

PRESS RELEASE

Upplands Väsby, 23 October 2008

Rottneros AB replaces existing syndicated loan

On 23 October 2008 Rottneros entered into an agreement concerning new loan facilities amounting to USD 83.3 million, equivalent to approximately SEK 620 million. This is a stage in refinancing Rottneros' existing syndicated loan from 2003 of USD 85.8 million, equivalent to approximately SEK 640 million. The transaction safeguards the Group's long-term financing and enables the company to continue with current investments.

"It is extremely pleasing that, despite the problems in Utansjö, which resulted in closure of the mill, we have been able to refinance the company on reasonable terms in the midst of the current crisis in the international banking system. Now we have secured our financing and can concentrate on the future and developing our facilities and products," says Ole Terland, Chief Executive Officer of Rottneros.

Rottneros has implemented two cost-saving and rationalisation programmes over the last five years, first and foremost to cope with significant cost increases for energy and wood. The cost-saving programmes, which have reduced the company's costs by just over SEK 200 million a year, have resulted, among other things, in a reduction in headcount of around 140 which, coupled with increased production, has led to further productivity improvements.

In addition, the company decided to close down the pulp production facility in Utansjö, which was running at a significant loss; this led to a further reduction in headcount of around 140. The closure had a significant negative effect on the results for 2007 and the first half of 2008, with large write-downs of fixed assets and provisions for close-down expenses.

The change process, which is based on the company's detailed business and action plan and comprises both cost-saving measures and investments, is continuing with a view to improving the Group's profitability and productivity. At the same time Rottneros is striving to reduce its strong dependence on the USD. Priority measures in this context include establishing a pulp factory in South Africa and developing the SilviPak food packaging business.

The credit has been arranged as a secured loan of USD 53.3 million and a credit facility with a framework amount of USD 30 million, in which all the company's current banks are participating, i.e. Banco Bilbao, Danske Bank, DnB Nor, HSH Nordbank and Nordea. The credit runs for three years with the option of extending for a further year. The loan will be repaid at USD 0.5 million per quarter during 2008 and 2009, and USD 1 million per quarter thereafter. The repayment rate may increase in the event of improved cash flow.

The company's detailed business and action plan has been presented to the lenders as a basis for the loan. The loan facility is linked to a number of financial conditions and key ratios, plus specific operational conditions. The loan facility also contains conditions which, among other things, restrict the investment level to the current long-term investment plan, as well as conditions for disposing assets, making acquisitions and specific restrictions governing ownership changes. The Board of Directors further undertakes not to propose payment of share dividends until the financial position has significantly improved.

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Rottneros is one of the world's leading independent producers of market pulp. The Group comprises the parent company Rottneros AB, listed on OMX Nordic Exchange Stockholm, and its subsidiaries Rottneros Bruk AB, Rockhammars Bruk AB and Vallviks Bruk AB in Sweden and Rottneros Miranda, S.A. in Spain, all with operations involving the production and sale of market pulp. The Group also includes the wood procurement companies Rottneros Baltic SIA in Latvia and Rottneros Madeiras in Portugal, the sales company Rottneros S.A. in Belgium and Utansjö Mill, which is in the process of closure. The Group also has a new division, Rottneros Packaging, which produces food packaging made from paper pulp. The Group has around 630 employees and an annual turnover of approximately SEK 2.9 billion.