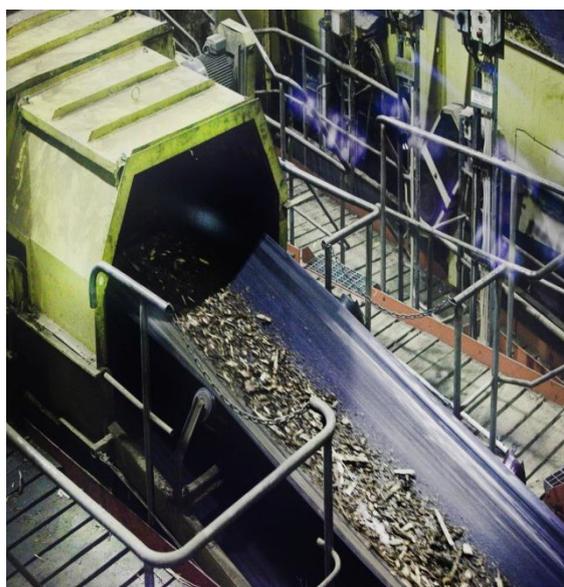


# Rottneros

## Year-end Report January-December 2013

	Quarter			Full year	
	IV 2013	III 2013	IV 2012	Full year 2013	Full year 2012
Net turnover, SEK m	317	349	329	1,389	1,437
Income after net financial items, SEK m <sup>1</sup>	-43	-11	0	-66	6
<i>including items affecting comparability</i>	-43	-91	0	-158	6
Earnings per share after net financial items, SEK <sup>1</sup>	-0.28	-0.07	0.00	-0.43	0.03
<i>including items affecting comparability</i>	-0.28	-0.59	0.00	-1.04	0.03
Profit/loss after tax, SEK m <sup>1</sup>	-43	-11	-10	-66	-13
<i>including items affecting comparability</i>	-43	-91	-10	-158	-13
Earnings per share after tax, SEK <sup>1</sup>	-0.28	-0.07	-0.07	-0.43	-0.09
<i>including items affecting comparability</i>	-0.28	-0.59	-0.07	-1.04	-0.09
Cash flow before investments per share, SEK	0.02	0.31	-0.05	0.41	0.27
Cash flow per share, SEK	-0.03	-0.04	0.08	0.06	0.03
	31-12-2013	30-09-2013	31-12-2012		
Shareholders' equity per share, SEK	5.41	5.76	6.51		
Equity/assets ratio, %	71	75	77		

- Loss after net financial items amounted to SEK -43 (0) million for the fourth quarter of 2013.
- Loss after net financial items for the full year 2013 amounted to SEK -66 (6) million before impairment losses (write-downs) and one-off costs, which amounted to SEK -92 (0) million. One-off costs basically comprise an impairment loss of SEK 80 million in respect of plant at Utansjö. Operating loss amounted to SEK -154 (6) million for the full year.
- Cash flow from operating activities amounted to SEK 2 (-8) million for the fourth quarter of 2013 and SEK 62 (41) for the full year. Net borrowing amounted to SEK 25 (52) million.
- The strong Swedish krona during the year had a negative impact on the result.
- Carl-Johan Jonsson took office as the new CEO and President on 1 July 2013.
- The Board of Directors proposes that no dividend be declared for 2013.



## CEO'S STATEMENT

In many ways 2013 was a year of change, review and fresh ideas for Rottneros. We have been conducting extensive and necessary work with change since the summer of 2013. Our objective is to strengthen our competitiveness and generate the profitability that is ultimately decisive for the long-term survival of the Group. In terms of results, 2013 represented a weak year in the history of Rottneros. This was due to both foreign currency effects and lower production than planned.

The entire fourth quarter was characterised by our ongoing work with change, the aim of which is to generate increased profitability. The programme will be implemented by January 2015. Change takes time, but we have already seen some results. We are pleased to note good production levels at Vallvik Mill in both November and December following the annual maintenance shutdown.

This work affects the whole Group and is both practical and strategic. For production we are focusing on safety, clear routines and responsibility. A strong safety culture and a safe work environment – putting our house in order if you like – represent, like a positive and open attitude and clear leadership, important framework conditions to enhance availability and productivity. We place a strong emphasis on identifying, taking stock of and analysing the risks associated with production and also providing the necessary rules and regulations, but this also involves establishing the common outlook required to succeed. In addition to changes in our way of working in production, we will of course endeavour to optimise our sales, purchasing and financial control in order to secure our long-term profitability.

We have submitted our application for a permit to increase production at Vallvik Mill. If the relevant public authorities grant their approval, we will get a permit to produce 255,000 tonnes per year. We currently have a temporary permit for 240,000 tonnes maximum per year. We see a need for limited investments with a view to eliminating bottlenecks. We activated the groundwood line at Rottneros Mill during the autumn and achieved good production levels.

In terms of the market, the last quarter was also characterised by a continued increase in demand for NBSK pulp, and the market is currently strong with NBSK prices continuing to rise. CTMP pulp also continued to develop in a strong and positive way during the fourth quarter.

All of these changes – large and small – are time-consuming. I am convinced that the work that we have now initiated, one step at a time, will give us the availability, production and not least the culture that we need for long-term profitability.

Carl-Johan Jonsson

## THE PULP MARKET

### Markets and products

The paper pulp market continued to maintain a good balance between supply and demand in 2013. Pulp producers implemented price increases of approximately USD 30 per tonne for bleached sulphate pulp during the fourth quarter of the year up to approximately USD 905 per tonne at the end of December. The PIX price was USD 810 per tonne at the start of the year and rose by USD 95 per tonne. The price of bleached short-fibre sulphate pulp amounted to USD 770 per tonne on 31 December, an increase of USD 5 per tonne for the full year. Producers have announced further price increases in January 2014.

The price variance for bleached long-fibre sulphate pulp compared with bleached short-fibre sulphate pulp increased to approximately USD 135 per tonne in 2013. This variance was approximately USD 35 per tonne for bleached long-fibre sulphate pulp at the beginning of 2013, approximately USD 40 per tonne after the second quarter and there was a variance of approximately USD 105 per tonne between the pulps at the end of the third quarter of 2013.

The variance in the PIX price reverted to previous historical levels at the end of 2013. The PIX price for bleached short-fibre sulphate pulp remained the same at approximately USD 770 per tonne in the fourth quarter, while the price for bleached long-fibre sulphate pulp rose by approximately USD 30 per tonne.

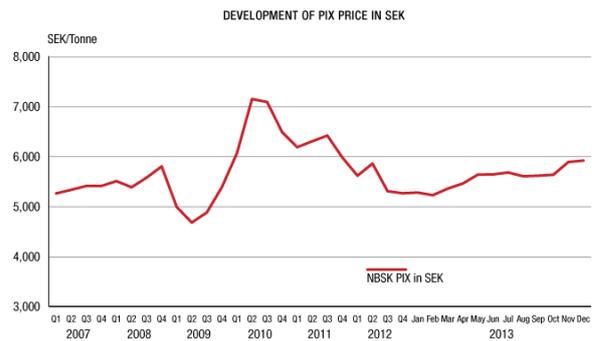
Statistics for bleached chemical market pulp for the total global market showed that deliveries for January to November 2013 amounted to SEK 39.3 (38.2) million tonnes, which was 2.6% higher than the same period in 2012, despite an extra shipping day in 2012. Global delivery capacity utilisation for bleached chemical pulp was 93% (92%) for the period January to November 2013. Production capacity utilisation for the same period has been estimated at 93% (92%). Global producer stocks of bleached chemical pulp amounted to approximately 3.9 (3.7) million tonnes at the end of November.

### Long-fibre chemical pulp (NBSK) (Manufactured at Vallvik)

There is a good balance in the market for bleached long-fibre chemical pulp, and there was a slight reduction in stock levels at the end of November. Producer stock levels of long-fibre chemical pulp are low, corresponding to 25 days' production, which is one day lower than in November 2012 and four days lower than at the beginning of the year. Deliveries of bleached long-fibre chemical pulp amounted to 20.7 (20.2) million tonnes between January and November 2013, which was 2.4% higher than the same period of 2012. Delivery capacity utilisation for the period January to November 2013 amounted to 95% (94%) and production capacity utilisation to approximately 93% (92%).

### Mechanical pulp and CTMP (Manufactured at Rottneros)

The price of CTMP pulp in the Western European market amounted to approximately USD 590-600 per tonne at the beginning of the year. The price was USD 30 to USD 50 per tonne higher at the end of the fourth quarter, with some variations depending on market and quality. Deliveries fell by two per cent for the period January to November 2013 compared with the same period of 2012. Deliveries amounted to 2,489,500 tonnes for January to November 2013. Delivery capacity utilisation for the period January to November 2013 was 90% (94%) and production capacity utilisation was 88% (94%). Stock levels for the CTMP producers fell by 51,700 tonnes during the first eleven months of the year to 20,800 tonnes. This stock level corresponds to 25 days' production (34 days).



## PRODUCTION AND DELIVERIES

The Group's pulp mills at Rottneros and Vallvik have a combined annual production capacity of almost 400,000 tonnes. Production amounted to 333,400 for the full year 2013, which represents a slight increase compared with the previous year's production figure of 330,400 tonnes.

Deliveries for the full year 2013 were in line with the previous year and amounted to 332,100 (331,400) tonnes.

### PRODUCTION (TONNES)

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Sulphate pulp	48,200	52,700	208,500	208,800
Groundwood pulp	10,600	14,500	53,200	51,800
CTMP	20,100	19,100	71,700	69,800
<b>TOTAL</b>	<b>78,900</b>	<b>86,300</b>	<b>333,400</b>	<b>330,400</b>

### DELIVERIES (TONNES)

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Sulphate pulp	44,600	43,800	208,200	206,500
Groundwood pulp	9,300	13,200	51,600	52,200
CTMP	22,300	22,200	72,300	72,700
<b>TOTAL</b>	<b>76,200</b>	<b>79,200</b>	<b>332,100</b>	<b>331,400</b>

### Maintenance shutdowns and seasonal variations

The annual maintenance shutdown was predominantly held during the fourth quarter at Vallvik Mill, while in 2012 it was held in the third quarter. A holiday shutdown was held at Rottneros Mill at the end of July and the beginning of August, which was combined with minor annual maintenance work.

Costs relating to maintenance shutdowns are recognised in the period during which a shutdown takes place. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

## SIGNIFICANT EVENTS

### Impairment losses and one-off costs

The result for the full year has been affected by impairment losses of SEK 80 million relating to the CTMP plant from Utansjö Mill.

Work continued during the year to find another use for the CTMP line or alternatively to sell it, but this has still not led to any firm deal.

As a basis for the change in value, the company obtained an external assessment of the market value of the plant's constituent parts in a second-hand market

### New CEO

Carl-Johan Jonsson took office as the new CEO and President of Rottneros on 1 July 2013.4

## INVOICING AND RESULTS

### January to December 2013 compared with January to December 2012

DEVIATION ANALYSIS		
	Full year 2013	Full year 2012
NBSK PIX	857	814
SEK/USD	6.51	6.78
NBSK SEK	5,582	5,518
<b>OPERATING INCOME</b>	<b>-154</b>	<b>6</b>
Price		-6
Currency		-57
Volume		23
Variable costs		25
Total write-downs and one-off costs		-92
Hedging activities realised		-14
Other		-39
<b>TOTAL</b>		<b>-160</b>

Group net turnover amounted to SEK 1,389 (1,437) million for January to December 2013. The average price of long-fibre sulphate pulp (NBSK) in USD increased by approximately 5% in 2013. The average prices for NBSK pulp translated into SEK only increased by approximately 1% as an effect of a negative price trend for the Swedish krona in relation to USD.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.34 (0.28) per kWh for the full year 2013, which is 21% higher than the previous year.

- Group operating loss amounted to SEK -154 (6) million for the full year 2013. Besides an impairment loss of SEK 80 million, the negative result was affected by costs relating to salary, pension and payroll overheads under the contract for the departing CEO. The operating loss excluding these costs amounted to SEK -61 million. Other external costs were SEK 19 million higher than the previous year, primarily owing to higher maintenance costs.
- Group loss after net financial items amounted to SEK -158 (6) million and includes net financial items of SEK -4 (0) million.
- Loss after tax: SEK -158 (-13) million.
- Earnings per share after tax: SEK -1.04 (-0.09).
- Cash flow per share: SEK 0.06 (0.03)

### October to December 2013 compared with October to December 2012

DEVIATION ANALYSIS		
	Oct-Dec 2013	Oct-Dec 2012
NBSK PIX	894	792
SEK/USD	6.51	6.66
NBSK SEK	5,821	5,275
<b>OPERATING INCOME</b>	<b>-42</b>	<b>1</b>
Price		10
Currency		-7
Volume		-3
Variable costs		3
Hedging activities realised		-6
Other		-40
<b>TOTAL</b>		<b>-43</b>

Group net turnover amounted to SEK 317 (329) million for the fourth quarter of 2013. The average price of long-fibre sulphate pulp (NBSK) in USD increased by approximately 13% for the fourth quarter of 2013 compared with the same period of 2012. The average prices for NBSK pulp translated into SEK increased by approximately 10% as an effect of a negative price trend for the Swedish krona in relation to USD.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.33 per kWh for the fourth quarter of 2013 compared with SEK 0.32 per kWh for the same period of 2012, representing an increase of 3%.

- Group operating loss amounted to SEK -42 (1) million for the fourth quarter of 2013. Other external costs exceed the same period of the previous year by SEK 30 million, primarily as a consequence of the annual maintenance shutdown at Vallvik. In 2012, the maintenance shutdown for Vallvik was held during the third quarter.
- Group loss after net financial items amounted to SEK -43 (0) million and includes net financial items of SEK -1 (-1) million.
- Loss after tax: SEK -43 (-10) million.
- Earnings per share after tax: SEK -0.28 (-0.07).
- Cash flow per share: -SEK 0.03 (-0.08).

#### October to December 2013 compared with July to September 2013

DEVIATION ANALYSIS		
	Oct-Dec 2013	Jul-Sep 2013
NBSK PIX	894	861
SEK/USD	6.51	6.55
NBSK SEK	5,821	5,641
<b>OPERATING INCOME</b>	<b>-42</b>	<b>-89</b>
Price		8
Currency		-2
Volume		-
Variable costs		-3
Total write-downs and one-off costs		80
Hedging activities realised		1
Other		-37
<b>TOTAL</b>		<b>47</b>

Group net turnover amounted to SEK 317 million for the fourth quarter of 2013 compared with SEK 349 million for the third quarter.

The average price for long-fibre sulphate pulp (NBSK) in USD increased by approximately 4% in the fourth quarter of 2013. The average prices for NBSK pulp translated into SEK increased by approximately 3% as an effect of a negative price trend for the Swedish krona in relation to USD.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.33 per kWh for the fourth quarter of 2013 compared with SEK 0.46 per kWh for the third quarter.

Group operating loss amounted to SEK -42 million for the fourth quarter of 2013 to be compared with the

third quarter when operating loss amounted to SEK -89 million. The result for the third quarter was affected by impairment losses of SEK 80 million. Other external costs were SEK 33 million higher than in the third quarter due to the maintenance shutdown at Vallvik, which was held in the fourth quarter.

Group loss after net financial items amounted to SEK -43 million for the fourth quarter of 2013 compared with SEK -91 million for the third quarter.

#### INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 35 (51) million for the full year 2013.
- The Group had liquid funds amounting to SEK 35 million at the end of December 2013, compared with SEK 26 million at the end of December 2012.
- The Group had total interest-bearing liabilities of SEK 59 million on 31 December 2013 (SEK 78 million on 31 December 2012). Interest-bearing net liabilities amounted to SEK 24 million (SEK 52 million on 31 December 2012).
- Total approved but unutilised credit facilities amounted to SEK 91 million at the end of the year, and total approved credit facilities amounted to SEK 150 million.
- The equity/assets ratio was 71% (77%) on 31 December 2013.
- Equity per share amounted to SEK 5.41 (SEK 6.51 on 31 December 2012).

#### CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 62 (41) million for the full year 2013 and included cash flow of SEK -1 (-10) million from financial hedging. The reduction in working capital during the period had a positive effect on cash flow of SEK 75 (-14) million.

#### PARENT COMPANY

The parent company's loss after net financial items amounted to SEK -93 (-7) million for January to December 2013. Revenue amounted to SEK 15 (29) million in 2013. Impairment losses of SEK 45 million had a negative impact on the result for 2013. In 2012, the result from participating interests in subsidiaries had a positive impact on the parent company of SEK 27 million. The result after net financial items includes hedging activities realised for the Group, which affected the result by SEK -4 (-1) million.

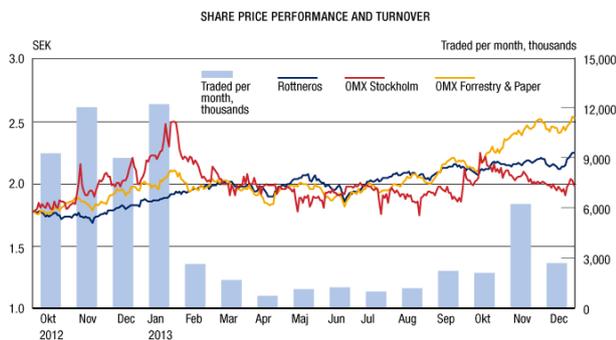
The parent company's balance sheet and income statement can be found on page 13.

## SHARE INFORMATION

### NUMBER OF SHARES

	31 december 2013
Registered number of shares	153,393,890
- of which treasury shares	821,965

### Share price



### LARGEST SHAREHOLDERS AT 31 DECEMBER 2013

Shareholder	Number of shares (=votes)	Percentage of capital
Arctic Paper SA	78,230,883	51.0
Peter Gyllenhammar, company owned	17,487,238	11.4
Robur Försäkring	7,442,585	4.9
Clearstream Banking S.A., W8IMY	5,750,280	3.7
Åkesson, Morgan	2,355,000	1.5
BBVA Ireland P.L.C	2,323,139	1.5
Försäkringsaktiebolaget, Avanza Pension	1,633,419	1.1
Försäkrings AB Skandia	1,540,004	1.0
Larsson Bo	1,489,104	1.0
Sten Malmer Holding AB	1,203,503	0.8
<b>Total holdings of 10 largest shareholders</b>	<b>119,455,155</b>	<b>77.9</b>
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	33,116,770	21.6
<b>TOTAL</b>	<b>153,393,890</b>	<b>100.0</b>

### Treasury shares

The number of shares in Rottneros amounts to 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares.

### Transactions with related parties

Rottneros sold pulp to the related group Arctic Paper S.A., which amounted to SEK 88 (106) million. This was undertaken on normal market terms but with a lower level of credit insurance owing to the group relationship between Arctic Paper and Rottneros. Outstanding claims for Arctic Paper amounted to SEK 8 million on 31 December.

### Dividend

The Board of Directors proposes that no dividend be declared for 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 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 prices of pulp, timber and electricity.

Group	2013					2012				
	IV	III	II	I	Full year	IV	III	II	I	Full year
<b>Profit/loss after financial items</b>	<b>-43</b>	<b>-91</b>	<b>-20</b>	<b>-4</b>	<b>-158</b>	<b>0</b>	<b>-26</b>	<b>36</b>	<b>-4</b>	<b>0</b>
Whereof:										
Currency hedges	3	-1	-2	2	2	2	5	-2	2	7
Pulp price hedges	-	-	-	3	3	7	6	2	-	15
Electricity hedges	-3	-3	-2	-1	-9	-5	-8	-6	-4	-23
<b>Total hedges</b>	<b>-</b>	<b>-4</b>	<b>-4</b>	<b>4</b>	<b>-4</b>	<b>4</b>	<b>3</b>	<b>-6</b>	<b>-2</b>	<b>-1</b>
<b>Green electricity</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>22</b>

### 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 high, and the direct inflow of USD (the real flow) corresponds to approximately 60% and EUR 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 exchange rate was 5% lower for the full year 2013 compared with the previous year, amounting to an average of SEK 6.51/USD, compared with SEK 6.78/USD for January to December 2012.

The lower average exchange rate for USD in relation to SEK compared with the fourth quarter of 2012 had a negative impact on revenue of SEK 7 million. At the end of December 2013, currencies were hedged in the form of forward contracts concluded for approximately EUR 9 million at an average rate of SEK 9.17/EUR for electricity purchases during the period 2014 to 2016.

### Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. Contracts for 2013 were concluded at the beginning of the year for 2,000 tonnes per month at a price of SEK 5,700 per tonne for the period January to September. The profit realised by this hedging amounted to SEK 3 million for the first nine months of

2013. A contract for 2,000 tonnes per month from and including April 2014 up until December 2014 was concluded during the fourth quarter at a price of SEK 5,720 per tonne.

### Electricity

All physical electricity for the Swedish mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are listed in EUR. At the end of December 2013, electricity was hedged corresponding to the specified percentage of forecast consumption shown in the table. Average prices in EUR/MWh are provided in the table together with average prices in SEK/kWh (based on EUR forward exchange rates as of 31 December 2013).

#### ELECTRICITY HEDGING AT 31 DECEMBER 2013

Year	Part hedged	EUR/MWh	SEK/kWh
2014	70%	46.5	0.36
2015	48%	44.3	0.35
2016	26%	37.0	0.32

The average price level for electricity on Nord Pool amounted to SEK 0.34 per kWh for the full year 2013.

See pages 27 to 31 of the Annual Report for 2012 for further information on risk.

#### MARKET VALUATION (SEK million) DECEMBER 2013

Hedging	Hedged volume	Hedge price	Market valuation	Reference - spot rate 30 Dec 2013
Currency EUR, forward sell	EUR 1 m	8.84 SEK/EUR	0	8.97 SEK/USD
Currency EUR, forward buy	EUR 1 m	9.17 SEK/EUR	-2	8.94 SEK/EUR
Pulp price, SEK	18,000 tonnes	5.72 SEK (PIX)	-4	SEK 5.929 (PIX)
Electricity	339,449 MWh	SEK 0.363/kWh	-25	SEK 0.289/kWh
<b>Total</b>			<b>-31</b>	

#### MARKET VALUATION (SEK million) DECEMBER 2012

Hedging	Hedged volume	Hedge price	Market valuation	Reference - spot rate 31 Dec 2012
Currency USD, forward sell	USD 6 m	6.80 SEK/USD	1	6.52 SEK/USD
Currency EUR, forward buy	EUR 12 m	9.25 SEK/EUR	-6	8.62 SEK/EUR
Pulp price	18,000 tonnes	5.7 SEK (PIX)	8	SEK 5.275 (PIX)
Electricity	262,800 MWh	SEK 0.414/kWh	-20	SEK 0.274/kWh
<b>Total</b>			<b>-17</b>	

The table above shows the market valuation effect of all hedging. The valuation refers to the liquidation value, i.e. a valuation is made in accordance with the forward contracts on 31 December 2013. The reference value refers to the spot rate on 31 December 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 Year-end 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.

### FORTHCOMING FINANCIAL INFORMATION

25 April 2014 Interim Report (Jan-Mar 2014)  
23 July 2014 Interim Report (Jan-Jun 2014)  
24 October 2014 Interim Report (Jan-Sep 2014)

The Annual General Meeting for Rottneros AB will be held in Stockholm on Friday 25 April 2014.

The information in this Year-end Report is such that Rottneros is required to disclose under Sweden's Securities Market Act. The report was released for publication on 24 January 2014 at 08.30.

This Year-end Report and additional information are available on [www.rottneros.com](http://www.rottneros.com)

Stockholm, 24 January 2014

Board of Directors, Rottneros AB

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

## 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/loss after depreciation as a percentage of net turnover for the period.

### Profit margin

Profit/loss 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 income divided by the average number of shares.

### Return on capital employed

Profit/loss after net financial items plus interest expense for the past twelve-month 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 past twelve-month 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 normal investments divided by the number of shares.

### Cash flow before investments/share

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

## 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	Pulp produced by cooking pulpwood together with chemicals. Has higher brightness and strength than mechanical 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.	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 roundwood.		

**CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)**

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net turnover	317	329	1,389	1,437
Change in inventories, finished goods	13	28	5	-22
Other income	14	27	44	84
<b>TOTAL INCOME</b>	<b>344</b>	<b>384</b>	<b>1,438</b>	<b>1,499</b>
Raw materials and consumables	-209	-234	-897	-914
Other costs	-116	-86	-360	-341
Personnel costs	-45	-48	-192	-183
Depreciation/amortisation and write-downs	-16	-15	-142	-55
<b>TOTAL OPERATING COSTS</b>	<b>-387</b>	<b>-383</b>	<b>-1,592</b>	<b>-1,493</b>
<b>OPERATING INCOME</b>	<b>-42</b>	<b>1</b>	<b>-154</b>	<b>6</b>
Financial income	0	0	-	5
Financial expenses	-1	-1	-4	-5
<b>Net financial items</b>	<b>-1</b>	<b>-</b>	<b>-4</b>	<b>0</b>
<b>INCOME AFTER NET FINANCIAL ITEMS</b>	<b>-43</b>	<b>0</b>	<b>-158</b>	<b>6</b>
Tax on income for the year	0	-10	0	-19
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>-43</b>	<b>-10</b>	<b>-158</b>	<b>-13</b>
Earnings after tax/share (SEK) <sup>1</sup>	-0.28	-0.07	-1.04	-0.09

<sup>1</sup> Profit after tax per share, after dilution, is the same as the profit after tax per share.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)**

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>-43</b>	<b>-10</b>	<b>-158</b>	<b>-13</b>
<b>Other comprehensive income</b>				
Cash-flow hedging, income before tax	-12	-	-13	12
Cash-flow hedging, tax effect	3	-1	3	-4
Exchange rate differences	0	0	-1	-1
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-9</b>	<b>-1</b>	<b>-11</b>	<b>7</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-52</b>	<b>-11</b>	<b>-169</b>	<b>-6</b>

**KEY INDICATORS THAT AFFECT TURNOVER**

Pulp price NBSK, USD <sup>1</sup>	894	792	857	814
SEK/USD <sup>2</sup>	6.51	6.66	6.51	6.78
Pulp price NBSK, SEK	5,821	5,272	5,582	5,519
Rottneros' deliveries, tonnes	76,200	79,200	332,100	331,400

<sup>1</sup> Source: PIX/Market Pulse.

<sup>2</sup> Source: Swedish central bank yearly average.

<b>CONSOLIDATED BALANCE SHEET (SEK MILLION)</b>		
	Dec 2013	Dec 2012
Intangible fixed assets	5	4
Tangible fixed assets	647	755
Financial fixed assets	54	50
<b>Total fixed assets</b>	<b>706</b>	<b>809</b>
Inventories	246	240
Current receivables	174	219
Liquid funds	35	26
<b>Total current assets</b>	<b>455</b>	<b>485</b>
<b>TOTAL ASSETS</b>	<b>1,161</b>	<b>1,294</b>
Shareholders' equity	825	993
Longterm liabilities		
Non interest-bearing	13	15
<b>Total longterm liabilities</b>	<b>13</b>	<b>15</b>
Current liabilities	-	-
Interest-bearing	60	78
Non interest-bearing	263	208
<b>Total current liabilities</b>	<b>323</b>	<b>286</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,161</b>	<b>1,294</b>

CASH-FLOW ANALYSIS (SEK MILLION)		
	Full year 2013	Full year 2012
Operating income	-154	6
Adjustment for non cash-flow items		
Depreciation/amortisation and write-downs	142	55
Other non cash-flow items	0	-6
	<b>-12</b>	<b>55</b>
Received/paid financial items	-3	1
Received/paid taxes	0	-1
<b>Cash-flow from current operations before change in working capital</b>	<b>-15</b>	<b>55</b>
Change in working capital	77	-14
<b>Cash-flow from current operations</b>	<b>62</b>	<b>41</b>
Acquisition of fixed assets	-35	-51
Sale of fixed assets	0	1
<b>Cash-flow from investing activities</b>	<b>-35</b>	<b>-50</b>
New loans	-	35
Repayment of loans	-18	-6
Paid dividend	-	-15
<b>Cash-flow from financing activities</b>	<b>-18</b>	<b>14</b>
<b>Cash-flow for the year</b>	<b>9</b>	<b>5</b>
Liquid funds at beginning of year	26	21
Cash-flow for the year	9	5
Translation difference in liquid funds	0	0
Liquid funds at end of year	35	26

SHARE DATA <sup>1</sup>		Full year 2013	2012	2011	2010	2009	2008
Shares, opening <sup>2</sup>	No.	152,572	152,572	152,572	1,525,719	180,212	180,212
Shares issued <sup>2</sup>	No.	-	-	-	0	1,345,507	-
No. of company's own shares bought back <sup>2</sup>	No.	-	-	-	-1,373,147	-	-
Shares closing <sup>2</sup>	No.	152,572	152,572	152,572	152,572	1,525,719	180,212
Average number of shares <sup>2</sup>	No.	152,572	152,572	152,572	152,572	26,884	18,021
Operating profit or loss/share <sup>2,5</sup>	SEK	-1.01	0.04	-0.77	0.90	-6.18	-16.95
Earnings after tax/share <sup>5</sup>	SEK	-1.04	-0.09	-0.95	0.82	-2.59	-18.35
Operating cash flow/share <sup>3,5</sup>	SEK	0.06	0.03	-0.74	0.51	2.74	-13.34
Equity/share <sup>5</sup>	SEK	5.41	6.51	6.65	8.05	7.14	44.96
Dividend <sup>5</sup>	SEK	-	-	0.10	0.20	-	-
Dividend/equity/share	%	-	-	1.50	2.50	-	-
Share price at end of period <sup>5</sup>	SEK	1.99	2.00	2.11	4.37	6.90	10.50
Share price/equity/share	Times	0.4	0.3	0.3	0.5	1.0	0.2
P/E ratio/share	Times	Neg	Neg	Neg	5.3	Neg	Neg
Direct yield <sup>4</sup>	%	-	-	4.7	4.6	-	-

<sup>1</sup> No key ratios were influenced by any dilution effect.

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

<sup>3</sup> Cash-flow after normal investments but excluding strategic investments.

<sup>4</sup> Direct yield is calculated in relation to the closing listed price.

<sup>5</sup> 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.

## KEY RATIOS EIGHT QUARTERS

	2013				2012			
	IV	III	II	I	IV	III	II	I
Net turnover, SEK m	317	349	369	354	329	359	378	371
Return on equity after full tax, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on capital employed, %	Neg	Neg	Neg	0.99	1.0	Neg	Neg	Neg
Equity/assets ratio, %	71	75	72	74	77	76	74	75
Equity/share, SEK <sup>1</sup>	5.41	5.76	6.29	6.46	6.51	6.58	6.71	6.64
Earnings after tax/share, SEK <sup>1</sup>	-0.28	-0.59	-0.13	-0.03	-0.07	-0.17	0.18	-0.03
Cash flow before investments/share, SEK	0.02	0.31	-0.06	0.14	-0.05	0.09	0.44	-0.21
Operating cash flow/share, SEK <sup>1</sup>	-0.03	-0.04	0.04	0.09	0.08	0.00	0.35	-0.32
Operating margin, %	Neg	Neg	Neg	Neg	0.3	Neg	9.7	Neg

## CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Full year 2013	Full year 2012
Opening shareholders' equity	993	1,014
Total comprehensive income for the period	-169	-6
Dividend	-	-15
<b>Closing shareholders' equity</b>	<b>825</b>	<b>993</b>

## QUARTERLY DATA (SEK MILLION)

	2013				2012				2011			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	317	349	369	354	329	359	378	371	337	367	409	400
<b>Operating profit/loss before depreciation</b>	<b>-27</b>	<b>7</b>	<b>-1</b>	<b>10</b>	<b>16</b>	<b>-15</b>	<b>50</b>	<b>10</b>	<b>-40</b>	<b>-50</b>	<b>54</b>	<b>39</b>
Depreciation/amortisation and write-downs	-15	-96	-15	-16	-15	-13	-14	-13	-3	-81	-18	-18
<b>Operating profit/loss</b>	<b>-42</b>	<b>-89</b>	<b>-16</b>	<b>-6</b>	<b>1</b>	<b>-28</b>	<b>36</b>	<b>-3</b>	<b>-43</b>	<b>-131</b>	<b>36</b>	<b>21</b>
Net financial items	-1	-2	-4	2	-1	2	-	-1	-1	-1	1	-2
<b>Profit/loss after financial items</b>	<b>-43</b>	<b>-91</b>	<b>-20</b>	<b>-4</b>	<b>0</b>	<b>-26</b>	<b>36</b>	<b>-4</b>	<b>-44</b>	<b>-132</b>	<b>37</b>	<b>19</b>
Tax	0	0	0	0	-10	0	-9	0	-4	-4	-11	-5
<b>Profit/loss after tax</b>	<b>-43</b>	<b>-91</b>	<b>-20</b>	<b>-4</b>	<b>-10</b>	<b>-26</b>	<b>27</b>	<b>-4</b>	<b>-48</b>	<b>-136</b>	<b>26</b>	<b>14</b>
Pulp production, 1,000 tonnes	79	78	88	88	86	73	90	82	70	77	88	89
Pulp deliveries, 1,000 tonnes	76	83	88	86	79	85	82	85	73	74	81	83

## PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net turnover	2	2	6	6
Other income	4	8	9	23
<b>TOTAL INCOME</b>	<b>6</b>	<b>10</b>	<b>15</b>	<b>29</b>
Other costs	-14	-9	-35	-39
Personnel costs	-3	-6	-25	-19
<b>TOTAL OPERATING COSTS</b>	<b>-17</b>	<b>-15</b>	<b>-60</b>	<b>-58</b>
<b>OPERATING INCOME</b>	<b>-11</b>	<b>-5</b>	<b>-46</b>	<b>-29</b>
Profit from participations in group companies	-	26	-45	27
Financial income, other	-	-2	1	2
Financial expenses, other	-2	-1	-3	-3
<b>Net financial items</b>	<b>-2</b>	<b>24</b>	<b>-47</b>	<b>26</b>
<b>INCOME AFTER NET FINANCIAL ITEMS</b>	<b>-13</b>	<b>19</b>	<b>-93</b>	<b>-3</b>
Tax on income for the year	-	-4	-	-4
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>-13</b>	<b>15</b>	<b>-93</b>	<b>-7</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>-13</b>	<b>15</b>	<b>-93</b>	<b>-7</b>
<b>Other comprehensive income</b>				
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-13</b>	<b>15</b>	<b>-93</b>	<b>-7</b>

## PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Dec 2013	Dec 2012
Intangible fixed assets	4	4
Tangible fixed assets	1	1
Financial fixed assets	251	295
<b>Total fixed assets</b>	<b>256</b>	<b>300</b>
Current receivables <sup>1)</sup>	700	728
Liquid funds	1	6
<b>Total current assets</b>	<b>701</b>	<b>734</b>
<b>TOTAL ASSETS</b>	<b>957</b>	<b>1,034</b>
Shareholders' equity	858	951
Current liabilities		
Interest-bearing	46	72
Non interest-bearing	53	11
<b>Total current liabilities</b>	<b>99</b>	<b>83</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>957</b>	<b>1,034</b>

<sup>1)</sup> Including receivables on subsidiaries SEK 687 (713) million

## SIX YEAR REVIEW

	Full year 2013	2012	2011	2010	2009	2008
<b>KEY INDICATORS THAT AFFECT TURNOVER</b>						
Pulp price NBSK, USD <sup>1</sup>	857	814	960	930	657	852
SEK/USD <sup>2</sup>	6.51	6.78	6.50	7.21	7.65	6.58
Pulp price NBSK, SEK	5,582	5,519	6,229	6,705	4,989	5,617
Rottneros' deliveries, tonnes	332,100	331,400	311,400	330,300	376,700	617,900

**Turnover and income, SEK million**

Net turnover	1,389	1,437	1,513	1,684	1,508	2,663
Profit/loss before depreciation	-11	61	4	224	-61	-82
Depreciation	-142	-55	-120	-86	-104	-224
Operating profit/loss after depreciation	-154	6	-117	138	-166	-306
Net financial items	-4	-0	-3	-0	97	-79
Profit/loss after net financial items	-158	6	-120	138	-69	-385
Profit/loss after tax	-158	-13	-144	125	-69	-331

**Balance sheet items, SEK million**

Fixed assets	706	809	841	867	849	1,149
Inventories	246	240	276	213	215	447
Current receivables	175	219	209	259	230	391
Liquid funds	35	26	21	155	111	45
Shareholders' equity	825	993	1,014	1,228	1,089	810
Long-term interest-bearing liabilities	0	0	7	10	57	692
Long-term non interest-bearing liabilities	13	15	11	0	1	14
Current interest-bearing liabilities	60	78	42	29	44	82
Current non interest-bearing liabilities	264	208	275	227	214	434
<b>Balance sheet total</b>	<b>1,161</b>	<b>1,294</b>	<b>1,347</b>	<b>1,494</b>	<b>1,405</b>	<b>2,032</b>

**Financial ratios**

Operating margin, %	-11.1	0.4	-7.8	8.2	-11.0	-11.5
Profit margin, %	-11.4	0.4	-8.0	8.2	-4.6	-14.4
Return on capital employed, %	Neg	0.1	Neg	11.6	Neg	Neg
Return on equity after full tax, %	Neg	Neg	Neg	10.8	Neg	Neg
Equity/assets ratio, %	71	77	75	82	78	40
Debt/equity ratio, Times	0.1	0.1	-	-0.1	0.1	1.0
Interest cover, Times	Neg	2.2	Neg	26.2	Neg	Neg

**Other**

Capital expenditure, SEK m	35	46	157	125	10	191
Average no. of employees	256	275	298	308	387	667

<sup>1</sup> Source: FOEX NBSK PIX<sup>2</sup> Source: Swedish central bank yearly average.

## ROTTNEROS IN BRIEF

Rottneros is a supplier of customised and high quality paper pulp with its origins dating back to the 17th century.

Around 250 people are employed at Rottneros, which had a turnover of SEK 1.4 billion in 2013.

Rottneros produces market pulp; i.e. paper pulp sold on the open market in contrast to pulp that is produced at mills with integrated paper production.

The Group has an annual production capacity of almost 400,000 tonnes of pulp at its two mills in Rottneros and Vallvik.

### Business concept

Rottneros' business concept is to be an independent and flexible supplier of high-quality, customised pulp. Rottneros adapts its product range to meet the needs and high expectations of customers by continuously developing its products and providing a high level of supplier reliability, technical support and service.

### Business model

Rottneros operates in the market for market pulp and is a global supplier of bleached and unbleached long-fibre chemical pulp, together with mechanical CTMP and groundwood pulp.

Pulp is produced at two Swedish pulp mills. Vallvik Mill produces two grades of long-fibre sulphate pulp: fully bleached sulphate pulp (ECF – Elemental Chlorine Free) and unbleached sulphate pulp (UKP – Unbleached Kraft Pulp).

Rottneros Mill manufactures CTMP and groundwood pulp, which are mechanical grades of pulp.

### Adding value

Rottneros adds value by focusing on segments where the Group has achieved, or can achieve, a strong position in the market for market pulp. Rottneros is an important supplier of, for example, pulp for electrical applications imposing very high purity requirements, filters where air permeability is crucial, food packaging where the most important factor is its stiffness, and pulp for thin printing paper with high requirements for opacity.

An essential part of adding value is the effective and rational management of the input goods required for pulp production. Rottneros primarily uses three input goods:

- Timber, which accounts for approximately 39 per cent of our costs.
- Electricity, which accounts for approximately eight per cent of our costs.
- Chemicals, which account for approximately eight per cent of our costs.

In order to achieve security and stability, Rottneros is looking for long-term relationships and contracts with the suppliers of these goods.

### Operative objectives and strategies

Rottneros has a number of overall objectives for its operational activities, which are intended to result in a competitive return for shareholders over a business cycle by creating value and yielding dividends. In order to achieve these objectives, the Group needs to create added value for its customers as well as be an attractive employer and competitive producer.

One of our objectives is growth. Rottneros works according to two main strategies to create a favourable environment for achieving this goal:

- Rottneros is looking for development opportunities to strengthen the existing pulp operation through strategic alliances in Sweden and abroad. The Group is also planning to further increase capacity at Vallvik Mill.
- Rottneros is preparing for a possible entry into related activities, where the Group's knowledge of pulp refining is utilised and represents a precondition, and where there are clear synergy effects. One step in this development is that the Group is running projects in cooperation with industrial and financial partners aimed at leading to the production of high-refined bio fuel at both mills.

Another objective is for Rottneros to gradually lay the foundation for less volatile movements in the share price over the course of a business cycle by focusing increasingly on more specialised grades of pulp.

*Rottneros, a company that was originally established in the 17<sup>th</sup> century, is an independent and flexible supplier of customised paper pulp of high quality. Rottneros has been able to adapt in order to meet high customer expectations by continually developing its products and maintaining high levels of delivery reliability, technical support and service.*

*Rottneros has an annual total production capacity of almost 400,000 tonnes of pulp at two mills in Sweden. Increasingly intensive product development in line with the requirements of customers will result in profitability that is higher and more stable throughout the business cycle.*

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