

## PRESS RELEASE

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**Rottneros**

### **Decision on cost-cutting programme at Rottneros and Utansjö mills postponed due to unclear energy policy**

Despite intensive work during the spring and summer of 2006 the Rottneros Group has not yet been able to take a decision on the definite contents of the cost-cutting programme announced in connection with the year-end release for 2005 at the beginning of February 2006. The Group then announced a cost-cutting programme to save SEK 100 million, with a particular emphasis on variable costs and involving a reduction of about 70 positions. The intention was to report the total cost-cutting programme in connection with the half-year report.

The effect of the high electricity prices and the forecast continued high spot prices mean that the extent and structure of the cost-cutting programme in the mechanical pulp mills at Rottneros and Utansjö have to be further evaluated, says Rottneros Group in its half-year report.

The cost increases for the Rottneros Group due to increasing electricity prices will amount to nearly SEK 100 million for 2006 compared to 2005, despite the fact that a significant part of the electricity consumption has been hedged. The situation will grow worse during 2007 when the level of the hedging is lower.

- Despite the fact that the government during the summer indicated to take measures in order to quickly correct the poorly functioning electricity market the uncertainty remains of the price development of electricity for the basic industry. Today's price level is an immediate threat to the operations at the mills at Rottneros and Utansjö says Rottneros' president Lars Blecko.

Decision on the cost-cutting actions at the above mentioned mills will be taken at the latest by September 2006.

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For further information call CEO Lars Blecko, +46 70 641 49 10

Rottneros is one of the world's leading independent producers of market pulp. The Group comprises the parent company Rottneros AB, listed on the Stockholm Stock Exchange, and its subsidiaries Rottneros Rockhammar AB, Utansjö Bruk AB and Vallviks Bruk AB in Sweden as well as 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 of Latvia and Rottneros Madeiras of Portugal. The Group also has a new business area, Rottneros Packaging, which produces food packing materials made from paper pulp. The Group has 800 employees and net sales of approximately SEK 2.4 billion.

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