

Rottneros

Interim Report January-June 2013

	Quarter			Full year	
	II 2013	I 2013	II 2012	Jan-Jun 2013	Jan-Jun 2012
Net turnover, SEK m	369	354	378	723	749
Income after net financial items, SEK m ¹	-20	-4	36	-24	32
Earnings per share after net financial items, SEK ¹	-0.13	-0.03	0.24	-0.16	0.21
Profit/loss after tax, SEK m ¹	-20	-4	27	-24	23
Earnings per share after tax, SEK ¹	-0.13	-0.03	0.18	-0.16	0.15
Cash flow before investments per share, SEK	-0.06	0.14	0.44	0.08	0.23
Cash flow per share, SEK	0.04	0.09	0.35	0.13	0.04
	30-6-2013	31-3-2013	30-6-2012	31-12-2012	
Shareholders' equity per share, SEK	6.29	6.46	6.71	6.51	
Equity/assets ratio, %	72	74	74	77	

- Loss after net financial items amounted to SEK -20 (36) million for the second quarter of 2013. Loss after net financial items amounted to SEK -24 (32) million for the first half of 2013. The deviation is in all essential respects attributable to prices and currency rates. This result has been affected by costs relating to the outgoing CEO in accordance with the applicable contract.
- Cash flow from operating activities amounted to SEK -9 (67) million for the second quarter of 2013. This negative cash flow is fully explained by a drop in performance.
- The USD price for chemical pulp rose by USD 50 per tonne during the period January to June and by USD 23 per tonne during the second quarter. However, the average price was SEK 302 per tonne less than the previous year owing to the weak dollar rate
- As previously reported, Carl-Johan Jonsson took office as the new CEO and President on 1 July 2013.



Massabalar producerade vid Vallviks Bruk.

CEO's statement

Global economic development continues to be rather weak. The same applies to the global pulp market. Deliveries to China and Europe increase in some months but reduce in others. All in all global pulp deliveries increased by almost two per cent during the first five months of the year compared with the first five months of the previous year. The PIX price for NBSK pulp in Europe continued to rise during the spring, and the average price for the second quarter was just over USD 850 per tonne compared with just over USD 820 tonnes for the first quarter of the year. The PIX price for the stronger USA market has reached USD 950 per tonne. It is primarily our dependency on currencies, and the strong Swedish kronor that is exasperating the forestry industry and its profitability.

Global pulp stocks are hovering around 'normal levels', which serves to increase confidence levels ahead of July and August, which are slightly weaker months in terms of deliveries and may mean that the stronger delivery period for both China and Europe could gain momentum from stock levels with a balanced base. A number of long fibre-based pulp mills were converted for dissolving pulp production in 2013 and one large Nordic mill as well as a couple of Russian plants closed down, which looks favourable in terms of the balance between supply and demand. There will be an increase in the short fibre capacity in South America in 2013 and 2014, which could affect stability in the market.

I took office as CEO and President of Rottneros on 1 July and would like to conclude my first CEO's statement by thanking my predecessor Ole Terland for his achievements at Rottneros and for enabling a seamless handover.

Carl-Johan Jonsson

THE PULP MARKET

Markets and products

The paper pulp market continued to have the right balance between supply and demand during the second quarter of 2013.

Pulp producers implemented price increases of USD 20 per tonne during the second quarter of the year to USD 860 per tonne at the end of June. The price rose by USD 50 per tonne during the first six months of the year. Producers have not announced any further price increases for July. Prices during the first half of 2013 were in line with prices for the first half of 2012.

There has continued to be price variance between bleached short fibre sulphate pulp and bleached long fibre sulphate pulp in 2013, and bleached long fibre sulphate pulp was USD 40 higher per tonne at the end of the second quarter, which means that the variance in the PIX price remains at a historically low level.

Statistics for bleached chemical market pulp for the total global market showed that deliveries for January to May 2013 amounted to SEK 17.6 (17.3) million tonnes, which was 1.6% higher than the same period in 2012, despite an extra shipping date in 2012. Global delivery capacity utilisation for bleached

chemical pulp was 91% (93%) for the period January to May 2013. Production capacity utilisation for the same period has been estimated at 92% (92%). Global producer stocks of bleached chemical pulp amounted to approximately 4.1 (3.8) million tonnes at the end of May.

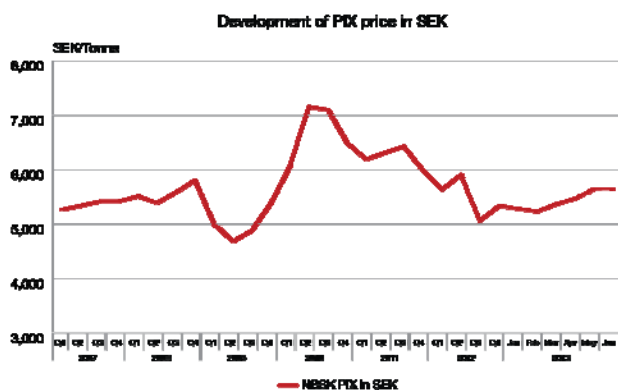
Long-fibre chemical pulp (NBSK) (manufactured at Vallvik)

The market for bleached long-fibre chemical pulp is balanced, with a reduction in stock during the year of approximately 65,000 tonnes by the end of May. Producer stock levels of long fibre chemical pulp are low, corresponding to 27 days' production, two days lower than at the beginning of the year. Supplies of bleached long fibre chemical pulp amounted to 9.32 (9.16) million tonnes between January and May 2013 and were 1.8% higher than the same period of 2012. Delivery capacity utilisation during the period January to May 2013 amounted to 94% (95%) and production capacity utilisation was around 93% (93%).

Mechanical pulp and CTMP (manufactured at Rottneros)

The price of CTMP amounted to approximately USD 590-600 per tonne in the Western European market at the beginning of the year. The price was USD 30 to USD 50 per tonne higher at the end of the

second quarter, with some variations depending on market and quality. Deliveries fell by six per cent for the period January to May 2013 compared with the same period of 2012. The closure of a BCTMP mill in Norway at the end of 2012 affects the negative result for 2013. Deliveries amounted to 1.1 million tonnes for the period January to May 2013. Delivery capacity utilisation for the period January to May 2013 was 93% (99%) and production capacity utilisation was 92% (98%).



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 176,500 (171,600) tonnes for the period January to June 2013. Rottneros Mill's production of CTMP increased by 1,100 tonnes, while the mill's production of groundwood pulp is particularly high this year compared with last year, when significant market-related production restrictions applied.

Deliveries during the first half of 2013 amounted to 173,300 (167,100) tonnes. Vallvik Mill's deliveries of sulphate pulp remained the same compared with the same period of the previous year. Deliveries of groundwood pulp increased compared with the first half of 2012, as a consequence of a stronger market for this product.

PRODUCTION (TONNES)				
	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012
Sulphate pulp	54,900	58,200	107,100	109,100
Groundwood pulp	13,800	14,400	30,900	25,100
CTMP	19,700	17,100	38,500	37,400
TOTAL	88,400	89,700	176,500	171,600

DELIVERIES (TONNES)				
	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012
Sulphate pulp	55,400	54,000	107,000	106,800
Groundwood pulp	15,200	12,100	30,700	24,500
CTMP	17,200	16,300	35,600	35,800
TOTAL	87,800	82,400	173,300	167,100

Maintenance shutdowns and seasonal variations

A holiday shutdown takes place at Rottneros Mill in July and August, which is combined with minor annual maintenance work. A maintenance shutdown takes place at Vallvik Mill, which will be held in the fourth quarter this year. 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 2013 compared to January to June 2012

DEVIATION ANALYSIS		
	Jan-Jun 2013	Jan-Jun 2012
NBSK PIX	837	839
SEK/USD	6.50	6.85
NBSK SEK	5,443	5,745
OPERATING INCOME	-22	33
Price		-28
Currency		-38
Volume		22
Variable costs		12
Other		-23
TOTAL	-55	

Group net turnover amounted to SEK 723 (749) million for the period January to June 2013. The average price of long fibre sulphate pulp (NBSK) in USD was in line with the previous year, while the average price of NBSK pulp converted into SEK was 5% lower on account of a negative USD trend.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.34 (0.31) per kWh for the period January to June 2013, which is 10% higher than the corresponding period of the previous year.

- Group operating loss amounted to SEK -22 (33) million for the period January to June 2013. The negative result was affected by costs relating to salary, pension and payroll overheads under contracts for the outgoing CEO. Excluding these costs, the operating loss amounted to SEK -10 million for the period. Hedging activities realised during the first half of 2013 amounted to a profit of SEK 0 (-8) million.
- Group loss after net financial items amounted to SEK -24 (32) million and includes net financial

items of SEK -2 (-1) million. Net financial items include financial exchange gains of SEK 1 (-1) million.

- Loss after tax amounted to SEK -24 (23) million.
- Earnings per share after tax amounted to SEK -0.16 (0.15).
- Cash flow per share amounted to SEK 0.13 (0.04).

April to June 2013 compared with April to June 2012

DEVIATION ANALYSIS		
	Apr-Jun 2013	Apr-Jun 2012
NBSK PIX	851	845
SEK/USD	6.56	6.95
NBSK SEK	5,583	5,870
OPERATING INCOME	-16	36
Price		-17
Currency		-21
Volume		7
Variable costs		1
Other		-22
TOTAL		-52

Group net turnover amounted to SEK 369 million during the second quarter of 2013 compared with SEK 378 million for the previous year. The average price of long fibre sulphate pulp (NBSK) in USD was 1% higher than the previous year, while the average price of NBSK pulp converted into SEK was 5% lower as an effect of a weaker USD in 2013.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.33 per kWh for the second quarter of 2013, compared with SEK 0.26 per kWh for the same period of 2012, representing an increase of 27%.

- Group operating loss amounted to SEK -16 (36) million for the second quarter of 2013. The negative result was affected by costs relating to salary, pension and payroll overheads under contracts for the outgoing CEO. Excluding these costs the operating loss for the period amounted to SEK -4 million. Hedging activities realised during the second quarter of 2013 amounted to a profit of SEK -4 (-6) million.
- Group loss after net financial items amounted to SEK -20 (36) million and includes net financial items of SEK -4 (0) million. Net financial items include financial exchange losses of SEK -3 (-1) million.

- Loss after tax amounted to SEK -20 (27) million.
- Earnings per share after tax amounted to SEK -0.13 (0.18).
- Cash flow per share amounted to SEK 0.04 (0.35).

April to June 2013 compared with January to March 2013

DEVIATION ANALYSIS		
	Apr-Jun 2013	Jan-Mar 2013
NBSK PIX	851	823
SEK/USD	6.56	6.43
NBSK SEK	5,583	5,295
OPERATING INCOME	-16	-6
Price		-2
Currency		7
Volume		0
Variable costs		5
Other		-20
TOTAL		-10

Group net turnover amounted to SEK 369 million during the second quarter of 2013 compared with SEK 354 million during the first quarter. The average USD price for long fibre sulphate pulp NBSK increased from USD 823 to USD 851 compared with the first quarter, representing an increase of 3%. A corresponding increase in the average prices for NBSK pulp converted to SEK was 6% owing to a positive USD trend during the period.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.33 per kWh for the second quarter of 2013, compared with SEK 0.35 per kWh for the first quarter.

Group operating loss amounted to SEK -16 million for the second quarter of 2013 compared with the first quarter when the operating loss amounted to SEK -6 million. The negative result was affected by costs relating to salary, pension and payroll overheads under the contract for the outgoing CEO, which largely explains the deviation in the result in relation to the first quarter. Hedging activities realised for the second quarter of 2013 amounted to a loss of SEK -4 (4) million.

Group loss after net financial items amounted to SEK -20 million for the second quarter of 2013 compared with SEK -4 million for the first quarter.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 6 (30) million for the period January to June 2013.
- The Group had liquid funds amounting to SEK 46 million at the end of June 2013 compared with SEK 26 million at the end of December 2012.
- The Group had total interest-bearing liabilities of SEK 91 million in total on 30 June 2013 (SEK 78 million on 31 December 2012). Interest-bearing net liabilities amounted to SEK 45 million (SEK 52 million on 31 December 2012).
- Approved but unutilised credit facilities amounted in total to SEK 62 million on 30 June 2013 and total approved credit facilities amounted to SEK 150 million.
- The equity/assets ratio was 72% on 30 June 2013, which represents a reduction of five percentage points compared with 31 December 2012.
- Equity per share amounted to SEK 6.29 (SEK 6.51 on 31 December 2012).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 12 (35) million for the period January to June 2013 and included cash flow of SEK 4 (-11) million from financial hedging. The reduction in working capital during the period had a positive effect on the cash flow by SEK 8 million. An increase in working capital of SEK 18 million had a negative impact on the cash flow for the previous year.

PARENT COMPANY

The parent company's loss after net financial items amounted to SEK -26 (-23) million for the period January to June 2013. The result after net financial items includes hedging activities realised for the entire Group, which affected the result by SEK 0 (-8) million.

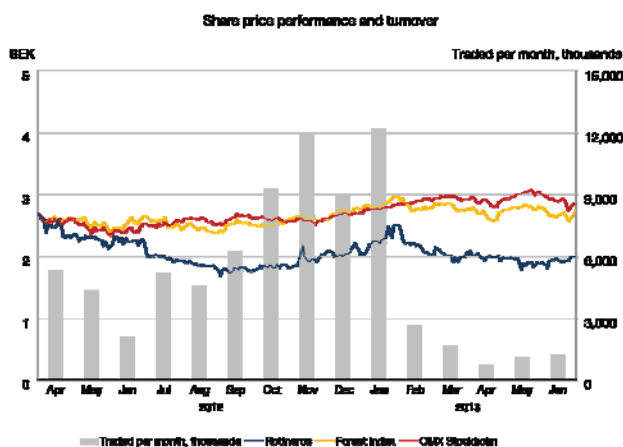
The parent company's balance sheet and income statement can be found on page 13-14.

SHARE INFORMATION

NUMBER OF SHARES

	30 June 2013
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 30 JUNE 2013

Shareholder	Number of shares (=votes)	Percentage of capital
Arctic Paper SA	82,726,339	53.9
JP Morgan Bank	10,992,322	7.2
Robur Försäkring	6,635,821	4.3
Clearstream Banking S.A., W8IMY	5,600,280	3.7
BBVA Ireland P.L.C	2,323,139	1.5
Åkesson, Morgan	2,222,222	1.4
Försäkringsaktiebolaget, Avanza Pension	1,602,957	1.0
Försäkrings AB Skandia	1,545,004	1.0
Larsson Bo	1,489,104	1.0
Skandinaviska Enskilda Banken S.A., W8IMY	1,100,320	0.7
Total holdings of 10 largest shareholders	116,237,508	75.8
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	36,334,417	23.7
TOTAL	153,393,890	100.0

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 Arctic Paper S.A. Group (a related party), which amounted to SEK 71 million. This was undertaken on normal market terms but with a lower degree of credit insurance owing to the group relationship between Arctic Paper and Rottneros.

Dividend

The AGM held on 22 March 2013 resolved that a dividend would not be paid.

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 results are linked to exchange rates and the prices of pulp, timber and electricity.

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

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the main underlying currency for the pulp price is predominantly USD. Around 10% of invoicing is contracted in SEK, with EUR as the invoicing currency. The underlying exposure to USD is thus very high, while the direct inflow of USD (the real flow) corresponds to approximately 45%. 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 period January to June 2013 compared with the same period of the previous year, amounting to an average of SEK 6.50/USD for the period compared with SEK 6.85/USD for the period January to June 2012.

The impact on revenue of a lower average exchange rate for USD in relation to SEK for the second quarter of 2013 amounted to SEK -18 million compared with the second quarter of 2012.

At the end of June 2013, currencies were hedged in the form of forward contracts concluded for USD 15 million at an average rate of SEK 6.62/USD for deliveries in 2013. In addition to this, currencies were hedged in the form of forward contracts concluded for EUR 12 million at an average rate of SEK 9.16/EUR for electricity purchases for the period 2013 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 six months of 2013.

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 June 2013, electricity was hedged corresponding to the specified percentage of forecast consumption shown in the table. Average prices in EUR/MWh are specified in the table together with average prices in SEK/kWh (based on EUR forward rates as of 30 June 2013).

ELECTRICITY HEDGING AT 30 JUNE 2013

Year	Part hedged	EUR/MWh	SEK/kWh
2013 Q3-Q4	61%	45.4	0.39
2014	39%	46.5	0.41
2015	31%	44.3	0.39
2016	19%	37.0	0.33

Hedging contracts for EUR were concluded in respect of electricity costs for the period 2013 to 2016 amounting in total to EUR 12 million at an average rate of SEK 9.16/EUR.

The average price level for electricity on Nord Pool amounted to SEK 0.34 per kWh for the period January to June 2013.

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

MARKET VALUE (SEK million) JUNE 2013

Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 June 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, USD	6,000 tonnes	5,700 SEK (PIX)	-1	SEK 5,800 (PIX)
Electricity	267,855 MWh	SEK 0.405/kWh	-24	SEK 0.298/kWh
Total market value			-30	

MARKET VALUE (SEK million) JUNE 2012

Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 June 2012
Currency USD, forward sell	USD 30 m	6.93 SEK/USD	-2	7.04 SEK/USD
Currency EUR, forward sell	EUR 2 m	9.08 SEK/EUR	1	8.80 SEK/EUR
Currency EUR, forward buy	EUR 14 m	9.19 SEK/EUR	-3	8.80 SEK/EUR
Pulp price, USD	12,000 tonnes	890 USD (PIX)	5	844 USD (PIX)
Pulp price, SEK	6,000 tonnes	6,060 SEK (PIX)	1	SEK 5,853 (PIX)
Electricity	340,100 MWh	SEK 0.42/kWh	-27	SEK 0.198/kWh
Total market value			-25	

The table above shows the market values of all hedging. The valuation refers to the liquidation value; i.e. a valuation is made in accordance with the forward contracts on 30 June 2013. 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.

Utansjö plant

Work is currently being conducted to find a new use for the CTMP line from Utansjö Mill, although this has not yet resulted in any deal being struck with the various interested parties.

Besides the process of selling the equipment externally, the possibility of using the equipment ourselves is also being examined. Thanks to successful product development, Rottneros Mill has developed products that have been received positively by the market. As a result of this, the management team is reviewing the possibility of continuing the production of groundwood and also the possibility of using equipment from the Utansjö plant to improve production efficiency. In conjunction with this, the value of the Utansjö plant (currently recorded as SEK 105 million) will be re-examined in the autumn.

ACCOUNTING PRINCIPLES

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.

FORECAST FOR 2013

The company is not providing an earnings forecast for 2013.

FORTHCOMING FINANCIAL INFORMATION

22 October 2013 Interim Report January-September 2013

24 January 2014 Year-end Report for 2013

The information in this interim report is such that Rottneros is required to disclose under Sweden's Securities Market Act. The report was released for publication on 18 July 2013 at 08.00 CT.

This Interim report and additional information is available on www.rottneros.com.

This report is a translation of the original report in Swedish.

The Board of Directors and Chief Executive Officer declare that the six month interim report provides a true and fair summary of the operation, financial position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the company and companies forming part of the Group.

Stockholm 18 July 2013

Rune Ingvarsson
Chairman

Ernst Almqvist
Director

Bengt-Åke Andersson
Director

Roger Asserståhl
Director

Claes Aurell
Director

Mikael Lilja
Director

Per Lundeen
Director

Kjell Olsson
Director

Carl-Johan Jonsson
Chief Executive Officer and President

REVIEW OF CONDENSED INTERIM REPORT DRAWN UP IN ACCORDANCE WITH IAS 34 AND CHAPTER 9 OF THE SWEDISH ANNUAL ACCOUNTS ACT

Introduction

We have reviewed the condensed interim report for Rottneros AB (publ) as at 30 June 2013 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 Swedish Standard on Review Engagements SÖG 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 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. Accordingly, we do not express an audit opinion.

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 materials 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.

Disclosure of special importance

As stated by the Board in the Interim Report, work is currently being conducted to find a new use for the CTMP line from Utansjö Mill, but has not yet resulted in any deal being struck. Utansjö Mill closed in 2008 and, as the work to find a new use has still not resulted in any deal being struck, the value of the plant must be regarded as uncertain.

Stockholm 18 July 2013

Ernst & Young AB

Björn Grundvall
Authorized Public Accountant
Auditor in charge

Erik Sandström
Authorized Public Accountant

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)

	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Net turnover	369	378	723	749	1,437
Change in inventories, finished goods	3	22	12	3	-22
Other income	10	12	27	33	84
TOTAL INCOME	382	412	762	785	1,499
Raw materials and consumables	-243	-243	-487	-478	-914
Other costs	-82	-69	-160	-152	-341
Personnel costs	-58	-50	-106	-95	-183
Depreciation/amortisation and write-downs	-15	-14	-31	-27	-55
TOTAL OPERATING COSTS	-398	-376	-784	-752	-1,493
OPERATING INCOME	-16	36	-22	33	6
Financial income	0	1	1	2	5
Financial expenses	-4	-1	-3	-3	-5
Net financial items	-4	0	-2	-1	0
INCOME AFTER NET FINANCIAL ITEMS	-20	36	-24	32	6
Tax on income for the year	0	-9	0	-9	-19
NET PROFIT/LOSS AFTER TAX	-20	27	-24	23	-13
Earnings after tax/share (SEK) ¹	-0.13	0.18	-0.16	0.15	-0.09

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 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
NET PROFIT/LOSS AFTER TAX	-20	27	-24	23	-13
Other comprehensive income					
Cash-flow hedging, income before tax	-8	-2	-12	3	12
Cash-flow hedging, tax effect	3	1	3	-1	-4
Exchange rate differences	0	0	0	0	-1
TOTAL OTHER COMPREHENSIVE INCOME	-5	-1	-9	2	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-25	26	-33	25	-6

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	851	845	837	839	814
SEK/USD ²	6.56	6.95	6.50	6.85	6.78
Pulp price NBSK, SEK	5,583	5,870	5,443	5,745	5,519
Rottneros' deliveries, tonnes	87,800	82,400	173,300	167,100	331,400

¹ Source: PIX/Market Pulse.

² Source: Swedish central bank yearly average.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Jun 2013	Jun 2012	Dec 2012
Intangible fixed assets	5	3	4
Tangible fixed assets	729	763	755
Financial fixed assets	53	68	50
Total fixed assets	787	834	809
Inventories	259	252	240
Current receivables	235	262	219
Liquid funds	46	35	26
Total current assets	540	549	485
TOTAL ASSETS	1,327	1,383	1,294
Shareholders' equity	960	1,024	993
Longterm liabilities			
Interest-bearing	-	3	-
Non interest-bearing	15	16	15
Total longterm liabilities	15	19	15
Current liabilities			
Interest-bearing	91	68	78
Non interest-bearing	261	272	208
Total current liabilities	352	340	286
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,327	1,383	1,294

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Operating income	-22	33	6
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	31	27	55
Other non cash-flow items	0	-5	-6
	9	55	55
Received/paid financial items	-2	-1	1
Received/paid taxes	-3	-1	-1
Cash-flow from current operations before change in working capital	4	53	55
Change in working capital	8	-18	-14
Cash-flow from current operations	12	35	41
Acquisition of fixed assets	-6	-30	-51
Sale of fixed assets	0	1	1
Cash-flow from investing activities	-6	-29	-50
New loans	16	25	35
Repayment of loans	-2	-2	-6
Paid dividend	-	-15	-15
Cash-flow from financing activities	14	8	14
Cash-flow for the year	19	14	5
Liquid funds at beginning of year	26	21	21
Cash-flow for the year	19	14	5
Translation difference in liquid funds	0	0	0
Liquid funds at end of year	46	35	26

SHARE DATA ¹		Jan-Jun 2013	Jan-Jun 2012	2012	2011	2010	2009	2008
Shares, opening ²	No.	152,572	152,572	152,572	152,572	1,525,719	180,212	180,212
Shares issued ²	No.	-	-	-	-	-	1,345,507	-
No. of company's own shares bought back ²	No.	-	-	-	-	-1,373,147	-	-
Shares closing ²	No.	152,572	152,572	152,572	152,572	152,572	1,525,719	180,212
Average number of shares ²	No.	152,572	152,572	152,572	152,572	152,572	26,884	18,021
Operating profit or loss/share ^{2,5}	SEK	-0.15	0.22	0.04	-0.77	0.90	-6.18	-16.95
Earnings after net financial items/share ⁵	SEK	-0.16	0.21	0.04	-0.79	0.90	-2.58	-21.33
Earnings after tax/share ⁵	SEK	-0.16	0.15	-0.09	-0.95	0.82	-2.59	-18.35
Operating cash flow/share ^{3,5}	SEK	0.13	0.04	0.03	-0.74	0.51	2.74	-13.34
Equity/share ⁵	SEK	6.29	6.71	6.51	6.65	8.05	7.14	44.96
Dividend ⁵	SEK	-	-	-	0.10	0.20	-	-
Dividend/equity/share	%	-	-	-	1.5	2.5	-	-
Share price at end of period ⁵	SEK	1.95	2.25	2.00	2.11	4.37	6.9	10.5
Share price/equity/share	Times	0.3	0.3	0.3	0.3	0.5	1.0	0.2
P/E ratio/share	Times	Neg	7.5	Neg	Neg	5.3	Neg	Neg
Direct yield ⁴	%	-	-	5.0	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.

KEY RATIOS EIGHT QUARTERS	2013				2012			2011
	II	I	IV	III	II	I	IV	III
Net turnover, SEK m	369	354	329	359	378	371	337	367
Return on equity after full tax, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on capital employed, %	Neg	1.0	1.0	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	72	74	77	76	74	75	75	78
Equity/share, SEK ¹	6.29	6.46	6.51	6.58	6.71	6.64	6.65	7.03
Earnings after tax/share, SEK ¹	-0.13	-0.03	-0.07	-0.17	0.18	-0.03	-0.32	-0.89
Cash flow before investments/share, SEK	-0.06	0.14	-0.05	0.09	0.44	-0.21	-0.15	0.18
Operating cash flow/share, SEK ¹	0.04	0.09	0.08	0.00	0.35	-0.32	-0.69	0.00
Operating margin, %	Neg	Neg	0.3	Neg	9.7	Neg	Neg	Neg

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)	Jan-Jun 2013	Jan-Jun 2012	Full Year 2012
Opening shareholders' equity	993	1,014	1,014
Total comprehensive income for the period	-33	25	-6
Dividend	-	-15	-15
Closing shareholders' equity	960	1,024	993

QUARTERLY DATA (SEK MILLION)

	2013			2012			2011			
	II	I	IV	III	II	I	IV	III	II	I
Net turnover	369	354	329	359	378	371	337	367	409	400
Operating profit/loss before depreciation	-1	10	16	-15	50	10	-40	-50	54	39
Depreciation/amortisation and write-downs	-15	-16	-15	-13	-14	-13	-3	-81	-18	-18
Operating profit/loss	-16	-6	1	-28	36	-3	-43	-131	36	21
Net financial items	-4	2	-1	2	-	-1	-1	-1	1	-2
Profit/loss after financial items	-20	-4	0	-26	36	-4	-44	-132	37	19
Tax	0	0	-10	0	-9	0	-4	-4	-11	-5
Profit/loss after tax	-20	-4	-10	-26	27	-4	-48	-136	26	14
Pulp production, 1,000 tonnes	88.4	88.0	86.2	72.5	89.7	81.9	70.4	77.2	88.0	88.5
Pulp deliveries, 1,000 tonnes	87.8	85.6	79.3	85.0	82.4	84.7	72.7	74.3	81.0	83.4

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Net turnover	2	2	3	3	6
Other income	0	-	5	2	23
TOTAL INCOME	2	2	8	5	29
Other costs	-8	-11	-14	-19	-39
Personnel costs	-16	-5	-20	-9	-19
Depreciation	0	0	0	0	0
TOTAL OPERATING COSTS	-24	-16	-34	-28	-58
OPERATING INCOME	-22	-14	-26	-23	-29
Profit from participations in group companies	-	1	-	1	27
Financial income, other	0	0	1	1	2
Financial expenses, other	-2	-1	-1	-2	-3
Net financial items	-2	0	0	0	26
INCOME AFTER NET FINANCIAL ITEMS	-24	-14	-26	-23	-3
Tax on income for the year	-	-	-	-	-4
NET PROFIT/LOSS AFTER TAX	-24	-14	-26	-23	-7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
NET PROFIT/LOSS AFTER TAX	-24	-14	-26	-23	-7
Other comprehensive income	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-24	-14	-26	-23	-7

PARENT COMPANY BALANCE SHEET (SEK MILLION)			
	Jun 2013	Jun 2012	Dec 2012
Intangible fixed assets	4	3	4
Tangible fixed assets	1	1	1
Financial fixed assets	295	299	295
Total fixed assets	300	303	300
Current receivables	703	708	728
Liquid funds	2	4	6
Total current assets	705	712	734
TOTAL ASSETS	1,005	1,015	1,034
Shareholders' equity	925	935	951
Current liabilities			
Interest-bearing	59	63	72
Non interest-bearing	21	17	11
Total current liabilities	80	80	83
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,005	1,015	1,034

SIX YEAR REVIEW							
	Jan-Jun 2013	Jan-Jun 2012	2012	2011	2010	2009	2008
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD ¹	837	839	814	960	930	657	852
SEK/USD ²	6.50	6.85	6.78	6.50	7.21	7.65	6.58
Pulp price NBSK, SEK	5,443	5,745	5,519	6,229	6,705	4,989	5,617
Rottneros' deliveries, tonnes	173,300	167,100	331,400	311,400	330,300	376,700	617,900

Turnover and income, SEK million							
Net turnover	723	749	1,437	1,513	1,684	1,508	2,663
Profit/loss before depreciation	9	60	61	4	224	-61	-82
Depreciation	-31	-27	-55	-120	-86	-104	-224
Operating profit/loss after depreciation	-22	33	6	-117	138	-166	-306
Net financial items	-2	-1	-0	-3	-0	97	-79
Profit/loss after net financial items	-24	32	6	-120	138	-69	-385
Profit/loss after tax	-24	23	-13	-144	125	-69	-331

Balance sheet items, SEK million							
Fixed assets	787	834	809	841	867	849	1,149
Inventories	259	252	240	276	213	215	447
Current receivables	236	262	219	209	259	230	391
Liquid funds	46	35	26	21	155	111	45
Shareholders' equity	960	1,024	993	1,014	1,228	1,089	810
Long-term interest-bearing liabilities	0	3	0	6	10	57	692
Long-term non interest-bearing liabilities	15	16	15	11	0	1	14
Current interest-bearing liabilities	91	68	78	42	29	44	82
Current non interest-bearing liabilities	261	272	208	275	227	214	434
Balance sheet total	1,327	1,383	1,294	1,347	1,494	1,405	2,032

Financial ratios							
Operating margin, %	-3.1	4.4	0.4	-7.8	8.2	-11.0	-11.5
Profit margin, %	-3.3	4.3	0.4	-8.0	8.2	-4.6	-14.4
Return on capital employed, %	Neg	Neg	0.1	Neg	11.6	Neg	Neg
Return on equity after full tax, %	Neg	Neg	Neg	Neg	10.8	Neg	Neg
Equity/assets ratio, %	72	74	77	75	82	78	40
Debt/equity ratio, Times	0.1	0.0	0.1	-	-0.1	0.1	1.0
Interest cover, Times	Neg	13.9	2.2	Neg	26.2	Neg	Neg

Other							
Capital expenditure, SEK m	6	30	46	157	125	10	191
Average no. of employees	261	286	275	298	308	387	667

¹ Source: FOEX NBSK PIX² 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 300 people are employed at Rottneros, which had a turnover of SEK 1.5 billion in 2012.

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 just under 400,000 tonnes of pulp at its two mills in Rottneros and Vallvik.

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.

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 long-fibre chemical bleached sulphate pulp and long-fibre chemical unbleached pulp, Rottneros Mill manufactures mechanical CTMP pulp and groundwood pulp. The mills are independent profit centres and have their own sales organisations.

Adding value

Rottneros adds value by focusing on segments where the Group's production focus and applications have achieved, or can achieve, a strong position in the market for market pulp. Examples of this include pulp for electrical applications presenting 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 where Rottneros is an important supplier.

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 38 per cent of our costs.
- Electricity, which accounts for approximately eight per cent of our costs.
- Chemicals, which accounts for approximately seven 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 this objective, 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 biofuel 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 1600s, 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 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.

Rottneros AB (publ)
Box 70 370, SE-107 24 Stockholm
Visitors: World Trade Center, Kungsbron 1, C6, Stockholm
Phone: +46 8-590 010 00, Fax +46 8-590 010 01
info@rottneros.com www.rottneros.com