

Rottneros

Interim Report January-March 2012

	Quarter			Full year
	I 2012	IV 2011	I 2011	2011
Net turnover, SEK m	371	337	400	1,513
Income after net financial items, SEK m ¹	-4	-44	19	28
<i>including items affecting comparability</i>	-4	-44	19	-120
Earnings per share after net financial items, SEK ¹	-0.03	-0.29	0.12	0.18
<i>including items affecting comparability</i>	-0.03	-0.29	0.12	-0.79
Profit/loss after tax, SEK m ¹	-4	-48	14	4
<i>including items affecting comparability</i>	-4	-48	14	-144
Earnings per share after tax, SEK ¹	-0.03	-0.32	0.09	0.02
<i>including items affecting comparability</i>	-0.03	-0.32	0.09	-0.95
Cash flow before investments per share, SEK	-0.21	-0.15	-0.16	0.23
Cash flow per share, SEK	-0.32	-0.69	-0.27	-0.74
	31-03-2012	31-12-2011	31-03-2011	
Shareholders' equity per share, SEK	6.64	6.65	8.13	
Equity/assets ratio, %	75	75	83	

¹ Excluding total write-downs and one-off costs of SEK 148 million in the full year 2011.

- Loss after net financial items amounted to SEK -4 million for the first quarter of 2012, compared with a loss of SEK -44 million for the fourth quarter of 2011 and a profit of SEK 19 million for the first quarter of 2011.
- The USD price for chemical pulp is increasing and price increases of USD 20-30 per tonne have been announced for April (to USD 870 per tonne). However, the average price in Swedish kronor during the first quarter of 2012 was less than it was in the fourth quarter of 2011.
- Global stock levels for pulp are falling and deliveries of pulp to Asia are strong. There has simultaneously been a reduction in the cost of timber and electricity, which has a positive impact on margins.
- Cash flow from operating activities amounted to SEK -32 (-25) million for the first quarter of 2012. This negative cash flow is largely explained by investments implemented at the end of 2011 being paid for at the start of 2012.



Measuring the porosity of pulp at Vallvik Mill.

CEO's statement

The beginning of 2012 was significantly more stable than the end of 2011 from the perspective of a pulp supplier. Strong deliveries to China, which started before and continued after the turn of the year, have altered the momentum of the global pulp market. The price falls have been transformed into an upturn. Demand has primarily been for short-fibre chemical pulp, as the price fell too low and there was a very significant price difference in relation to long-fibre pulp; more than USD 200 per tonne compared with the normal historical difference of USD 50-100 per tonne. The PIX Europe price index for short-fibre pulp rose by over USD 100 per tonne in 2012, while the index for long-fibre pulp rose by just over USD 10 per tonne, which means that the price difference is now normal. The Swedish krona strengthened in relation to the US dollar during the first quarter of the year, so that the PIX index in Swedish kronor is now lower than it was at the turn of the year. However, there is momentum in the market. All of the major market pulp suppliers announced price increases for both March and yet again for April so that the list price in Europe now amounts to USD 870 per tonne for long-fibre chemical pulp. These price increases will gradually have an impact during the spring; this combined with falling pulpwood prices will mean that our margins will improve once again. Our operational surplus for the quarter was SEK 10 million and our operating loss after depreciations was SEK -3 million.

It finally looks as though CTMP prices will follow chemical pulp prices upwards. Three price increases have already been made this year in Asia, albeit from a low level. In the course of the significant price rise for chemical pulp following the global financial crisis in 2008/09, CTMP prices became entrenched at a low level, with an ensuing negative impact for both the Canadian and Nordic forestry industry, which persisted until 2012. We are now seeing a high demand for primarily long-fibre CTMP for the packaging sector in Asia, where this pulp's unique combination of properties makes it possible to manufacture packaging that is both rigid and light. Better demand including improved sales prices combined with low timber and electrical energy prices mean that the low margins will now improve.

Despite the improving position for both of our two main products, a shadow is being cast over an old and proud Rottneros product, namely groundwood pulp. We are the last remaining supplier of bleached fine groundwood pulp and have therefore been able to retain a good price level. However, non-integrated groundwood pulp customers in the tough and vulnerable printing paper sector are losing both volume and market shares and are increasingly being forced to discontinue this paper production. We are still hoping for renewed opportunities in Japan where groundwood pulp is traditionally used for thin printing paper. We are also attempting to offer the board market an extremely high bulk pulp to keep the cost of board to a minimum without impairing the stiffness of the product.

Ole Terland
President and CEO

THE PULP MARKET

Markets and products

Several price increases were made for short-fibre chemical pulp during the first quarter of 2012. The price of long-fibre chemical market pulp also increased in March and April, which is expected to have a positive effect on prices during the second quarter. There is high demand for chemical pulp.

Statistics for bleached chemical market pulp for the total global market showed that deliveries during January and February 2012 amounted to 6.84 (6.48) million tonnes, which was 5.5% higher than the same period of 2011. Ninety-three per cent (89% for the same period of 2011) of the global supply capacity for bleached chemical pulp was utilised for the period January to February 2012. An estimated

94% (96%) of production capacity was utilised during the same period.

Global producer stocks of bleached chemical pulp amounted to 3.9 million tonnes at the end of February. Stock levels thus remained the same compared with the beginning of the year.

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

The PIX price for bleached long-fibre sulphate pulp in Europe was USD 834 per tonne at the beginning of the year and USD 844 per tonne at the end of March, with a low point of USD 826 at the start of February. However, a strong Swedish krona at the end of the quarter meant that the price in SEK is lower than at the beginning of the year. The long-fibre chemical pulp

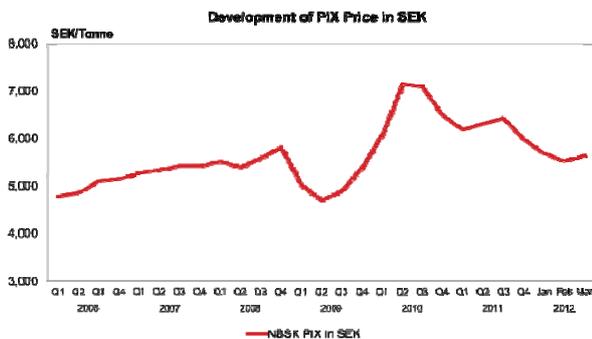
market is well balanced, with stock reducing by approximately 120,000 tonnes at the end of February. Price increases of USD 20-30 per tonne were announced for April (to USD 870 per tonne). Producer stock levels for long-fibre chemical pulp are normal, corresponding to 31 days' production.

Supplies of bleached long-fibre chemical pulp increased during January and February 2012 and were 6.1% higher than the same period of 2011. Delivery capacity utilisation during the period January to February 2012 amounted to 96% (93% for the same period of 2011) and production capacity utilisation was around 93% (97%).

Mechanical pulp and CTMP (produced at Rottneros)

The price of short-fibre CTMP was approximately USD 570-590 per tonne in the Western European market at the beginning of the year. A price increase of USD 30-35 per tonne was announced during the first quarter of 2012, which had an impact on prices. Demand for CTMP is high. Deliveries rose by 9 per cent during January and February 2012 compared with the same period of 2011. Deliveries amounted to 0.5 million tonnes during January and February 2012.

Delivery capacity utilisation for the period January to February 2012 was 99% (96%) and production capacity utilisation was 96% (104%).



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 81,900 (88,500) tonnes for January to March 2012. Rottneros Mill's production of CTMP increased slightly, while the mill's production of groundwood pulp fell sharply as a result of market-related production restrictions.

Deliveries during the first quarter of 2012 amounted to 84,700 (83,400) tonnes. Vallvik Mill's deliveries of sulphate pulp have increased by 5,000 tonnes compared with the same period of the previous year.

This is largely due to higher demand. Demand for, and thereby deliveries of, CTMP increased during the first quarter of 2012. However, deliveries of groundwood pulp fell sharply compared with the first quarter of 2011, as a consequence of a weaker market for this product.

PRODUCTION (TONNES)		
	Jan-Mar 2012	Jan-Mar 2011
Sulphate pulp	50,900	50,600
Groundwood pulp	10,700	19,300
CTMP	20,300	18,600
TOTAL	81,900	88,500

DELIVERIES (TONNES)		
	Jan-Mar 2012	Jan-Mar 2011
Sulphate pulp	52,800	47,800
Groundwood pulp	12,400	17,800
CTMP	19,500	17,800
TOTAL	84,700	83,400

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. There is a maintenance shutdown at Vallvik Mill, which this year will be taken during the third 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 March 2012 compared with January to March 2011**

DEVIATION ANALYSIS		
	Jan-Mar 2012	Jan-Mar 2011
NBSK PIX	833	954
SEK/USD	6.75	6.49
NBSK SEK	5,620	6,192
OPERATING INCOME	-3	21
Price		-47
Currency		12
Volume		-17
Variable costs		20
Other		8
TOTAL		-24

Group net turnover amounted to SEK 371 (400) million for January to March 2012. The average price of long-fibre sulphate pulp (NBSK) in USD fell by 13% (from USD 954 to USD 833), while the average price of NBSK pulp converted into SEK fell from SEK 6,192 to SEK 5,620 per tonne, a reduction of 9%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.35 per kWh for January to March 2012, compared with SEK 0.58 per kWh for the same period of the previous year.

- Group operating loss amounted to SEK -3 (21) million for January to March 2012. Hedging activities realised for the first quarter of 2012 amounted to SEK -2 (13) million.
- Group loss after net financial items amounted to SEK -4 (19) million and includes net financial items of SEK -1 (-2) million. Net financial items include financial exchange losses of SEK 0 (-2) million.
- Loss after tax amounted to SEK -4 (14) million.
- Earnings per share after tax were SEK -0.03 (0.09).
- Cash flow per share amounted to SEK -0.32 (-0.27).

January to March 2012 compared with October to December 2011

DEVIATION ANALYSIS		
	Jan-Mar 2012	Oct-Dec 2011
NBSK PIX	833	887
SEK/USD	6.75	6.75
NBSK SEK	5,620	5,985
OPERATING INCOME	-3	-43
Price		-26
Currency		0
Volume		-5
Variable costs		22
Other		49
TOTAL		40

Group net turnover amounted to SEK 371 million for the first quarter of 2012 compared with SEK 337 million for the fourth quarter of 2011. The average price of long-fibre sulphate pulp (NBSK) in USD fell from USD 887 to USD 833, while the average price of NBSK pulp converted into SEK fell from SEK 5,985 to 5,620 per tonne, a reduction of 6%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.35 per kWh for the first quarter of 2012, compared with SEK 0.33 per kWh for the fourth quarter of 2011.

- Group operating loss amounted to SEK -3 million for the first quarter of 2012, which can be compared with the fourth quarter of 2011 when the operating loss amounted to SEK -43 million. The annual maintenance shutdown took place at Vallvik Mill during the fourth quarter of 2011. This shutdown resulted in a loss of production and higher maintenance costs, and it is considered that the result for the fourth quarter was adversely affected by approximately SEK 25 million. Hedging activities realised during the first quarter of 2012 resulted in a loss of SEK -2 (-13) million.
- Group loss after net financial items amounted to SEK -4 million for the first quarter of 2012, compared with SEK -44 million for the fourth quarter of 2011.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 16 (16) million for January to March 2012.
- The Group's liquid funds amounted to SEK 14 million at the end of March 2012, compared with SEK 21 million at the end of December 2011.
- The Group had total interest-bearing liabilities of SEK 88 million on 31 March 2012 (SEK 47 million on 31 December 2011). Interest-bearing net liabilities amounted to SEK 74 million (SEK 26 million on 31 December 2011).
- Approved but unutilised credit facilities amounted in total to SEK 71 million on 31 March 2012 and total approved credit facilities amounted to SEK 150 million.
- The equity/assets ratio was 75% on 31 March 2012, which is the same as on 31 December 2011.
- Equity per share amounted to SEK 6.64 (SEK 6.65 on 31 December 2011).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK -32 (-25) million for January to March 2012 and included cash flow of SEK -3 (13) million from financial hedging. The negative cash flow during the quarter was due to an increase in working capital. The increase in working capital was due to final payments of investments made during the previous quarter and the high invoicing towards the end of the first quarter.
- Cash flow after investing activities amounted to SEK -48 (-41) for January to March 2012.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 292 (307) for January to March 2012.

TAX

Deferred tax assets amounted to SEK 71 million on 31 March 2012, representing a reduction of SEK 2 million compared with 31 December 2011. Recorded deferred tax assets correspond to a carry forward of deductions for unutilised losses of SEK 271 million. There was also a tax loss carry-forward of SEK 148 million, for which deferred tax assets have not been recorded.

PARENT COMPANY

The parent company's loss after net financial items amounted to SEK -9 (2) million for January to March 2012. The loss after net financial items includes hedging activities realised for the entire Group, which affected the result by SEK -2 (13) million.

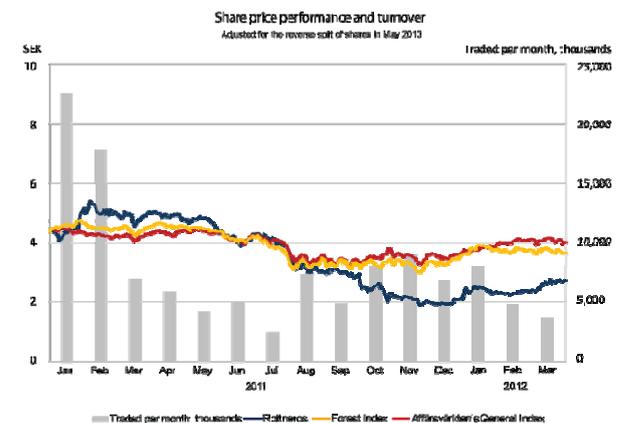
The parent company's balance sheet and income statement can be found on page 13.

SHARE INFORMATION

NUMBER OF SHARES

	31 March 2012
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 31 MARCH 2012

Shareholder	Number of shares (=votes)	Percentage of capital
Nemus Holding AB	30,857,435	20.1
Skagen Verkst Verdipapirfond	12,204,585	8.0
Danske Bank A/S	6,451,273	4.2
DNB NOR Bank ASA Sverige	6,451,273	4.2
HSH Nordbank AG	5,599,860	3.6
Robur Försäkring	4,795,614	3.1
Nordea Bank AB	3,500,274	2.3
Aliz Invest AB	3,485,000	2.3
BBVA Ireland P.L.C	2,323,139	1.5
NTC GIC Govt of Singapore Inv Corp	2,164,279	1.4
Total holdings of 10 largest shareholders	77,832,732	50.7
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	74,739,193	48.8
TOTAL	153,393,890	100.0

Sale of treasury shares

The number of shares in Rottneros amounts to 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. The AGM held in 2011 authorised the Board to make decisions regarding the transfer of shares in the company for the period up until the next AGM. No such transfer has taken place so far.

Transactions with closely related parties

Rottneros has sold pulp to the Arctic Paper S.A. Group, which is a closely related party. This has been conducted on normal market terms.

Dividends

A resolution was made at the AGM on 19 April 2011 to issue a dividend of SEK 0.20 per share, which corresponds in total to SEK 31 million. This dividend was paid out in April 2011. The Board has proposed for the AGM on 19 April 2012 the issue of a dividend of SEK 0.10 per share for the financial year 2011.

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 with exchange rates and the prices of pulp, timber and electricity.

Profit/loss after financial items						
Group	2012					2011
	I	IV	III	II	I	Full year
Profit/loss after financial items	-4	-44	-132	37	19	-120
Whereof:						
Currency hedges	2	-4	-1	5	7	7
Pulp price hedges	-	-	-	-	-	-
Electricity hedges	-4	-9	-5	1	6	-7
Total hedges	-2	-13	-6	6	13	0
Green electricity	5	3	5	6	6	20

Currency exposure, USD and EUR

Although Rottneros issues invoices in various currencies, the main underlying currency for pulp prices 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 just over 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 4% higher for January to March 2012 compared with the same period of the previous year, amounting to an average of SEK 6.75/USD for the period compared with SEK 6.49/USD for January to March 2011. The impact on turnover of a higher average exchange rate for USD in relation to SEK during the first quarter of 2012 amounted to SEK 12 million compared to the first quarter of 2011.

At the end of March 2012, currencies were hedged in the form of forward contracts concluded for USD 28 million at an average rate of SEK 6.88/USD for deliveries in 2012. In addition to this, currencies were hedged in the form of forward contracts concluded for EUR 14 million at an average rate of SEK 9.18/EUR for electricity purchases for 2012 to 2015.

Pulp price

The price of pulp (NBSK) is set in USD, while manufacturing costs are largely incurred in local currencies. No pulp price hedging was used in the first quarter of 2012. However, at the beginning of April 2012, contracts were concluded for hedging the pulp price at USD 890 per tonne for 2,000 tonnes per month for the period April to December 2012.

Electricity

All physical electricity for the Swedish mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. At the end of March 2012, the amount of electricity hedged corresponded to the proportion 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 exchange rates as of 31 March 2012).

ELECTRICITY HEDGING AT 31 MARCH 2012			
Year	Part hedged	EUR/MWh	SEK/kWh
2012 Q2-Q4	55%	48.7	0.45
2013	48%	45.4	0.41
2014	32%	46.5	0.43
2015	16%	49.0	0.45

Total EUR hedging of EUR 14 million was concluded at an average rate of SEK 9.18/EUR for electricity costs in 2012-2015.

The average price level for electricity on Nord Pool amounted to SEK 0.35 per kWh for January to March 2012.

See pages 32 to 36 of the Annual Report for 2011 for further information on risk.

MARKET VALUE (SEK million) MARCH 2012				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 March 2012
Currency USD, forward sell	USD 28 m	6.88 SEK/USD	7	6.64 SEK/USD
Currency EUR, forward buy	EUR 14 m	9.18 SEK/EUR	-2	8.85 SEK/EUR
Electricity	372,860 MWh	SEK 0.428/kWh	-29	SEK 0.197/kWh
Total market value			-24	

MARKET VALUE (SEK million) MARCH 2011				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 March 2011
Currency USD, forward sell	USD 14 m	6.73 SEK/USD	6	6.34 SEK/USD
Currency EUR, forward sell	EUR 1 m	9.00 SEK/EUR	0	8.93 SEK/EUR
Electricity	382,108 MWh	SEK 0.431/kWh	16	SEK 0.565/kWh
Total market value			22	

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 31 March 2012. The reference value refers to the spot rate on 31 March 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 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.

Analyst and press conference

Analysts and journalists are invited to a meeting on Thursday 19 April at 13.00.

Location: City Conference Centre, Norra Latin, Drottninggatan 71 B, Stockholm, Sweden

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The accounting principles, definitions of key ratios and calculation methods are the same as those used in the latest annual report.

FORECAST FOR 2012

The company is not providing an earnings forecast for 2012.

FORTHCOMING FINANCIAL INFORMATION

18 July 2012 Interim Report January-June 2012

19 October 2012 Interim Report January-September 2012

24 January 2013 Year-end Report for 2012

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

Stockholm, 19 April 2012

Ole Terland
President and Chief Executive Officer

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

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 19 April 2012 at 08.00. A Swedish and an English version of this report have been drawn up. The Swedish version shall apply in the event of differences between the two reports.

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

Profit margin

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

Net profit/loss

Net profit/loss is the profit/loss after tax.

Earnings per share

Net profit/loss divided by the average number of shares.

Return on capital employed

Profit 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 profit for the past twelve-month period as a percentage of average shareholders' equity for the period in question.

Interest coverage ratio

Profit 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)

	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
Net turnover	371	400	1,513
Change in inventories, finished goods	-19	20	60
Other income	21	24	90
TOTAL INCOME	373	444	1,663
Raw materials and consumables	-235	-264	-1,001
Other costs	-83	-91	-450
Personnel costs	-45	-50	-209
Depreciation/amortisation and write-downs	-13	-18	-120
TOTAL OPERATING COSTS	-376	-423	-1,780
OPERATING INCOME	-3	21	-117
Financial income	1	1	2
Financial expenses	-2	-3	-5
Net financial items	-1	-2	-3
INCOME AFTER NET FINANCIAL ITEMS	-4	19	-120
Tax on income for the year	0	-5	-24
NET PROFIT/LOSS AFTER TAX	-4	14	-144
Earnings after tax/share (SEK) ¹	-0.03	0.09	-0.95

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)

	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
NET PROFIT/LOSS AFTER TAX	-4	14	-144
Other comprehensive income			
Cash-flow hedging, income before tax	5	-3	-54
Cash-flow hedging, tax effect	-2	1	14
Exchange rate differences	0	0	1
Reclassification adjustment ³	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	3	-2	-39
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1	12	-183

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	833	954	960
SEK/USD ²	6.75	6.49	6.50
Pulp price NBSK, SEK	5,620	6,192	6,229
Rottneros' deliveries, tonnes	84,700	83,400	311,400

¹ Source: PIX/Market Pulse.

² Source: Swedish central bank yearly average.

³ Cumulative amount of exchange rate differences reclassified from equity to profit or loss according to IAS 21.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Mar 2012	Mar 2011	Dec 2011
Intangible fixed assets	3	2	3
Tangible fixed assets	763	718	760
Financial fixed assets	77	141	78
Total fixed assets	843	861	841
Inventories	238	248	276
Current receivables	262	300	209
Liquid funds	14	86	21
Total current assets	514	634	506
TOTAL ASSETS	1,357	1,495	1,347
Shareholders' equity	1,013	1,240	1,014
Longterm liabilities			
Interest-bearing	5	9	5
Non interest-bearing	16	0	11
Total longterm liabilities	21	9	16
Current liabilities			
Interest-bearing	83	5	42
Non interest-bearing	240	241	275
Total current liabilities	323	246	317
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,357	1,495	1,347

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
Operating income	-3	21	-117
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	13	18	120
Profit/loss from disposal of fixed assets	-	-	-4
Write-downs of receivables	-	-	72
Other non cash-flow items	-5	0	14
	5	39	85
Paid financial items	-1	0	0
Received/paid taxes	-2	-2	-1
Cash-flow from current operations before change in working capital	2	37	84
Change in working capital	-34	-62	-49
Cash-flow from current operations	-32	-25	35
Acquisition of fixed assets	-16	-16	-157
Sale of fixed assets	-	-	4
Change in long-term receivables	-	-	5
Cash-flow from investing activities	-16	-16	-148
New loans	42	-	37
Repayment of loans	-1	-28	-28
Utbetalad utdelning	-	-	-30
Cash-flow from financing activities	41	-28	-21
Cash-flow for the year	-7	-69	-134
Liquid funds at beginning of year	21	155	155
Cash-flow for the year	-7	-69	-134
Translation difference in liquid funds	0	0	0
Liquid funds at end of year	14	86	21

SHARE DATA¹

		Jan-Mar 2012	Jan-Mar 2011	2011	2010	2009	2008	2007
Shares, opening ²	No.	152,572	152,572	152,572	1,525,719	180,212	180,212	180,212
Shares issued ²	No.	-	-	-	0	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	1,525,719	180,212	180,212
Average number of shares ²	No.	152,572	152,572	152,572	152,572	26,884	18,021	18,021
Operating profit or loss/share ^{2,5}	SEK	-0.02	0.14	-0.77	0.90	-6.18	-16.95	-19.99
Earnings after net financial items/share ⁵	SEK	-0.03	0.12	-0.79	0.90	-2.58	-21.33	-21.30
Earnings after tax/share ⁵	SEK	-0.03	0.09	-0.95	0.82	-2.59	-18.35	-16.69
Operating cash flow/share ^{3,5}	SEK	-0.32	-0.27	-0.74	0.51	2.74	-13.34	-5.59
Equity/share ⁵	SEK	6.64	8.13	6.65	8.05	7.14	44.96	58.29
Dividend ^{5,6}	SEK	-	-	0.10	0.20	-	-	-
Dividend/equity/share	%	-	-	1.5	2.5	-	-	-
Share price at end of period ⁵	SEK	2.71	5.05	2.11	4.37	6.90	10.50	23.10
Share price/equity/share	Times	0.4	0.6	0.3	0.5	1.0	0.2	0.4
P/E ratio/share	Times	Neg	13.7	Neg	5.3	Neg	Neg	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.

⁶ For 2011 proposed dividend is used.

KEY RATIOS EIGHT QUARTERS

	2012				2011				2010	
	I	IV	III	II	I	IV	III	II		
Net turnover, SEK m	371	337	367	409	400	402	413	462		
Return on equity after full tax, %	Neg	Neg	Neg	8.5	10.4	10.8	10.1	9.2		
Return on capital employed, %	Neg	Neg	Neg	11.0	11.9	11.6	10.7	9.5		
Equity/assets ratio, %	75	75	78	83	83	82	81	78		
Equity/share, SEK ¹	6.64	6.65	7.03	8.00	8.13	8.05	8.03	7.59		
Earnings after tax/share, SEK ¹	-0.03	-0.32	-0.89	0.17	0.09	0.06	0.37	0.32		
Cash flow before investments/share, SEK	-0.21	-0.15	0.18	0.36	-0.16	0.26	0.19	0.42		
Operating cash flow/share, SEK ¹	-0.32	-0.69	0.00	0.22	-0.27	-0.10	0.07	0.28		
Operating margin, %	Neg	Neg	Neg	8.8	5.2	3.5	16.7	10.3		

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
Opening shareholders' equity	1,014	1,228	1,228
Total comprehensive income for the period	-1	12	-183
Dividend	-	-	-31
Closing shareholders' equity	1,013	1,240	1,014

QUARTERLY DATA (SEK MILLION)

	2012				2011				2010	
	I	IV	III	II	I	IV	III	II	I	
Net turnover	371	337	367	409	400	402	413	462	407	
Operating profit/loss before depreciation	10	-40	-50	54	39	35	88	61	40	
Depreciation/amortisation and write-downs	-13	-3	-81	-18	-18	-20	-20	-13	-33	
Operating profit/loss	-3	-43	-131	36	21	15	68	48	7	
Net financial items	-1	-1	-1	1	-2	-2	-4	2	4	
Profit/loss after financial items	-4	-44	-132	37	19	13	64	50	11	
Tax	0	-4	-4	-11	-5	-5	-8	0	0	
Profit/loss after tax	-4	-48	-136	26	14	8	56	50	11	
Pulp production, 1,000 tonnes	81.9	70.4	77.2	88.0	88.5	75.0	82.6	84.0	81.4	
Pulp deliveries, 1,000 tonnes	84.7	72.7	74.3	81.0	83.4	80.4	75.8	86.8	87.3	

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
Net turnover	1	16	27
Other income	2	9	12
TOTAL INCOME	3	25	39
Raw materials and consumables	-	-8	-8
Other costs	-8	-8	-114
Personnel costs	-4	-7	-24
Depreciation	0	0	0
TOTAL OPERATING COSTS	-12	-23	-146
OPERATING INCOME	-9	2	-107
Profit from participations in group companies	-	-	16
Financial income, other	1	2	3
Financial expenses, other	-1	-2	-2
Net financial items	0	0	17
INCOME AFTER NET FINANCIAL ITEMS	-9	2	-90
Tax on income for the year	0	0	-1
NET PROFIT/LOSS AFTER TAX	-9	2	-91

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
NET PROFIT/LOSS AFTER TAX	-9	2	-91
Other comprehensive income			
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-9	2	-91

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Mar 2012	Mar 2011	Dec 2011
Intangible fixed assets	3	1	2
Tangible fixed assets	1	1	1
Financial fixed assets	318	372	318
Total fixed assets	322	374	321
Current receivables	816	720	780
Liquid funds	2	34	8
Total current assets	818	754	788
TOTAL ASSETS	1,140	1,128	1,109
Shareholders' equity	965	1,097	973
Current liabilities			
Interest-bearing	79	-	37
Non interest-bearing	96	31	99
Total current liabilities	175	31	136
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,140	1,128	1,109

SIX YEAR REVIEW

	Jan-Mar 2012	Jan-Mar 2011	2011	2010	2009	2008	2007
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD ¹	833	954	960	930	657	852	794
SEK/USD ²	6.75	6.49	6.50	7.21	7.65	6.58	6.76
Pulp price NBSK, SEK	5,620	6,192	6,229	6,705	4,989	5,617	5,368
Rottneros' deliveries, tonnes	84,700	83,400	311,400	330,300	376,700	617,900	714,700

Turnover and income, SEK million

Net turnover	371	400	1,513	1,684	1,508	2,663	2,927
Profit/loss before depreciation	10	39	4	224	-62	-82	75
Depreciation	-13	-18	-120	-86	-104	-224	-435
Operating profit/loss after depreciation	-3	21	-117	138	-166	-306	-360
Net financial items	-1	-2	-3	0	97	-79	-24
Profit/loss after net financial items	-4	19	-120	138	-69	-385	-384
Profit/loss after tax	-4	14	-144	125	-69	-331	-301

Balance sheet items, SEK million

Fixed assets	843	861	841	867	849	1 149	1 123
Inventories	238	248	276	213	215	447	493
Current receivables	262	300	209	259	230	391	572
Liquid funds	14	86	21	155	111	45	121
Shareholders' equity	1,013	1,240	1,014	1,228	1,089	810	1,050
Long-term interest-bearing liabilities	5	9	5	10	57	692	173
Long-term non interest-bearing liabilities	16	0	11	0	1	14	49
Current interest-bearing liabilities	83	5	42	29	44	82	452
Current non interest-bearing liabilities	240	241	275	227	214	434	585
Balance sheet total	1,357	1,495	1,347	1,494	1,405	2,032	2,309

Financial ratios

Operating margin, %	-0.9	5.2	-7.8	8.2	-11.0	-11.5	-12.3
Profit margin, %	-1.2	4.7	-8.0	8.2	-4.6	-14.4	-13.1
Return on capital employed, %	Neg	11.9	Neg	11.6	Neg	Neg	Neg
Return on equity after full tax, %	Neg	10.4	Neg	10.8	Neg	Neg	Neg
Equity/assets ratio, %	75	83	75	82	78	40	45
Debt/equity ratio, Times	0.1	-0.1	0.0	-0.1	0.1	1.0	0.6
Interest cover, Times	Neg	25.2	Neg	26.2	Neg	Neg	Neg

Other

Capital expenditure, SEK m	16	16	157	125	10	191	163
Average no. of employees	292	307	298	308	387	667	718

¹ Source: FOEX NBSK PIX.² Source: Swedish central bank yearly average.

ROTTNEROS IN BRIEF

Rottneros has been a supplier of customised and high quality paper pulp since the 1600s.

Around 300 people are employed at Rottneros, which had a turnover of SEK 1.5 billion in 2011.

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 Rottneros 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 supply 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:

- Pulpwood, 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 around 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 that 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. In order to create a favourable environment for achieving this goal, Rottneros works according to two main strategies:

- 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 used and is 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.

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