

ROTTNEROS GROUP

YEAR-END RELEASE JANUARY – DECEMBER 2008

QUARTERLY REPORT OCTOBER – DECEMBER 2008

Amounts in SEK m except per share data

| | | 2008 | 2007 | |
|---|-----------|-------|-------|--------------|
| Net turnover, SEK m | Jan - Dec | 2 663 | 2 927 | |
| | Oct - Dec | 534 | 721 | |
| Income after net financial items, SEK m | Jan - Dec | -385 | -384 | |
| | Oct - Dec | -169 | -321 | |
| Earnings per share after net financial items, SEK | Jan - Dec | -2,13 | -2,13 | |
| | Oct - Dec | -0,93 | -1,78 | |
| Profit/loss after tax, SEK m | Jan - Dec | -331 | -301 | |
| | Oct - Dec | -178 | -250 | |
| Earnings per share after tax, SEK | Jan - Dec | -1,84 | -1,67 | |
| | Oct - Dec | -0,99 | -1,39 | |
| Cash flow per share, SEK | Jan - Dec | -1,33 | -0,56 | |
| | Oct - Dec | -0,55 | -0,77 | |
| Shareholders' equity per share, SEK | | 4,49 | 5,83 | (31.12.2007) |
| Equity/assets ratio | | 40 % | 45 % | (31.12.2007) |

- The income after net financial items for the fourth quarter of 2008 amounted to SEK -169 (-321) million, an improvement of SEK 152 million. The operating income for the fourth quarter amounted to SEK -135 (-311) million.
- The income after net financial items for the full year 2008 amounted to SEK -385 (-384) million, of which SEK 106 million relates to the depreciation of fixed assets at Miranda following an impairment test, and SEK -115 million relates to losses at the Utansjö Mill until its closure.
- The company's income has been affected by the significantly weaker market where the price and demand for pulp fell sharply in the fourth quarter. This forced Rottneros in the fourth quarter to limit production at several of the Group's mills to avoid the accumulation of excessively large stocks of finished goods.
- Higher costs for wood and electricity reduced earnings for the full year 2008 by SEK 193 million compared to the previous year.
- The company is not providing a forecast for the full year 2009.
- Due to the weak market, Rottneros' liquidity is strained. Rottneros is therefore negotiating with the company's lenders to secure the short-term liquidity requirements and for a respite in order to make necessary changes to the operational and financial structure.

ROTTNEROS IN BRIEF

Rottneros, with its origins in the 1600s, is a non-integrated, flexible supplier of customised, high-quality paper pulp. Through continuous product development, high delivery reliability, technical support and service, Rottneros is able to adapt to meet the high expectations of its customers.

Rottneros has a total production capacity of just under 600,000 tonnes of pulp per year produced at four mills in Sweden and Spain, making the Group one of the ten biggest suppliers of market pulp in the world. Increasingly intensive product development in line with customer demands will lead to higher and more stable profitability throughout an economic cycle.

SUBSEQUENT EVENTS

Since the time a new loan agreement was signed on 23 October 2008, the pulp market has gone through a dramatic change in which prices have fallen and the demand has declined sharply. In light of this, Rottneros made production cuts during the fourth quarter, but overall the company's liquidity situation has become significantly worse than was expected. Rottneros is therefore negotiating with the company's lenders to secure the short-term liquidity requirements and for a respite in order to make necessary changes to the operational and financial structure.

THE PULP MARKET

Market and products

The demand for all grades of pulp was significantly weaker during the quarter and prices in the fourth quarter fell sharply. Deliveries during eleven months of 2008 for the part of the total global bleached chemical pulp market that reports statistics (19 countries) amounted to SEK 35.4 (35.4) million tonnes, which is no change compared to 2007. In the second half of 2008 delivery volumes were lower than the previous year. Delivery capacity utilisation for bleached chemical pulp globally for the January – November period was 88 % (93 % for the same period in 2007). Production capacity utilisation for the same period was 93 % (94 %).

The average price of bleached long-fibre chemical pulp in 2008 amounted to USD 852 per tonne (USD 794 per tonne), an increase of 7 %. The price of long-fibre chemical pulp (NBSK) at the end of the year amounted to USD 642, which is lower than at the end of September when the price was USD 859. At the beginning of the year the price was USD 871.

The price of short-fibre chemical pulp increased from USD 780 at the beginning of the year to USD 840 at the end of June and then fell sharply to USD 585 at the end of December.

Global producer stocks of bleached chemical pulp amounted to 3.2 million tonnes at the beginning of the year and were at 4.9 million tonnes at the end of November.

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

The price at the beginning of the year was USD 880 per tonne. The notified price was raised in the first half of the year and the PIX index reached USD 905 at the end of June before falling in the second half to USD 642 in December. The market for long-fibre chemical pulp declined in the fourth quarter and this is expected to continue in the beginning of 2009 due to weak demand for paper and board on the global market.

Delivery capacity utilisation for the January – November period was 90 % (95 % for the same period in 2007), and production capacity utilisation for the same period was 93 % (95 %). Delivery capacity utilisation for the October – November period was 84 % (96 % in October – November 2007), and production capacity utilisation was 88 % (97 %).

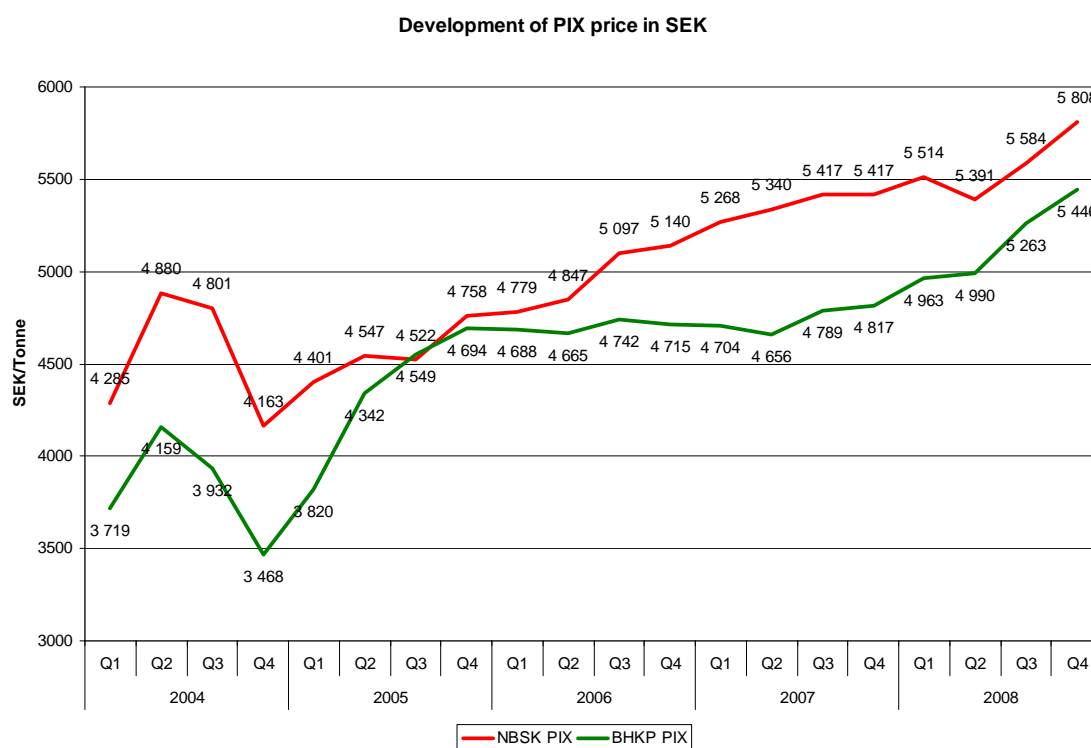
Short-fibre chemical pulp (produced in Miranda)

The price of eucalyptus pulp (BEK) fell during the fourth quarter from USD 813 per tonne to USD 585 per tonne.

Delivery capacity utilisation during the January – November period was 87 % (92 % for the same period in 2007), and production capacity utilisation in the same period was 92 % (92 %). Delivery capacity utilisation for the October – November period was 79 % (95 % in October – November 2007), and production capacity utilisation was 79 % (96 %).

Mechanical pulp and CTMP (produced in Rottneros and Rockhammar)

The price of short-fibre CTMP on the Western European market at the beginning of the year was USD 740 per tonne. During the period up to September the price of short-fibre CTMP increased at the same rate as the price of short-fibre chemical pulp. The long-fibre CTMP price trend was somewhat better. In the fourth quarter the price of CTMP fell at the same rate as the price of chemical pulps. The first three quarters of the year (January – September) were characterised by both strong demand and high production, while the fourth quarter was characterised by weak demand and production cuts. Delivery capacity utilisation for the January – November period was 87 % (96 %) and production capacity utilisation was 91 % (94 %). Delivery capacity utilisation for the October – November period was 58 % (100 % in October – November 2007), and production capacity utilisation was 69 % (99 %).



PRODUCTION AND DELIVERIES

The Group's mills in Rottneros, Rockhammar, Vallvik in Sweden and Miranda in Spain have a combined production capacity of just under 600,000 tonnes per year. The total production in 2007 was 730,100 tonnes. Operations at Utansjö Mill ceased at the end of May/beginning of June, and as a result, production was lower in 2008 than the previous year, amounting to 602,700 (730,100) tonnes. Due to weak demand in the fourth quarter, production cuts of around 19,000 tonnes were implemented. The closure of Utansjö Mill reduces the Group's annual production capacity to the

new level of just under 600,000 tonnes. Annual maintenance shutdowns were implemented at the mills in Vallvik and Rottneros in the third quarter and in Miranda and Rockhammar in the fourth quarter. All costs relating to maintenance shutdowns are recognised in the period the shutdown takes place.

Deliveries in 2008 totalled 617,900 (714,800) tonnes, a reduction of 14 %.

| PRODUCTION (TONNES) | Oct - Dec 2008 | Oct - Dec 2007 | Jan - Dec 2008 | Jan - Dec 2007 |
|----------------------------|-----------------------|----------------|-----------------------|----------------|
| Sulphate pulp | 79 100 | 88 200 | 334 900 | 347 200 |
| Groundwood pulp | 18 200 | 41 400 | 106 100 | 154 800 |
| CTMP | 22 200 | 60 400 | 161 700 | 228 100 |
| TOTAL | 119 500 | 190 000 | 602 700 | 730 100 |
| | | | | |
| DELIVERIES (TONNES) | Oct - Dec 2008 | Oct - Dec 2007 | Jan - Dec 2008 | Jan - Dec 2007 |
| Sulphate pulp | 69 900 | 79 600 | 318 500 | 337 500 |
| Groundwood pulp | 18 600 | 34 600 | 120 000 | 143 700 |
| CTMP | 29 900 | 60 000 | 179 400 | 233 600 |
| TOTAL | 118 400 | 174 200 | 617 900 | 714 800 |

INVOICED SALES AND RESULTS

January – December 2008 compared with January – December 2007

The Group generated a net turnover for the period of SEK 2,663 (2,927) million. As Rottneros Packaging with its SilviPak brand is in the build-up phase, results for this business area are not reported separately.

Sales for 2008 were SEK 264 million lower than the previous year, mainly due to: *lower delivery levels, SEK -397 million; a weaker USD, SEK -69 million; higher USD pulp prices, SEK 181 million; and other changes, SEK 20 million.* The average price in USD of long-fibre sulphate pulp (NBSK) increased by 7 % from USD 794 to USD 852, while the average price of NBSK pulp converted into SEK increased from SEK 5,368 to 5,617 per tonne, an increase of 5 %. The average price in USD of eucalyptus pulp (BEK) increased from USD 702 to USD 789 per tonne or by 12 %, while the equivalent average price converted into SEK increased from SEK 4,743 to SEK 5,165 per tonne, an increase of 9 %.

The earnings for the first quarter of the year were charged with a provision for the cost of closing down Utansjö Mill of SEK 90 million. Production at the mill ceased at the end of May/beginning of June. The operations at Utansjö Mill have caused significant losses for the Rottneros Group for a number of years. The closure affects a total of around 140 employees. The closure will have a substantial net positive effect on the Rottneros Group's cash flow as a result of working capital being freed up. At the end of the year the plant area at Utansjö was sold to Utansjöverken which took over the operation on 1 January 2009. As a result of this transfer, SEK 13 million of the reserve set aside for closure costs was reversed.

The earnings have been charged with a depreciation of the value of fixed assets at the Miranda mill by SEK 106 million following an impairment test.

A large portion of the loss in 2008 can be attributed to the loss-making operations at Utansjö Mill. The mill's operating loss after financial items including closure costs up to the time of the closure in June amounted to SEK -115 million. Earnings were negatively affected in the fourth quarter by weak market development involving a sharp decline in the price and demand for pulp, in order to adjust to the market situation, Rottneros has implemented production cuts at several of the mills to avoid the accumulation of excessively large stocks of finished goods.

During the first half of the year the price of pulp rose before falling again in the second half. The higher pulp price in 2008 in USD was to a large extent countered by the weak US dollar rate. In the second half of the year the US dollar rate strengthened significantly at the same time as the pulp price fell, which resulted in a price improvement in SEK at the beginning of the autumn. In December the price in SEK fell sharply. All in all, the average price increase converted into EUR and SEK, is not sufficient to compensate for the higher raw material costs.

The average price of electricity on the Nord Pool exchange in 2008 amounted to SEK 0.49 per kWh, compared to SEK 0.28 per kWh the previous year. For 2009 and beyond, electricity is currently being traded on Nord Pool at around SEK 0.35 – 0.40 per kWh.

The wood supply during the period has functioned well, although the price of pulpwood remains high. All in all, the wood costs were SEK 128 million higher than the previous year. The price fell at the end of the year and is expected to fall further in 2009.

The Group is posting an operating loss for 2008 of SEK -306 (-360) million.

The costs that have had the main impact on earnings for the year compared to the previous year, apart from the costs described above, are increased wood costs of SEK 128 million, higher electricity costs, excluding the effect of electricity hedges, SEK 65 million and higher fuel oil costs SEK 37 million. Depreciation of fixed assets was SEK 34 million lower than the previous year. Hedging transactions in 2008 resulted in a loss of SEK -49 (-69) million.

The Group is posting a loss after net financial items of SEK -385 (-384) million, and this includes a net financial expense of SEK -79 (-24) million. The net financial expense includes financial exchange losses of SEK -35 million. This was countered by operating exchange gains on accounts receivables. The loss after tax amounts to SEK -331 (-301) million. The earnings per share after tax amount to SEK -1.84 (-1.67). Cash flow per share was SEK -1.33 (-0.56).

October – December 2008 compared with October-December 2007

The Group generated a net turnover of SEK 534 (721) million for the October – December period.

Sales for the fourth quarter were SEK 187 million lower than the same period the previous year, mainly due to: *lower delivery levels, SEK -231 million; a stronger USD, SEK 94 million; lower USD pulp prices, SEK -70 million; and other changes, SEK 20 million.* The average price in USD of long-fibre sulphate pulp (NBSK) fell by 12 % from USD 844 to USD 746, while the average price of NBSK pulp converted into SEK increased by 7 % from SEK 5,417 to SEK 5,808 per tonne. The average price in USD of eucalyptus pulp (BEK) fell from USD 751 to USD 699 per tonne or by 7 %, while the equivalent average price converted into SEK increased from SEK 4,819 to SEK 5,446 per tonne, an increase of 13 %.

The Group is posting an operating loss in the fourth quarter of 2008 of SEK -135 (-311) million. The previous year included a depreciation of fixed assets at Utansjö of SEK 284 million, while the fourth quarter of 2008 includes depreciation of fixed assets at the Miranda mill of SEK 106 million. Compared with the same period the previous year, the result has been negatively affected by higher wood costs of SEK 37 million and electricity (excluding realised hedging transactions) of SEK 5 million. Fuel oil costs were SEK 17 million higher than in the same quarter the previous year. Depreciation is SEK 3 million lower than the previous year. Hedging transactions during the quarter resulted in a gain of SEK 4 (15) million.

The Group is posting a loss after net financial items of SEK -169 (-321) million, and this includes a net financial expense of SEK -34 (-10) million. The net financial expense includes financial exchange losses of SEK -23 million. This was countered by operating exchange gains on accounts receivables. The loss after tax was SEK -178 (-250) million. Earnings per share amounted to SEK -0.99 (-1.39). The cash flow per share was SEK -0.55 (-0.77).

| | 2008 | | | | | 2007 | | | | |
|--|-------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|-------------|
| | IV | III | II | I | Full year | IV | III | II | I | Full year |
| Profit/loss after financial items | -169 | -37 | -57 | -122 | -385 | -321 | -82 | 5 | 14 | -384 |
| <u>Whereof:</u> | | | | | | | | | | |
| Currency hedges | 12 | - | -1 | 6 | 17 | 25 | 6 | 2 | 6 | 39 |
| Pulp price hedges | -13 | -24 | -24 | -22 | -83 | -20 | -16 | -15 | -12 | -63 |
| Electricity hedges | 5 | 7 | 3 | 2 | 17 | 10 | -22 | -19 | -14 | -45 |
| Total hedges | 4 | -17 | -22 | -14 | -49 | 15 | -32 | -32 | -20 | -69 |
| IAS 39 | -4 | 2 | 2 | -12 | -12 | -3 | - | 15 | -2 | 10 |
| Green electricity | 10 | 11 | 13 | 11 | 45 | 6 | 4 | 6 | 6 | 22 |

October – December 2008 compared with July – September 2008

The Group's net turnover decreased during the fourth quarter of 2008 to SEK 534 million compared to SEK 601 million in the third quarter, mainly due to: *lower deliver levels, SEK -82 million; a stronger USD, SEK 102 million; lower USD pulp prices, SEK -100 million; and other changes SEK 13 million.* The average price in USD of long-fibre sulphate pulp (NBSK) fell from USD 885 to USD 746, while the average price of NBSK pulp converted into SEK increased from SEK 5,584 to 5,808 per tonne, an increase of 4 %. The average price in USD of eucalyptus pulp (BEK) fell from USD 834 to USD 699 per tonne, while the average price converted into SEK increased from SEK 5,263 to 5,446 per tonne, an increase of 3 %.

The Group is posting an operating loss for the fourth quarter of SEK -135 million, which can be compared with the third quarter's operating loss of SEK -13 million. Depreciation in the value of fixed assets at the Miranda mill of SEK 106 million was charged to the fourth quarter. During the fourth quarter planned maintenance shutdowns were implemented in Miranda and Rockhammar. In the third quarter two major planned maintenance shutdowns were implemented in Vallvik and Rottneros. In addition, production cuts implemented to adjust to market conditions reduced the production volume by 19,000 tonnes. The costs that have increased in relation to the third quarter of 2008 are mainly wood costs of SEK 24 million. The cost of electricity fell by SEK -14 million. Hedging transactions during the quarter resulted in a gain of SEK 4 (-17) million. The Group is posting a loss after net financial items for the fourth quarter of 2008 of SEK -169 million compared to SEK -37 million for the third quarter of 2008.

PARENT COMPANY

The parent company's loss for 2008 after net financial items was SEK -230 (-377) million. All pulp invoicing in the Group has been centralised to the parent company which acts as distributor for all of the mills and receives sales commission for this at normal rates. The notes relating to Group sales therefore also apply to the parent company's sales. The result includes a loss of SEK -49 (-69) million relating to hedging transactions for the entire Group. The parent company's result was charged with a depreciation of shares in subsidiaries of SEK 179 million.

The parent company's loss for the fourth quarter of 2008 after net financial items was SEK -140 million compared to SEK -269 million for the same period the previous year and SEK -22 million in the third quarter of 2008.

The parent company's operations include Rottneros Packaging, which entails a cost burden as the business area is in a start-up phase. Costs relating to the South Africa project are included in the parent company's results.

The parent company's balance sheet and income statement are found on page 14.

ROTTNEROS PACKAGING

In 2006 Rottneros started producing packaging made from paper pulp for chilled and frozen ready meals under the SilviPak brand. This venture is being run as a new business area called Rottneros Packaging. As the venture is in the build-up phase, results for this business area are not reported separately.

SilviPak's production capacity was increased in 2008. A new factory adjacent to the pulp mill in Miranda in Spain went into operation in the fourth quarter. This is an investment of just over SEK 50 million.

THE SOUTH AFRICA PROJECT

In March 2007 Rottneros and the South African forestry company NCT signed a declaration of intent to look into the possibility of building a jointly-owned mill to produce mechanical paper pulp of the CTMP grade in South Africa. The idea is to use the fixed assets from Utansjö, which include a new pulp line for the production of CTMP pulp, as the basis for the new venture in South Africa.

During the last months the project preparations have been intensified. The financing is secured in all essentials. Electricity supply is still uncertain, but due to decreasing domestic demand and possible alternative energy, a solution seems closer.

If the project can be carried out, it will from start result in a significant capital gain and considerable liquidity contribution to Rottneros AB.

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 1.1., Supplementary accounting rules for groups, and RFR 2.1, Accounting for legal entities, are applied with respect to the parent company. The accounting principles, definitions of ratios and calculation methods are otherwise the same as those used in the most recent annual report. No new standards have entered into force which impact Rottneros' financial position or results.

RISK MANAGEMENT

With respect to its operations, the company works with a number of measures and strategies, such as focusing on niches and various specialised customer segments, in an attempt to reduce the Group's dependency on market pulp list prices and to reduce fluctuation in profitability over an economic cycle. The establishment of the Rottneros Packaging business area and expansion into a new stage in the value chain is another step in the process of reducing the Group's one-sided dependence on fluctuation in the pulp market. As a complement to the operational strategy, the Group also has a strategy for dealing with financial risk. Through more advanced management of this risk, Rottneros is striving to stabilise the Group's volatile earnings trend. The factors that have the greatest impact on the Group's earnings are associated with exchange rates, pulp, wood and electricity prices.

USD

The real flow in USD, which is estimated at around 40 % of the total inflow, can be hedged. Although Rottneros invoices in different currencies, the underlying currency for pulp prices is largely USD. Around 20 % of sales are contracted in EUR. This portion of the sales has been hedged for 2009.

This means that the underlying exposure to USD is very high, while the direct inflow of USD (the real flow) only corresponds to around 40 % of sales. The impact of exchange rate differences for the indirect exposure is delayed, however, due to the fact that the normal duration of a contract is 1 – 3 months. Lower or higher pulp prices in local currencies as a result of a change in the USD rate do not affect the earnings immediately. Hedging transactions in 2008 resulted in a loss of SEK -49 (-69) million.

The average USD exchange rate was 3 % lower in 2008 than the previous year, amounting to an average for the period of SEK 6.58/USD compared to SEK 6.76/USD the previous year. The impact on sales of a lower average USD exchange rate compared to SEK in 2008 amounted to SEK -69 million compared to 2007.

At the end of December currency hedging was in place in the form of forward contracts for EUR 8 million at a rate of SEK 9.99/EUR for deliveries in 2009.

Pulp prices

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in local currencies. Pulp price forward contracts for two and three year periods have been signed for an original volume of 168,000 tonnes, maturing from the beginning of the fourth quarter of 2006 and onwards. The hedges represent 5,000 tonnes per month in 2008 and 4,000 tonnes per month in 2009 and expire in September 2009. The level of hedging for the forward contracts remaining at the end of the year is on average USD 628 per tonne.

Electricity

For 2009 around 13 % has been hedged at SEK 0.25 per kWh. The average price of electricity for 2008 on the Nord Pool exchange was around SEK 0.43 per kWh and for 2007 around SEK 0.28 per kWh.

For further information on risk, see the 2007 Annual Report, pages 33 – 66.

The table below shows the market value of all hedging contracts. The amounts are assessed by independent parties and represent the liquidation value, i.e. the value according to forward contracts as of 31 December 2008. The reference value is the spot rate on 31 December and is provided as supplementary information. The hedge contracts have a term of one to two years. 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.

| MARKET VALUE (SEK million) DECEMBER 2008: | | | | | |
|--|----------------------|--------------------|--|---------------------|------------------------------|
| <i>Hedging</i> | <i>Hedged volume</i> | <i>Hedge price</i> | | <i>Market value</i> | <i>Reference - spot rate</i> |
| | | | | | <i>31 December 2008</i> |
| Currency, EUR, forward | EUR 8 m | 9,99 SEK/EUR | | -7 | 10,94 SEK/EUR |
| Pulp price | 36 000 tonnes | 628 USD (PIX) | | 1 | USD 625/7,75 SEK/USD |
| Electricity | 43 800 MWh | SEK 0.251 /kWh | | 10 | SEK 0.458/kWh |
| Total market value | | | | 4 | |

| MARKET VALUE (SEK million) DECEMBER 2007: | | | | | |
|--|----------------------|--------------------|--|---------------------|------------------------------|
| <i>Hedging</i> | <i>Hedged volume</i> | <i>Hedge price</i> | | <i>Market value</i> | <i>Reference - spot rate</i> |
| | | | | | <i>31 December 2007</i> |
| Currency, USD, forward | USD 15 m | 6,57 SEK/USD | | 2 | 6,43 SEK/USD |
| Currency, EUR, forward | EUR 25 m | 9,28 SEK/EUR | | -4 | 9,46 SEK/EUR |
| Pulp price, in SEK | 96 000 tonnes | 637 USD (PIX) | | -126 | USD 869/6,43 SEK/USD |
| Electricity | 140 400 MWh | SEK 0.264 /kWh | | 31 | SEK 0.398/kWh |
| Total market value | | | | -97 | |

SALES OF TREASURY SHARES

The 2008 Annual General Meeting authorised the Board, in the period until the next AGM, to take decisions regarding the transfer of shares in the company. No such transfer has taken place during the period.

INVESTMENTS AND FINANCIAL POSITION

The Group's investments in fixed assets in 2008 amounted to SEK 191 (163) million. The majority of the investments relate to an environmental investment in Miranda, Spain and a new packaging factory there. At Rottneros Mill an investment in a joint operations centre has been completed.

The Group's liquid funds at the end of the year amounted to SEK 45 million, compared to SEK 121 million at the end of 2007. As of 31 December 2008 the Group had interest-bearing liabilities totalling SEK 774 million (SEK 625 million as of 31 December 2007) and net borrowing of SEK 729 million (SEK 504 million as of 31 December 2007). Approved but unutilised lines of credit as of 31 December 2008 totalled SEK 37 million. See also the "Subsequent events" section. The equity/assets ratio was 40 % as of 31 December 2008 compared to 45 % as of 31 December 2007. Shareholders' equity per share was SEK 4.49 (SEK 5.83 as of 31 December 2007).

CASH FLOW

Cash flow from operations before investments in 2008 amounted to SEK -49 (63) million and included cash flow from financial hedging of SEK -56 (-64) million. The cash flow after investment activity was SEK -219 (-100) million. The closure of Utansjö Mill has had a significantly positive impact on the Rottneros Group's cash flow as a result of working capital being freed up. The mill's fixed assets are currently being sold.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in 2008 was 667 (718).

OUTLOOK FOR 2009

The pulp market weakened in the fourth quarter, which caused price and delivery levels to fall. At this time there is an excess supply of pulp. The negative USD price trend has, however, been partially compensated for by the significant strengthening of the USD dollar rate, although this trend slowed in December at the same time as the price of pulp continued to fall. The pulp market is expected to remain weak in the beginning of 2009 due to weak demand for paper and board on the global market. Among inputs, the price of wood remains high despite the fact that the downturn in the sawmill and pulp industries is forcing down the price of saw timber and pulpwood. The price of electricity has also remained high, but is now showing signs of a falling trend. The price of oil fell sharply and it is likely that the downward pressure on the price of raw materials will continue while the economy is weak.

The company is not providing a forecast for the full year 2009.

DIVIDEND FOR 2008

The Board of Directors will propose to the Annual General Meeting on 23 April 2009 that no dividend be distributed.

PROPOSAL FOR THE TREATMENT OF THE TREASURY SHARE HOLDING

The Board of Directors is proposing that the Annual General Meeting resolves to give the Board a continued mandate to take decisions regarding the transfer of treasury shares to finance strategic investments or acquisitions and that this mandate will continue until the next Annual General Meeting in 2010. Details on the proposal will be announced when they have been determined by the Board of Directors.

UPCOMING FINANCIAL INFORMATION

| | |
|-----------------|---|
| 23 April 2009 | - Interim report January – March 2009 |
| 24 July 2009 | - Interim report January – June 2009 |
| 23 October 2009 | - Interim report January – September 2009 |
| 2 February 2010 | - Year-end release for 2009 |

ANNUAL GENERAL MEETING

The Annual General meeting for Rottneros AB will be held on Thursday, 23 April 2009.

For further information, please visit Rottneros' website: www.rottneros.com.

Upplands Väsby, 3 February 2009

Ole Terland
President and Chief Executive Officer

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

Ole Terland and Karl Ove Grönqvist will be available on 3 February at tel. +46 8 407 21 04 between 8 and 8.45 a.m. CET.

Analyst and press conference

Analysts and the press are invited to an analyst and press conference on 3 February at 9 a.m. at the offices of Hallvarsson & Halvarsson, Sveavägen 20, Stockholm, Sweden, tel. +46 8 407 20 00. Please register with Sara Höglund, e-mail: sara.hoglund@halvarsson.se, tel. +46 8 407 22 59,

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This is information that Rottneros AB is obliged to publish under the Securities Market Act and/or the Financial Instruments Act. The information was made available to the media for publication on 3 February 2009 at 7.30 a.m. CET.

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK million)

| | Oct - Dec 2008 | Oct - Dec 2007 | Full year 2008 | Full year 2007 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Net turnover | 534 | 721 | 2 663 | 2 927 |
| Change in inventories, finished goods | 10 | 60 | -33 | 84 |
| Other income | 53 | 18 | 91 | 57 |
| Total income | 597 | 799 | 2 721 | 3 068 |
| Raw materials and consumables | -381 | -501 | -1 747 | -1 859 |
| Other costs | -131 | -179 | -630 | -718 |
| Personnel costs | -81 | -110 | -426 | -415 |
| Depreciation | -139 | -320 | -224 | -436 |
| Total operating costs | -732 | -1 110 | -3 027 | -3 428 |
| Operating income | -135 | -311 | -306 | -360 |
| Financial income | 1 | -1 | 4 | 9 |
| Financial expenses | -35 | -9 | -83 | -33 |
| Net financial items | -34 | -10 | -79 | -24 |
| Income after net financial items | -169 | -321 | -385 | -384 |
| Tax on income for the year | -9 | 71 | 54 | 83 |
| Net profit/loss after tax | -178 | -250 | -331 | -301 |
| No. of shares at beginning of period ¹⁾ | 180 212 | 180 212 | 180 212 | 180 212 |
| No. of company's own shares bought back ¹⁾ | - | - | - | - |
| No. of shares at end of period ¹⁾ | 180 212 | 180 212 | 180 212 | 180 212 |
| Average no. of shares ¹⁾ | 180 212 | 180 212 | 180 212 | 180 212 |
| Earnings after tax/share (SEK) ²⁾ | -0,99 | -1,39 | -1,84 | -1,67 |
| Key indicators that affect turnover | | | | |
| Pulp price NBSK, USD ³⁾ | 746 | 844 | 852 | 794 |
| USD/SEK ⁴⁾ | 7,79 | 6,42 | 6,58 | 6,76 |
| Pulp price NBSK, SEK | 5 808 | 5 417 | 5 617 | 5 368 |
| Rottneros' deliveries, tonnes | 118 400 | 174 100 | 617 900 | 714 700 |

¹⁾ The number of shares is given in thousands.

²⁾ There are no programs that lead to dilution.

³⁾ Source: PIX/Market Pulse.

⁴⁾ Source: Swedich central bank yearly average.

CONSOLIDATED BALANCE SHEET (SEK million)

| | Dec 2008 | Dec 2007 |
|---|-----------------|-----------------|
| Intangible fixed assets | 24 | 22 |
| Tangible fixed assets | 1 002 | 1 015 |
| Financial fixed assets | 123 | 86 |
| Total fixed assets | 1 149 | 1 123 |
| Inventories | 447 | 493 |
| Current receivables | 391 | 572 |
| Liquid funds | 45 | 121 |
| Total current assets | 883 | 1 186 |
| Total assets | 2 032 | 2 309 |
| Shareholders' equity | 810 | 1 050 |
| Longterm liabilities | | |
| Interest-bearing | 692 | 173 |
| Non interest-bearing | 14 | 49 |
| Total longterm liabilities | 706 | 222 |
| Current liabilities | | |
| Interest-bearing | 82 | 452 |
| Non interest-bearing | 434 | 585 |
| Total current liabilities | 516 | 1 037 |
| Total shareholders' equity and liabilities | 2 032 | 2 309 |

CASH-FLOW ANALYSIS (SEK million)

| | Jan - Dec 2008 | Jan - Dec 2007 |
|---|----------------|----------------|
| Operating income | -306 | -360 |
| Adjustment for non cash-flow items | | |
| Depreciation | 224 | 436 |
| Profit/loss from disposal of fixed assets | -18 | 16 |
| Profit from disposal of CO2 allowances | -19 | - |
| Other non cash-flow items | 29 | - |
| | -90 | 92 |
| Paid financial items | -49 | -28 |
| Paid taxes | -5 | -5 |
| Cash-flow from current operations before change in working capital | -144 | 59 |
| Change in working capital | 95 | 4 |
| Cash-flow from current operations | -49 | 63 |
| Acquisition of fixed assets | -191 | -163 |
| Sale of fixed assets | 21 | - |
| Cash-flow from capital investments | -170 | -163 |
| New loans | 561 | 119 |
| Repayment of loans | -426 | -4 |
| Dividend paid | - | -18 |
| Cash-flow from financing | 135 | 97 |
| Cash-flow for the period/year | -84 | -3 |
| Liquid funds at beginning of year | 121 | 122 |
| Cash-flow for the period/year | -84 | -3 |
| Translation difference in liquid funds | 8 | 2 |
| Liquid funds at end of period/year | 45 | 121 |

SHARE DATA ^{1),5)}

| | | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------|---------|---------|---------|---------|---------|---------|
| No. of shares at beginning of period ²⁾ | No. | 180 212 | 180 212 | 180 212 | 180 212 | 180 722 | 182 980 |
| No. of company's own shares bought back ²⁾ | No. | - | - | - | - | 510 | 2 258 |
| No. of shares at end of period ²⁾ | No. | 180 212 | 180 212 | 180 212 | 180 212 | 180 212 | 180 722 |
| Average number of shares ²⁾ | No. | 180 212 | 180 212 | 180 212 | 180 212 | 180 392 | 181 422 |
| Operating profit or loss/share | SEK | -1,69 | -2,00 | -0,04 | -0,50 | -0,64 | 0,67 |
| Earnings after net financial items/share | SEK | -2,13 | -2,13 | -0,13 | -0,57 | -0,67 | 0,64 |
| Earnings after tax/share | SEK | -1,84 | -1,67 | -0,05 | -0,35 | -0,50 | 0,47 |
| Operating cash-flow/share ³⁾ | SEK | -1,33 | -0,56 | 0,19 | -2,28 | -0,41 | -0,23 |
| Equity/share | SEK | 4,49 | 5,83 | 7,78 | 8,45 | 9,28 | 9,50 |
| Dividend | SEK | - | 0,00 | 0,10 | 0,10 | 0,20 | 0,30 |
| Dividend/equity per share | % | - | - | 1,3 | 1,2 | 2,2 | 3,2 |
| Share price at end of period | SEK | 1,05 | 2,31 | 6,55 | 6,80 | 7,55 | 8,55 |
| Share price/equity per share | Times | 0,2 | 0,4 | 0,8 | 0,8 | 0,8 | 0,9 |
| P/E ratio | Times | Neg | Neg | Neg | Neg | Neg | 18,3 |
| Direct yield ⁴⁾ | % | - | - | 1,5 | 1,4 | 2,6 | 3,5 |

¹⁾ There are no programs that lead to dilution.

²⁾ The number of shares is given in thousands.

³⁾ Cash-flow after normal investments but excluding strategic investments.

⁴⁾ Direct yield is calculated in relation to the closing listed price.

⁵⁾ Year 2003 has not been recalculated in respect of the IFRS transition. Adjustment should be made for IAS 39.

CHANGE IN SHAREHOLDERS' EQUITY (SEK million)

| | Full year 2008 | Full year 2007 |
|--|-------------------|-------------------|
| Opening shareholders' equity | 1 050 | 1 403 |
| Adjustment of opening shareholders' equity in respect of the IFRS transition (for specification see enclosure) | 91 | -34 |
| Profit/loss for the year | -331 | -301 |
| Dividend | - | -18 |
| Closing shareholders' equity | 810 | 1 050 |

QUARTERLY DATA (SEK million)

| | 2008 | | | | 2007 | | | | 2006 | | | |
|--|-------------|------------|------------|-------------|-------------|------------|-----------|-----------|-----------|-----------|-----------|------------|
| | IV | III | II | I | IV | III | II | I | IV | III | II | I |
| Net turnover | 534 | 601 | 780 | 748 | 721 | 687 | 779 | 740 | 713 | 662 | 615 | 700 |
| Operating profit/loss before depreciation | 4 | 14 | -19 | -81 | 9 | -44 | 51 | 60 | 69 | 47 | 36 | -4 |
| Depreciation | -139 | -27 | -29 | -29 | -320 | -38 | -40 | -38 | -42 | -36 | -38 | -39 |
| Operating profit/loss | -135 | -13 | -48 | -110 | -311 | -82 | 11 | 22 | 27 | 11 | -2 | -43 |
| Net financial items | -34 | -24 | -9 | -12 | -10 | - | -6 | -8 | -6 | -10 | - | - |
| Profit/loss after financial items | -169 | -37 | -57 | -122 | -321 | -82 | 5 | 14 | 21 | 1 | -2 | -43 |
| Tax | -9 | 13 | 17 | 33 | 71 | 22 | -1 | -9 | 3 | -2 | 4 | 10 |
| Profit/loss after tax | -178 | -24 | -40 | -89 | -250 | -60 | 4 | 5 | 24 | -1 | 2 | -33 |
| Pulp production, 1 000 tonnes | 119,5 | 136,3 | 162,6 | 184,3 | 190,0 | 177,9 | 186,1 | 176,1 | 181,1 | 167,8 | 175,4 | 174,6 |
| Pulp deliveries, 1 000 tonnes | -118,4 | -137,1 | -186,3 | -176,1 | -174,2 | -164,5 | -193,2 | -182,9 | -178,9 | -168,7 | -164,2 | -187,7 |

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK million)

| | Oct - Dec 2008 | Oct - Dec 2007 | Full year 2008 | Full year 2007 |
|---|-------------------|-------------------|-------------------|-------------------|
| Net turnover | 539 | 712 | 2 674 | 2 905 |
| Change in inventories, finished goods | -1 | - | -2 | - |
| Other income | 37 | 42 | 57 | 104 |
| Total income | 575 | 754 | 2 729 | 3 009 |
| Raw materials and consumables | -535 | -697 | -2 627 | -2 922 |
| Other costs | -36 | -49 | -138 | -169 |
| Personnel costs | -15 | -11 | -50 | -36 |
| Depreciation | -1 | -2 | -6 | -6 |
| Total operating costs | -587 | -759 | -2 821 | -3 133 |
| Operating income | -12 | -5 | -92 | -124 |
| Financial income | 61 | 10 | 87 | 45 |
| Financial expenses | -189 | -274 | -225 | -298 |
| Net financial items | -128 | -264 | -138 | -253 |
| Income after net financial items | -140 | -269 | -230 | -377 |
| Tax on income for the year | -1 | - | 25 | 22 |
| Net profit/loss after tax | -141 | -269 | -205 | -355 |

PARENT COMPANY BALANCE SHEET (SEK million)

| | Dec 2008 | Dec 2007 |
|---|--------------|--------------|
| Intangible fixed assets | 5 | 13 |
| Tangible fixed assets | 2 | 19 |
| Financial fixed assets | 359 | 520 |
| Total fixed assets | 366 | 552 |
| Inventories | 3 | 2 |
| Current receivables | 1 165 | 1 345 |
| Liquid funds | 5 | 21 |
| Total current assets | 1 173 | 1 368 |
| Total assets | 1 539 | 1 920 |
| Shareholders' equity | 550 | 755 |
| Longterm liabilities | | |
| Interest-bearing | 673 | 150 |
| Non interest-bearing | - | - |
| Total longterm liabilities | 673 | 150 |
| Current liabilities | | |
| Interest-bearing | 68 | 432 |
| Non interest-bearing | 248 | 583 |
| Total current liabilities | 316 | 1 015 |
| Total shareholders' equity and liabilities | 1 539 | 1 920 |
| | | |
| | | |

SIX YEAR REVIEW

| | 2008 | 2007 | 2006 | 2005 | 2004 | | 2003 | | |
|--|---------|---------|---------|---------|----------------------|-------|----------------------|---------|------|
| | | | | | Remaining operations | Total | Remaining operations | Total | |
| Key indicators that effect turnover | | | | | | | | | |
| Pulp price NBSK, USD ¹⁾ | 852 | 794 | 675 | 611 | | | 617 | 524 | |
| USD/SEK ²⁾ | 6,58 | 6,76 | 7,37 | 7,48 | | | 7,35 | 8,09 | |
| Pulp price NBSK, SEK | 5 617 | 5 368 | 5 581 | 4 565 | | | 4 532 | 4 235 | |
| Rottneros' deliveries, tonnes | 617 900 | 714 700 | 699 500 | 666 700 | | | 625 000 | 641 100 | |
| Turnover and income, SEK million | | | | | | | | | |
| Net turnover | 2 663 | 2 927 | 2 690 | 2 411 | 2 429 | 2 272 | 2 356 | 2 380 | |
| Profit/loss before depreciation | -82 | 75 | 148 | 9 | 48 | 129 | 109 | 239 | |
| Depreciation | -224 | -435 | -155 | -138 | -138 | -162 | -223 | -117 | |
| Operating profit/loss after depreciation | -306 | -360 | -7 | -129 | -90 | -33 | -114 | 122 | |
| Net financial items | -79 | -24 | -16 | -12 | -13 | -5 | -7 | -7 | |
| Profit/loss after net financial items | -385 | -384 | -23 | -141 | -103 | -38 | -121 | 115 | |
| Profit/loss after tax | -331 | -301 | -8 | -91 | -63 | -31 | -91 | 85 | |
| Balance sheet items, SEK million | | | | | | | | | |
| Fixed assets | 1 149 | 1 123 | 1 363 | 1 435 | | | 1 349 | 1 249 | |
| Inventories | 447 | 493 | 397 | 430 | | | 474 | 388 | |
| Current receivables | 391 | 572 | 570 | 595 | | | 572 | 443 | |
| Liquid funds | 45 | 121 | 122 | 125 | | | 157 | 252 | |
| Assets from discontinued operations | - | - | - | 26 | | | 16 | - | |
| Shareholders' equity | 810 | 1 050 | 1 403 | 1 523 | | | 1 673 | 1 717 | |
| Long-term interest-bearing liabilities | 692 | 173 | 177 | 180 | | | 186 | 42 | |
| Long-term non interest-bearing liabilities | 14 | 49 | 85 | 118 | | | 174 | 158 | |
| Current interest-bearing liabilities | 82 | 452 | 304 | 375 | | | 56 | 6 | |
| Current non interest-bearing liabilities | 434 | 585 | 483 | 405 | | | 472 | 414 | |
| Liabilities from discontinued operations | - | - | - | 10 | | | 7 | - | |
| Balance sheet total | 2 032 | 2 309 | 2 452 | 2 611 | | | 2 568 | 2 332 | |
| Financial ratios | | | | | | | | | |
| Operating margin | % | -11,5 | -12,3 | -0,3 | -5,3 | -3,7 | -1,5 | -4,9 | 5,1 |
| Profit margin | % | -14,4 | -13,1 | -0,9 | -5,8 | -4,2 | -1,7 | -5,2 | 4,8 |
| Return on capital employed | % | Neg | Neg | Neg | Neg | Neg | Neg | Neg | 7 |
| Return on equity after full tax | % | Neg | Neg | Neg | Neg | Neg | Neg | Neg | 5 |
| Equity/assets ratio | % | 40 | 45 | 57 | 58 | 58 | 65 | 65 | 73 |
| Debt/equity ratio | Times | 1,0 | 0,6 | 0,3 | 0,4 | 0,4 | 0,2 | 0,2 | 0,0 |
| Interest cover | Times | Neg | Neg | Neg | Neg | Neg | Neg | Neg | 18,2 |
| Other | | | | | | | | | |
| Capital expenditure | SEK m | 191 | 163 | 113 | 234 | 234 | 283 | 283 | 193 |
| Average no. of employees | | 667 | 718 | 754 | 804 | 804 | 835 | 835 | 857 |

¹⁾ Source: PIX/Market Pulse

²⁾ Source: Swedish central bank yearly average

³⁾ Year 2003 has not been recalculated in respect of IFRS. Adjustment should be made for IAS 39.