41 SEK/kWh	-24	0.30 SEK/kWh
Total market value			-30	

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 June 2014. The reference value refers to the spot rate on 30 June 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.

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

There have not been any significant events since the reporting date.

FORTHCOMING FINANCIAL INFORMATION

24 October 2014 Interim Report January-September 2014
12 february 2015 Year end report 2014

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

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 23 July 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.

Rottneros AB (publ) Corp. ID no. 556013-5872
Box 144, SE-826 23 Söderhamn Telephone +46 270-620 00, telefax +46 270-692 10
www.rottneros.com

The Board and the President declare that the half-yearly report gives a true and fair summary of the operation, financial position and results of the parent company and the Group, and describes significant risks and uncertainties faced by the company and companies that form part of the Group.

Stockholm, 23 July 2014

Rune Ingvarsson
Chair

Roger Asserstål
Board Member

Per Lundeen
Board Member

Per Skoglund
Board Member

Bengt-Åke Andersson
Board Member

Mikael Lilja
Board Member

Carl-Johan Jonsson
Chief Executive Officer and President

AUDITOR'S REVIEW REPORT

Rottneros AB (publ) corporate identity number 556013-5872

INTRODUCTION

We have reviewed the condensed interim report for Rottneros AB (publ) as at 30 June 2014 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different emphasis and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the parent company.

Stockholm, 23 July 2014

Ernst & Young AB

Erik Sandström
Authorised Public Accountant

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 long-fibre sulphate pulp. Price leader on the global market.
CTMP	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)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net turnover	394	369	773	723	1,389
Change in inventories, finished goods	-12	3	-26	12	5
Other income	14	10	25	27	44
TOTAL INCOME	396	382	772	762	1,438
Raw materials and consumables	-213	-243	-427	-487	-897
Other costs	-91	-82	-171	-160	-361
Personnel costs	-47	-58	-92	-106	-192
Depreciation/amortisation and write-downs	-14	-15	-29	-31	-142
TOTAL OPERATING COSTS	-365	-398	-719	-784	-1,592
OPERATING INCOME	31	-16	53	-22	-154
Financial income	1	0	0	1	0
Financial expenses	-1	-4	-2	-3	-4
Net financial items	0	-4	-2	-2	-4
INCOME AFTER NET FINANCIAL ITEMS	31	-20	50	-24	-158
Tax on income for the year	-7	0	-11	0	0
NET PROFIT/LOSS AFTER TAX	24	-20	39	-24	-158
Earnings after tax/share (SEK) ¹	0.16	-0.13	0.26	-0.16	-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)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
NET PROFIT/LOSS AFTER TAX	24	-20	39	-24	-158
Other comprehensive income					
Cash-flow hedging, income before tax	9	-8	6	-12	-13
Cash-flow hedging, tax effect	-2	3	-1	3	3
Exchange rate differences	0	0	0	0	-1
TOTAL OTHER COMPREHENSIVE INCOME	8	-5	5	-9	-11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	32	-25	44	-33	-169

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	924	851	920	837	857
SEK/USD ²	6.53	6.56	6.52	6.50	6.51
Pulp price NBSK, SEK	6,035	5,583	6,007	5,443	5,582
Rottneros' deliveries, tonnes	89,545	87,800	176,746	173,300	332,100

¹ Source: PIX/Market Pulse.

² Source: Swedish central bank yearly average.

GROUP BALANCE SHEET

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Jun 2014	Jun 2013	Dec 2013
Intangible fixed assets	5	5	5
Tangible fixed assets	649	729	647
Financial fixed assets	41	53	54
Total fixed assets	695	787	706
Inventories	224	259	246
Current receivables	264	235	174
Liquid funds	25	46	35
Total current assets	513	540	455
TOTAL ASSETS	1,208	1,327	1,161
Shareholders' equity	869	960	825
Longterm liabilities			
Non interest-bearing	12	15	13
Total longterm liabilities	12	15	13
Current liabilities			
Interest-bearing	67	91	60
Non interest-bearing	260	261	263
Total current liabilities	327	352	323
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,208	1,327	1,161

GROUP CASH FLOW

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Operating income	53	-22	-154
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	28	31	142
	82	9	-12
Received/paid financial items	-3	-2	-3
Received/paid taxes	0	-3	0
Cash-flow from current operations before change in working capital	79	4	-15
Change in working capital	-73	8	77
Cash-flow from current operations	6	12	62
Acquisition of fixed assets	-23	-6	-35
Sale of fixed assets	0	0	0
Cash-flow from investing activities	-23	-6	-35
New loans	7	16	0
Repayment of loans	0	-2	-18
Cash-flow from financing activities	7	14	-18
Cash-flow for the year	-10	20	9
Liquid funds at beginning of year	35	26	26
Cash-flow for the year	-10	20	9
Liquid funds at end of year	25	46	35

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Opening shareholders' equity	825	993	993
Total comprehensive income for the period	44	-33	-169
Dividend	-	-	-
Closing shareholders' equity	869	960	825

SHARE DATA¹

		Jan-Jun 2014	Jan-Jun 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	0.35	-0.15	-1.01	0.04	-0.77	0.90	-6.18
Earnings after tax/share ⁵	SEK	0.26	-0.16	-1.04	-0.09	-0.95	0.82	-2.59
Operating cash flow/share ^{3,5}	SEK	-0.07	0.13	0.06	0.03	-0.74	0.51	2.74
Equity/share ⁵	SEK	5.70	6.29	5.41	6.51	6.65	8.05	7.14
Dividend ⁵	SEK	-	-	-	-	0.10	0.20	-
Dividend/equity/share	%	-	-	-	-	1.50	2.50	-
Share price at end of period ⁵	SEK	2.57	1.95	1.99	2.00	2.11	4.37	6.90
Share price/equity/share	Times	0.5	0.3	0.4	0.3	0.3	0.5	1.0
P/E ratio/share	Times	10.0	Neg	Neg	Neg	Neg	5.3	Neg
Direct yield ⁴	%	-	-	-	-	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			
	II	I	IV	III	II	I	IV	III	II	I
Net turnover	394	380	317	349	369	354	329	359	378	371
Operating profit/loss before depreciation	46	35	-27	7	-1	10	16	-15	50	10
Depreciation/amortisation and write-downs	-14	-14	-15	-96	-15	-16	-15	-13	-14	-13
Operating profit/loss	31	21	-42	-89	-16	-6	1	-28	36	-3
Net financial items	0	-1	-1	-2	-4	2	-1	2	0	-1
Profit/loss after financial items	31	20	-43	-91	-20	-4	0	-26	36	-4
Tax	-7	-4	0	0	0	0	-10	0	-9	0
Profit/loss after tax	24	16	-43	-91	-20	-4	-10	-26	27	-4
Pulp production, 1,000 tonnes	88	85	79	78	89	88	86	73	90	82
Pulp deliveries, 1,000 tonnes	90	87	76	83	88	86	79	85	82	85
Operating margin, %	8.0	5.7	Neg	Neg	Neg	Neg	0.3	Neg	9.7	Neg
Return on equity after full tax, %	2.9	1.8	Neg	Neg	Neg	Neg	Neg	Neg	2.7	Neg
Return on capital employed, %	3.6	1.8	Neg	Neg	Neg	Neg	Neg	Neg	2.6	Neg
Equity/assets ratio, %	71.9	72.8	71.1	74.9	72.0	74.2	76.7	76.2	74.0	74.6
Equity/share, SEK 1	5.70	5.49	5.41	5.76	6.29	6.46	6.51	6.58	6.71	6.64
Earnings after tax/share, SEK 1	0.16	0.10	-0.28	-0.59	-0.13	-0.03	-0.07	-0.17	0.18	-0.03
Cash flow before investments/share, SEK	0.04	-0.01	0.02	0.31	-0.06	0.14	-0.05	0.09	0.44	-0.21
Operating cash flow/share, SEK 1	-0.07	-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)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net turnover	2	2	3	3	6
Other income	1	0	3	5	9
TOTAL INCOME	3	2	6	8	15
Other costs	-12	-8	-21	-14	-35
Personnel costs	-3	-16	-7	-20	-25
TOTAL OPERATING COSTS	-15	-24	-28	-34	-60
OPERATING INCOME	-12	-22	-22	-26	-46
Profit from participations in group companies	0	0	0	0	-45
Financial income, other	0	0	0	1	1
Financial expenses, other	-1	-2	-2	-1	-3
Net financial items	-1	2	-2	0	-47
INCOME AFTER NET FINANCIAL ITEMS	-13	-24	-24	-26	-93
Tax on income for the year	0	0	0	0	0
NET PROFIT/LOSS AFTER TAX	-13	-24	-24	-26	-93

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
NET PROFIT/LOSS AFTER TAX	-13	-24	-24	-26	-93
Other comprehensive income					
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-13	-24	-24	-26	-93

PARENT BALANCE SHEET

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Jun 2014	Jun 2013	Dec 2013
Intangible fixed assets	5	4	4
Tangible fixed assets	33	1	1
Financial fixed assets	251	295	251
Total fixed assets	289	300	256
Current receivables ¹	685	703	700
Liquid funds	1	2	1
Total current assets	687	705	701
TOTAL ASSETS	976	1 005	957
Shareholders' equity	834	925	858
Current liabilities	0	0	0
Interest-bearing	68	59	46
Non interest-bearing	74	21	53
Total current liabilities	142	80	99
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	976	1 005	957

1) Including receivable on subsidiaries SEK 681 (542) Million.

GROUP REVIEW

SIX YEAR REVIEW

	Jan-Jun 2014	Jan-Jun 2013	2013	2012	2011	2010	2009
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD ¹	920	837	857	814	960	930	657
SEK/USD ²	6.52	6.50	6.51	6.78	6.50	7.21	7.65
Pulp price NBSK, SEK	6,007	5,443	5,582	5,519	6,229	6,705	4,989
Rottneros' deliveries, tonnes	176,700	173,300	332,100	331,400	311,400	330,300	376,700
Turnover and income, SEK million							
Net turnover	773	723	1,389	1,437	1,513	1,684	1,508
Profit/loss before depreciation	81	7	-11	61	4	224	-61
Depreciation	-29	-29	-142	-55	-120	-86	-104
Operating profit/loss after depreciation	53	-22	-154	6	-117	138	-166
Net financial items	-2	-2	-4	0	-3	0	97
Profit/loss after net financial items	50	-24	-158	6	-120	138	-69
Profit/loss after tax	39	-24	-158	-13	-144	125	-69
Balance sheet items, SEK million							
Fixed assets	695	787	706	809	841	867	849
Inventories	224	259	246	240	276	213	215
Current receivables	264	235	175	219	209	259	230
Liquid funds	25	46	35	26	21	155	111
Shareholders' equity	869	960	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	12	15	13	15	11	0	1
Current interest-bearing liabilities	67	91	60	78	42	29	44
Current non interest-bearing liabilities	260	261	264	208	275	227	214
Balance sheet total	1,208	1,327	1,161	1,294	1,347	1,494	1,405
Financial ratios							
Operating margin, %	6.8	Neg	Neg	Neg	Neg	8.2	Neg
Profit margin, %	6.5	Neg	Neg	Neg	Neg	8.2	Neg
Return on capital employed, %	5.8	Neg	Neg	Neg	Neg	11.6	Neg
Return on equity after full tax, %	4.5	Neg	Neg	Neg	Neg	10.8	Neg
Equity/assets ratio, %	71.9	72.3	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	23	6	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

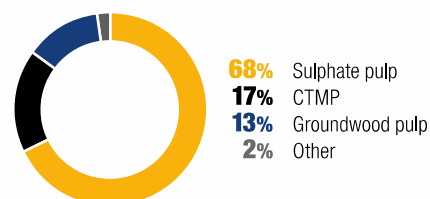
SEK/SHARE

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	-

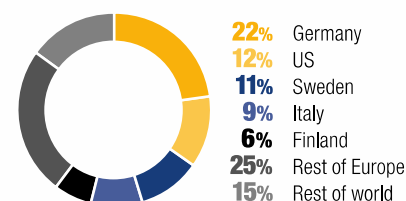
¹ There was a reverse share split in April 2010 where ten existing shares were combined as one share. The comparison periods have been adjusted for this reverse split.

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

GROUPS' PRODUCTS



GEOGRAPHICAL DISTRIBUTION OF TURNOVER



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



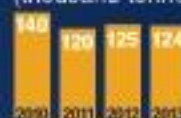
GROUND-WOOD PULP



Bleached/unbleached



Pulp deliveries
(thousand tonnes)



Production (tonnes)



CTMP



Bleached/unbleached



Production (tonnes)



CTMP



Bleached



VALLVIK'S MILL



LONG-FIBRE SULPHATE



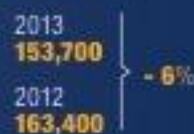
Bleached



Pulp deliveries
(thousand tonnes)



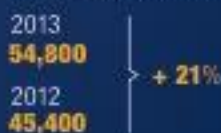
Production (tonnes)



Unbleached



Production (tonnes)





Rottneros AB (publ)
Box 144, SE-826 23 Söderhamn
Sweden
Visiting address: Vallviks Bruk, SE-820 21 Vallvik, Sweden
Telephone +46 270-620 00, telefax +46 270-692 10
info@rottneros.com
www.rottneros.com