

PRESS RELEASE

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Focus on CTMP production at Rottneros Mill

The Board of Rottneros has decided to immediately commence negotiations regarding the termination of continuous groundwood pulp production at Rottneros Mill. This is due to the rapidly declining consumption of printing paper in Europe, which has led to a dramatic reduction in demand for groundwood pulp. Rottneros Mill has around 100 employees, 50 of whom will be given notice of termination. CTMP production at the mill will continue, and limited investments will facilitate the development of quality for those customers that manufacture board at the same time as slightly increasing capacity.

In 2011, Rottneros announced first an improvement programme, which included the implementation of staff reductions, and second the book value of fixed assets was written down at Rottneros Mill. These measures have now essentially been carried out, but unfortunately appear to be insufficient.

The manufacture of groundwood pulp is expected to cease this winter, but the actual date depends on the outcome of union negotiations and also agreements with customers affected. Costs during the period of notice will be recorded on an ongoing basis and the book values of the groundwood mill have already been written down to zero, which in the current situation means that there is no intention of making substantial one-off appropriations.

"It naturally feels very sad to have to conclude that the market for this product is shrinking. Thanks to raw materials and the high level of professional skills at the mill, we are producing a select and leading product in terms of quality, but this is still not enough," says Ole Terland, President of Rottneros AB. "It is of course worse for our employees who have to leave us and we are therefore attempting to make the transition as smooth as possible," Terland concludes.

"The improved preconditions for CTMP will make us a leading manufacturer in terms of quality, primarily for the board and packaging segment, which is where we see the greatest potential for customer value," says Olle Dahlin, MD of Rottneros Bruk AB. "The production line for groundwood pulp is being left where it is, as it is not out of the question that demand could return, for example owing to changes in the supply of suitable recycled fibres. This will result in an opportunity to alternate staff between the two production lines, thereby generating flexibility," continues Dahlin.

The cut-backs at the groundwood mill will not affect the preconditions for the production of packaging within SilviPak and likewise for the potential manufacture of 'green' vehicle fuel at Rottneros Mill.

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Rottneros discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The Information was submitted for publication on Tuesday 22 May 2012 at 14.30 CET.

Rottneros is an independent producer of market pulp. The Group comprises the parent company Rottneros AB, listed on NASDAQ OMX Stockholm, and its subsidiaries Rottneros Bruk AB and Vallviks Bruk AB with operations involving the production and sale of market pulp. The Group also includes the wood procurement company Rottneros Baltic SIA in Latvia. The Group has around 298 employees and had a turnover of approximately SEK 1.5 billion in the 2011 financial year.