

# ROTTNEROS INTERIM REPORT

Q2 January–June 2017

CONTINUED  
TREND  
TOWARDS  
RISING  
PRODUCTION

PROFIT AFTER  
FINANCIAL ITEMS  
INCREASED  
11 PERCENT

AGENDA 500  
PROCEEDING  
ACCORDING  
TO PLAN



Customised pulp for  
the pulp market, with  
a focus on growth in  
selected niches



YOUR PULP  
COMPANY

# STRONG QUARTER WITH HIGH PRODUCTION AND GOOD PERFORMANCE

- **Production volume** for the second quarter rose by 1% compared with the second quarter of 2016, despite the unplanned shutdown at Vallvik Mill, which entailed a production loss of about 4,500 tonnes. Rottneros Mill set a new quarterly production record once again.
- **Delivery volume** for the second quarter rose by 7% compared with second quarter 2016.
- **Investments** in the Agenda 500 development programme are progressing according to plan, in terms of both cost and increased capacity.
- **Rottneros Packaging** is starting commercial production of fibre trays and will build a new production line.
- **Shareholders were paid a dividend** of SEK 61 million in the second quarter.
- **Net turnover** for the second quarter rose by 14% to SEK 472 million (413). For January-June, net turnover was SEK 944 million (845).
- **Profit after financial items** for the second quarter totalled SEK 62 million (56) and for January-June SEK 118 million (125). Earnings per share for January-June were SEK 0.60 (0.65).
- **Cash flow from operating activities** for the second quarter totalled SEK 53 million (52).
- **The list price for NBSK pulp** over the second quarter was 8% higher in USD and 16% higher in SEK, compared with second quarter 2016. Compared with first quarter 2017, the price level in SEK was 4% higher.

## Q2 and H1 in figures

	Apr-June 2017	Apr-June 2016	change, %	Jan-June 2017	Jan-June 2016	change, %	Rolling 12 months	Jan-Dec 2016
Net turnover, SEK m	472	413	14	944	845	12	1,829	1,730
Operating profit, SEK m	62	57	9	119	128	-7	161	170
Profit after financial items, SEK m	62	56	11	118	125	-6	156	163
Net profit, SEK m	49	46	7	92	100	-8	120	128
Earnings per share, SEK	0.32	0.30	7	0.60	0.65	-8	0.79	0.84
Cash flow from operating activities, SEK m	53	52	2	91	81	12	197	187
Return on capital employed (rolling 12 months), %							14.4	16.7
Production, thousand tonnes	101.4	100.0	1	204.3	195.1	5	383.3	374.1
Deliveries, thousand tonnes	98.9	92.8	7	200.1	185.7	8	388.5	374.1



## COMMENTS BY THE PRESIDENT: YET ANOTHER QUARTER WITH PRODUCTION OVER 100 THOUSAND TONNES

**During the second quarter, the underlying trend of rising production rates continued in our mills. Operating profit increased by SEK 5 million despite some negative effects from unplanned items. We can see that the extensive investments within the framework of the Agenda 500 programme are paying off in higher volumes, even though the unplanned shutdown at Vallvik held back growth for the quarter as a whole. We steadfastly continue to take a structured approach to further improve safety and increase capacity utilization, thereby sustainably increasing volumes in our niches.**

Production rose by 1 per cent in the Group to 101,400 tonnes compared with last year's second quarter, despite the negative impact of 4.5 per cent from the unplanned shutdown at Vallvik. In May, however, the mill achieved a record volume for a single month at the same time that Rottneros Mill demonstrated the highest production ever for a single quarter. These achievements confirm that we continue to clearly move upwards on the volume curve. Meanwhile, more remains to be done to increase availability and production in the future.

Our goal-oriented efforts are also paying off in terms of operating profit, which rose by SEK 5 million compared with the second quarter last year to SEK 62 million, despite the negative impact of certain unplanned items amounting to approximately SEK 5 million and primarily related to the production shutdown at Vallvik. Conflict actions among social partners at the Port of Gothenburg also had a negative impact.

### Continued stable market

The market continues to be stable with a good balance between supply and demand and we are cautiously optimistic in the run-up to the third quarter. At the end of the second quarter, the NBSK list price was USD 890, up about 7 per cent. However, new volumes coming from several Nordic players in the second half of the year and 2018 may have a negative impact on the market balance in the future.

Our development area, Rottneros Packaging, is now approaching start of construction for the new production line for bio-based food trays in Sunne. Demand in the sustainable packaging solutions market is robust and we are optimistic about the development potential of this new segment.

### Key new hire at Vallvik

The hiring of Michael Berggren as head of Vallvik Mill represents an important step for the further development of the mill. Although we have come a long way, much remains to be done in the development of the organisation. A constant effort to improve skills is crucial for increasing availability at the mills and leveraging our investments.

### Agenda 500

Within the framework for the Agenda 500 programme, the Board of Directors has approved a total of approximately SEK 620 million, of which approximately SEK 460 million has been spent on implementing measures to date and measures for the remaining approximately SEK 160 million will be implemented in 2017 and 2018. The company has good liquidity. As previously announced, we are working with an extended long-term funding strategy, which ensures our ability to carry out the investment programme while changing the capital structure.

Planning for the autumn maintenance shutdown is in full swing. Rottneros Mill carries out its shutdown in September and Vallvik plans to stop production in the beginning of the fourth quarter. The estimated cost of these shutdowns is SEK 10 million and SEK 55 million, respectively.



We were pleased to see so many shareholders at the Annual General Meeting in Söderhamn. The opportunity to see our new investments at the tour of the mill in Vallvik definitely contributed to the strong attendance.

In summary, it is clear that we have established a new level of availability and production volumes at the mills, creating continued growth opportunities, especially in our selected niches. Our focus is to continually optimise the factors we can influence, regardless of external factors. This is particularly important in light of potentially rising costs for our inputs such as wood and electricity in the future. We are becoming better equipped for the future, in terms of both meeting potential challenges and taking advantage of our opportunities.

**Lennart Eberleh**

## MARKETS AND PRODUCTS

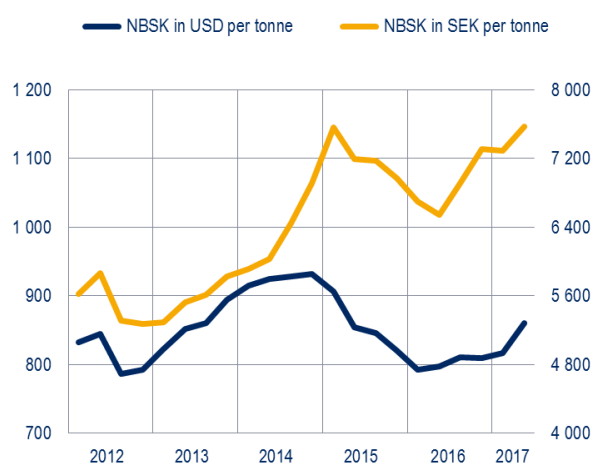
Underlying demand for pulp is robust in the emerging markets, but stagnant or weakly declining within the mature economies. The structural decline in graphic paper continues, but has been offset by increased global fibre consumption in packaging and tissue paper.

Deliveries of chemical market pulp worldwide (World-20) in the first half-year totalled 25 million tonnes, up 4 per cent from 2016. Demand from China and the rest of Asia has been extremely strong, stimulated in part by inventory build-up and expected price hikes in the spring. In contrast, deliveries to the European market declined by almost 2 per cent. Industry capacity utilisation for January-June was 92 per cent. Producer stock levels at the end of June were on a level corresponding to 34 days of consumption. Stocks were well-balanced for long-fibre pulp, but somewhat on the high side for short-fibre.

The price of NBSK rose during the first half-year by about USD 80 to a level that has remained stable since 1 July at USD 890 per tonne. At the same time, the dollar has weakened and for the European buyer, the cost of NBSK, denominated in EUR, has remained unchanged since the turn of the year. The price of short-fibre pulp has increased this year by more than USD 200 to USD 865 at the end of July. The price gap between long and short fibre has thus continued to shrink and is now significantly below the average for the last ten years. The price trend for BCTMP has essentially remained in line with that of short-fibre pulp.



### Trend for NBSK over the past five years



## PRODUCTION AND DELIVERIES

Second quarter 2017 production volumes were 1 per cent higher than in second quarter 2016. Growth was slowed by an unplanned shutdown in Vallvik Mill at the beginning of the quarter, which entailed a production loss of about 4,500 tonnes. Rottneros Mill set a new quarterly production record once again. Production of CTMP was 13 per cent higher compared with second quarter 2016.

Second quarter 2017 deliveries were 7 per cent higher than in second quarter 2016. Rottneros' market is generally stable with a good balance between supply and demand.

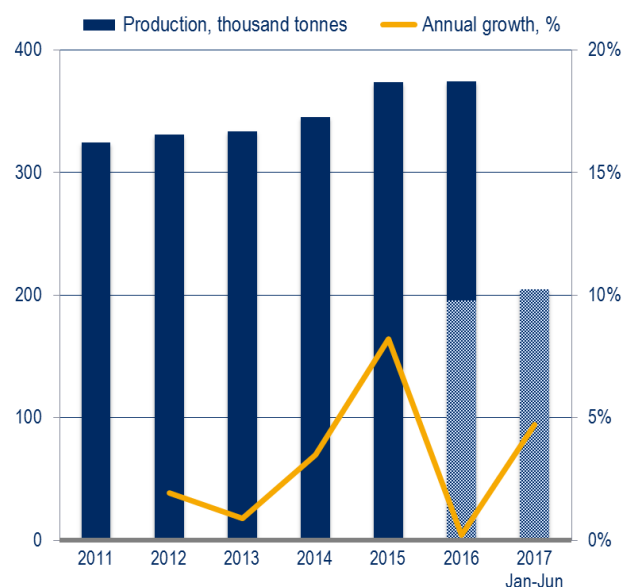
### PRODUCTION (TONNES)

	Apr-June 2017	Apr-June 2016	Jan-June 2017	Jan-June 2016	Jan-Dec 2016
Sulphate pulp	56,800	59,200	115,900	114,900	217,500
Groundwood pulp	18,600	17,700	36,800	35,500	69,000
CTMP	26,000	23,100	51,600	44,700	87,600
<b>TOTAL</b>	<b>101,400</b>	<b>100,000</b>	<b>204,300</b>	<b>195,100</b>	<b>374,100</b>

### DELIVERIES (TONNES)

	Apr-June 2017	Apr-June 2016	Jan-June 2017	Jan-June 2016	Jan-Dec 2016
Sulphate pulp	58,800	55,100	117,100	109,900	219,200
Groundwood pulp	16,600	16,800	36,200	35,100	67,300
CTMP	23,500	20,900	46,800	40,700	87,600
<b>TOTAL</b>	<b>98,900</b>	<b>92,800</b>	<b>200,100</b>	<b>185,700</b>	<b>374,100</b>

### Volume growth, annually, with annual growth





## SALES AND RESULTS – SECOND QUARTER

Turnover in the second quarter of 2017 amounted to SEK 472 million (413), an increase of 14 per cent. Delivery volume rose 7 per cent compared with second quarter 2016. The NBSK list price denominated in SEK rose 16 per cent compared with second quarter 2016. For Rottneros' deliveries, however, the price increase was somewhat less due to changes in the product mix compared with the second quarter last year.

Operating profit for second quarter 2017 was SEK 62 million (57), corresponding to 13.1 (13.8) per cent of turnover. During the second quarter the initiatives continued at Vallvik Mill to ensure capacity utilisation and to address the poor quality of incoming raw materials. These measures resulted in higher variable and fixed costs. Corrective measures have been taken to ensure that the raw material has the right quality.

### Second quarter 2017 compared with second quarter 2016

	Apr-June 2017	Apr-June 2016	change, %
NBSK, USD	860	797	8
SEK/USD	8.80	8.21	7
NBSK, SEK	7,572	6,541	16
<b>Net turnover, SEK m</b>	<b>472</b>	<b>413</b>	<b>14</b>
<b>Operating profit, SEK m</b>	<b>62</b>	<b>57</b>	<b>9</b>

### Maintenance shutdowns and seasonal variations

In 2017, the annual maintenance shutdown at Rottneros Mill is planned for the third quarter and at Vallvik Mill for the fourth quarter, both as last year.

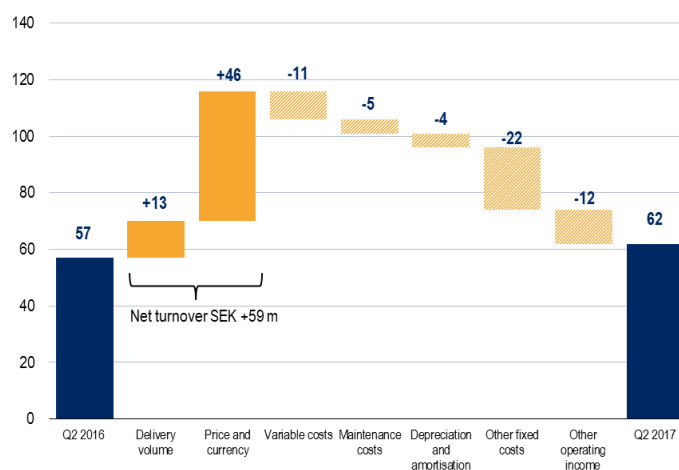
The direct costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place, in accordance with generally accepted accounting practice. The maintenance shutdown also involves a certain loss of production, which affects turnover and income for the quarter in which the shutdown takes place.

	Planned maintenance shutdown date		Estimated cost of shutdown (SEK million)
	2017	2016	
Rottneros Mill	Q3	Q3	10
Vallvik Mill	Q4	Q4	55

Estimated cost of shutdown includes both direct costs and the effect of loss of production, and it represents an assessment of the impact of a typical annual maintenance shutdown on earnings in relation to a quarter without a maintenance shutdown.

Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

### Differences in operating profit Q2 2017 compared with Q2 2016 (SEK m)



Variable costs increased in part because of higher delivery volume during second quarter 2017 compared with second quarter 2016, and also because of availability and quality initiatives at Vallvik Mill. Maintenance costs increased partly according to plan under Agenda 500 and partly because of further measures associated with the unplanned shutdown at Vallvik Mill.

*Depreciation* rose in pace with major investments that were commissioned towards the end of 2016. *Other fixed costs* increased in part because of an increase in the number of employees to keep pace with capacity expansion and skills enhancement, and partly because of the unplanned shutdown as well as initiatives relating to availability and quality at Vallvik Mill.

*Other operating income* in second quarter 2017 was lower than in second quarter 2016, partly due to a reversal of SEK 8 million included in last year's profit and partly because of exchange rate losses from working capital this year compared with exchange rate gains last year.

The average price of electricity on the Nord Pool electricity exchange (area SE3) amounted to SEK 0.28 (0.25) per kWh for second quarter 2017, which is 12 per cent higher than during second quarter 2016. Thanks to high price hedging, the price increase had only a marginal impact on the quarterly results.



## SALES AND RESULTS – FIRST HALF-YEAR

Turnover for January-June 2017 amounted to SEK 944 million (845), an increase of 12 per cent. Delivery volume rose 8 per cent compared with January-June 2016. The NBSK list price denominated in SEK rose 12 per cent compared with January-June 2016. For Rottneros' deliveries, however, the price increase was somewhat less due to changes in the product mix compared with January-June last year.

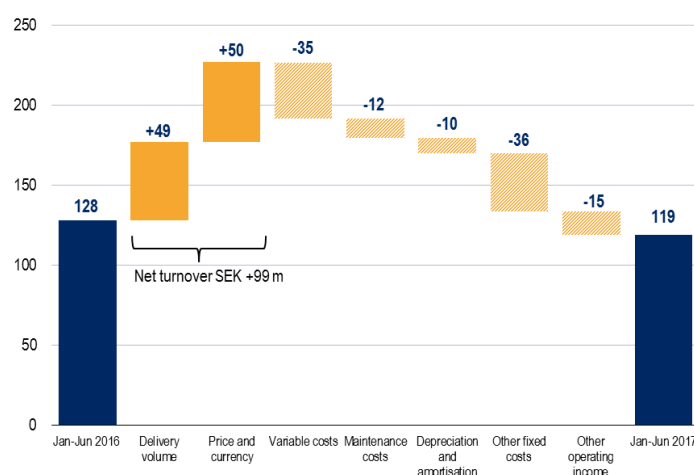
Operating profit for January-June 2017 was SEK 119 million (128), corresponding to 12.6 (15.1) per cent of turnover. During the first half-year certain initiatives were carried out at Vallvik Mill

to ensure capacity utilisation and to address the poor quality of incoming raw materials. These measures resulted in higher variable and fixed costs. Corrective measures have been taken to ensure that the raw material has the right quality.

### First half-year 2017 compared with first half-year 2016

	Jan-June 2017	Jan-June 2016	change, %
NBSK, USD	839	794	6
SEK/USD	8.86	8.33	6
NBSK, SEK	7,434	6,619	12
<b>Net turnover, SEK m</b>	<b>944</b>	<b>845</b>	<b>12</b>
<b>Operating profit, SEK m</b>	<b>119</b>	<b>128</b>	<b>-7</b>

### Differences in operating profit first half-year 2017 compared with first half-year 2016 (SEK m)



*Variable costs* increased in part because of higher delivery volume during first half-year 2017 compared with first half-year 2016, and also because of availability and quality initiatives at Vallvik Mill. *Maintenance costs* increased partly according to plan under Agenda 500 and partly because of further measures associated with production disruptions at Vallvik Mill.

*Depreciation* rose in pace with major investments that were commissioned towards the end of 2016. *Other fixed costs* increased in part because of an increase in the number of employees to keep pace with capacity expansion and skills enhancement, and partly because of the unplanned shutdown as well as initiatives relating to availability and quality at Vallvik Mill.

*Other operating income* in the first half-year of 2017 was lower than in the first half-year of 2016, partly due to a reversal of SEK 8 million included in last year's profit and partly because of exchange rate losses from working capital this year compared with exchange rate gains last year.

The average price of electricity on the Nord Pool electricity exchange (area SE3) amounted to SEK 0.29 (0.23) per kWh for first half-year 2017, which is 26 per cent higher than during first

half-year 2016. The higher price of electricity had a negative impact on profit of about SEK 1 million for the portion of electricity consumption that had not been hedged.

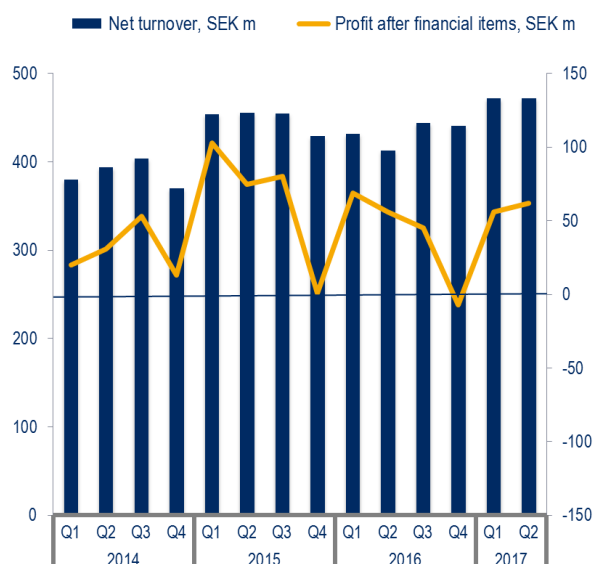
### Other income statement items

The Group's profit after financial items amounted to SEK 118 million (125) for first half-year 2017.

Income taxes for the first half-year totalled SEK 26 million (25). Rottneros plans to take advantage of its excess depreciation in 2017, which means that the Group is reporting a deferred tax expense instead of tax paid.

Net income totalled SEK 92 million (100) and earnings per share SEK 0.60 (0.65) for first half-year 2017.

Return on capital employed, measured over a rolling 12-month period, was 14.4 per cent (22.2). Return on equity, measured over a rolling 12-month period, was 10.7 per cent (15.0).



## INVESTMENTS AND FINANCIAL POSITION

Group investments in non-current assets amounted to SEK 99 million (95) in the first half-year of 2017. The investments primarily relate to equipment to increase capacity and efficiency under Agenda 500, the long-term strategic action plan to strengthen and develop Rottneros.

The project with the new energy and emission-efficient biofuel boiler at Rottneros Mill is proceeding according to plan and the investment will be commissioned in connection with the maintenance shutdown in September. Following this investment, energy consumption at both mills will for all practical purposes be fossil-free.

In February 2017 the Board of Directors decided to expand the purification plant at Rottneros Mill, within the scope of Agenda 500. The environmental investment of SEK 84 million is planned to be commissioned in 2018.

During the period 2015-2017 the Board of Directors decided on total investments of SEK 620 million within the framework of the long-term industrial plan, Agenda 500. Approximately SEK 460 million of these investments were carried out in 2015-2016 and the first half-year of 2017. The remaining investments of around SEK 160 million will be carried out in 2017-2018. About half of these investments are already procured and contracted.



The Group's cash and cash equivalents amounted to SEK 11 million at the end of the first half-year, compared with SEK 16 million at year-end 2016.

The Group had interest-bearing liabilities of SEK 78 million at the end of the first half-year, compared with SEK 14 million at year-end 2016. The Group's interest-bearing net debt at the end of the first half-year totalled SEK 67 million, compared with net cash of SEK 2 million at the end of 2016. Total granted and unused credit facilities amounted to SEK 215 million at the end of the first half-year.

The equity/assets ratio amounted to 74 (78) per cent as of 30 June 2017. Equity per share totalled SEK 7.67 (SEK 7.14) at the end of the first half-year.

## CASH FLOW

Cash flow from operating activities for first half-year of 2017 amounted to SEK 91 million (81). The continued strong cash flow from current operations largely funded the Group's investments during first half-year of 2017 as well. Cash flow after investments for the first half-year was SEK -8 million (-14).

Shareholders were paid a dividend of SEK 61 (76) million in the second quarter.

The Group borrowed a long-term loan of SEK 80 million during the first half-year. The loans are included in the loan financing agreements for a total of SEK 120 million that were signed at the end of 2016.

Net cash flow for the first half-year of 2017 was SEK -5 million (-90).

## ROTTNEROS PACKAGING

After receiving the first order in March, Rottneros Packaging, the Group's new development area for environmentally sound fibre trays, is in the process of starting up industrial production, designing the production process and developing product quality. A completely new production line will also be built.

Through the EU project PULPACKTION, Rottneros also plans to develop packaging that is completely bio-based at a competitive price, thereby contributing to more sustainable development in the packaging industry. The project began in October 2016 and will run for four years.



## AVERAGE NUMBER OF EMPLOYEES

The average number of employees in the first half-year of 2017 was 293 (275). The increase was mainly attributable to capacity expansion and skills enhancement.

## PARENT COMPANY

Loss after financial items for the parent company amounted to SEK -13 (-8) million for the first half-year of 2017.

## CHANGES IN MANAGEMENT

Monica Pasanen took over as Chief Financial Officer for the Rottneros Group in January 2017. Monica most recently worked at Stora Enso, where she was Supply Chain Director in the Consumer Board division. She has more than 20 years of experience in a variety of management positions in both finance and marketing.

Kasper Skuthälla took over as Managing Director of Rottneros Packaging AB in January 2017. Kasper most recently worked at FreeForm Packaging AB, an associated company to

BillerudKorsnäs, where he was the managing director and co-founder of the business. He has more than 10 years of experience in a variety of management positions in both business development and marketing.

In June 2017, Rottneros appointed Michael Berggren to serve as mill manager of Vallvik Mill. Michael most recently comes from Ahlstrom-Munksjö where he was chief of production at Aspa Bruk. He will begin by 21 September 2017 and will be part of the Rottneros Group management team.

## SHARE INFORMATION

### Largest shareholders on 30 June 2017

Shareholders	Number of shares (=votes)	Percentage of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	8,190,000	5.3
Försäkringsaktiebolaget Avanza Pension	3,870,022	2.5
Clearstream Banking S.A., W81MY	2,028,862	1.3
Försäkrings AB Skandia	1,526,103	1.0
Nordnet Pensionsförsäkring AB	1,414,007	0.9
SSB Client Omnibus AC OM07 (15 PCT)	1,330,131	0.9
SEB Investment Management	1,169,784	0.8
Prior & Nilsson Fond- och Kapitalförvaltning AB	1,148,667	0.7
S3 / IICS Clients	990,788	0.6
<b>Total for 10 largest owners – by size of holding</b>	<b>99,899,247</b>	<b>65.1</b>
Other shareholders	52,672,678	34.3
Rottneros AB (treasury stock from buy-back)	821,965	0.5
<b>TOTAL</b>	<b>153,393,890</b>	<b>100.0</b>

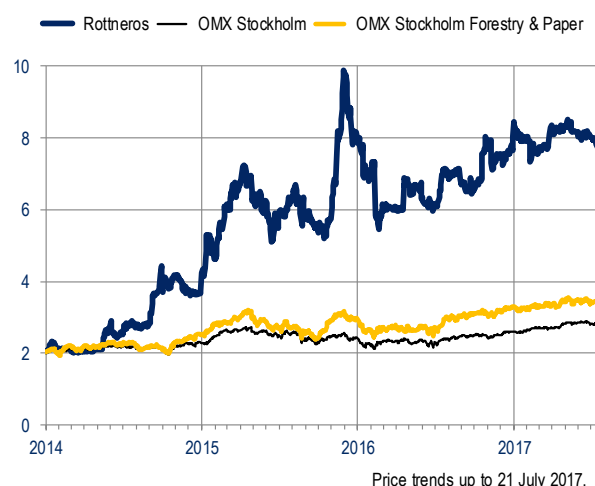
### Number of shares and treasury shares

The number of shares in Rottneros totals 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. No change in treasury shares occurred during the first half-year of 2017.

### Trend of share price over the first half-year

At the end of the first half-year of 2017, the price of Rottneros shares was SEK 8.05 (8.05 at the end of 2016).

### Trends of prices, Rottneros share and Stockholm Stock Exchange, 2014-2017





### Transactions with related parties

During the first half-year of 2017 Rottneros sold pulp to the related party Arctic Paper S.A. Group, in the amount of SEK 71 million (57). Outstanding operating receivables from Arctic Paper totalled SEK 25 million (18) at the end of the first half-year. Transactions were conducted on normal market conditions but with a lower level of credit insurance, primarily owing to the group relationship between Arctic Paper and Rottneros.

## RISK MANAGEMENT

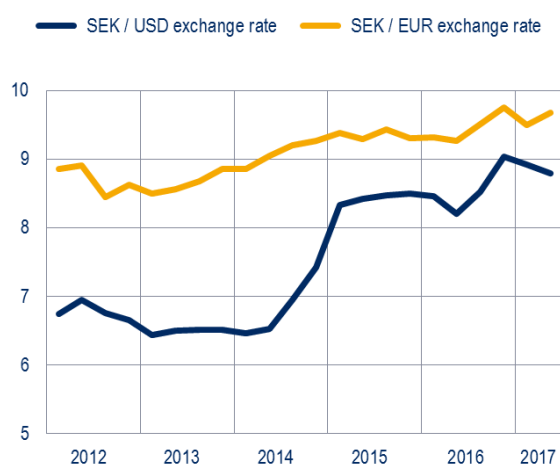
Operationally, the Company uses a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group’s dependence on market pulp list prices and at moderating fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group’s results are linked to exchange rates and the price of pulp, timber and electricity.

### Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus high. The direct inflow of USD (the real flow) for the first half-year of 2017 represented approximately 45 per cent of the inflow, and in EUR approximately 40 per cent. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a customer contract is between one and three months.

The average USD exchange rate was 6 per cent higher in the first half-year of 2017 than in the first half-year of 2016.

### Trend of exchange rates over the past five years



### Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. The Group had pulp hedging of 12,000 tonnes as of 30 June, with a due date between July 2017 up to and including December 2017 at a price of SEK 7,150 per tonne. As of 30 June 2016 the Group had no pulp price hedges.

### Electricity

All electricity for the mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. At the end of the first half-year of 2017 the Group had electricity price hedging as shown in the following table. The table shows the hedged proportion of estimated total consumption and the average price in SEK/kWh.

### Electricity hedging, 30 June 2017

Year	Proportion hedged	SEK/kWh
2017 July-Dec	90%	0.235
2018	85%	0.226
2019	85%	0.225
2020	85%	0.218
2021	42%	0.237



The average price level for electricity on Nord Pool (area SE3) amounted to SEK 0.29 (0.23) per kWh for the first half-year of 2017.

See pages 39-43 of the Annual Report for 2016 for further information on risks.

## ANNUAL GENERAL MEETING

At the Annual General Meeting on 16 May 2017 in Söderhamn the meeting resolved to pay the shareholders a dividend of SEK 61 million, corresponding to an ordinary dividend of SEK 0.30 and an extra dividend of SEK 0.10 per share, for a total dividend of SEK 0.40 per share.

The AGM decided that the Board of Directors shall consist of five directors (a reduction of one) and re-elected Marie S. Arwidson, Ulf Carlson, Per Lundeen, Roger Mattsson and Per Skoglund to serve as directors. Per Lundeen was re-elected to serve as chairman of the Board.

More information about the Annual General Meeting can be found on the Rottneros website under corporate governance.

In addition, the employees appointed Dan Karlsson and Thomas Wasberg to serve as board members, with Gun-Marie Nilsson and Mika Palmu as deputies.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date that affected the Group's financial position and results of operations.

## FORTHCOMING FINANCIAL INFORMATION

13 November 2017 Interim Report July–September

For more information, please visit Rottneros' website, [www.rottneros.com](http://www.rottneros.com).



The Board of Directors and the Chief Executive Officer certify that the half-year report gives a true and fair summary of the development of the Group's operations, financial position and results of operations and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Stockholm 15 August 2017

Per Lundeen  
*Chairman of the Board*

Marie S. Arwidson  
*Board Member*

Ulf Carlson  
*Board Member*

Roger Mattsson  
*Board Member*

Per Skoglund  
*Board Member*

Dan Karlsson  
*Board Member,  
employee representative*

Tomas Wasberg  
*Board Member,  
employee representative*

Lennart Eberleh  
*President and CEO*

This information is information that Rottneros AB is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act. This information was submitted for publication, through the agency of the contact person set out below, on 16 August 2017 at 8:00 a.m. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two reports.

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**THIS REPORT IS A TRANSLATION FROM THE SWEDISH ORIGINAL**

## **REVIEW REPORT**

Rottneros AB (publ), corporate identity number 556013-5872

### **INTRODUCTION**

We have reviewed the condensed interim report for Rottneros AB (publ) as at June 30, 2017 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, August 15, 2017

Ernst & Young AB

Erik Sandström  
Authorized Public Accountant

## CONSOLIDATED STATEMENTS OF INCOME

### CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Apr-June 2017	Apr-June 2016	Jan-June 2017	Jan-June 2016	Rolling 12 months	Full-year 2016
<b>NET TURNOVER</b>	472	413	944	845	1,829	1,730
Change in inventories, finished goods	12	21	24	29	-9	-4
Other operating income	12	24	25	40	42	57
	<b>496</b>	<b>458</b>	<b>993</b>	<b>914</b>	<b>1,862</b>	<b>1,783</b>
Raw materials and consumables	-230	-227	-477	-447	-911	-881
Other expenses	-114	-100	-227	-196	-489	-458
Employee benefit expenses	-69	-58	-129	-112	-240	-223
Depreciation/amortisation and impairment losses	-21	-16	-41	-31	-61	-51
	<b>-434</b>	<b>-401</b>	<b>-874</b>	<b>-786</b>	<b>-1,701</b>	<b>-1,613</b>
<b>OPERATING PROFIT</b>	<b>62</b>	<b>57</b>	<b>119</b>	<b>128</b>	<b>161</b>	<b>170</b>
Financial income	1	1	1	1	2	2
Financial expenses	-1	-2	-2	-4	-7	-9
<b>Total financial items</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>-3</b>	<b>-5</b>	<b>-7</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>62</b>	<b>56</b>	<b>118</b>	<b>125</b>	<b>156</b>	<b>163</b>
Tax on income for the period	-13	-10	-26	-25	-36	-35
<b>NET INCOME</b>	<b>49</b>	<b>46</b>	<b>92</b>	<b>100</b>	<b>120</b>	<b>128</b>
Average number of shares (thousand) <sup>1</sup>	152,572	152,572	152,572	152,572	152,572	152,572
<b>Earnings per share, SEK <sup>1</sup></b>	<b>0.32</b>	<b>0.30</b>	<b>0.60</b>	<b>0.65</b>	<b>0.79</b>	<b>0.84</b>

<sup>1</sup> No share-based programmes exist that result in dilution.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Apr-June 2017	Apr-June 2016	Jan-June 2017	Jan-June 2016	Rolling 12 months	Full-year 2016
<b>NET INCOME</b>	49	46	92	100	120	128
<b>Other comprehensive income</b>						
<b>Items that have been or may be transferred to profit or loss for the period</b>						
Cash-flow hedging, before tax effect	14	16	-16	9	27	52
Cash-flow hedging, tax effect	-3	-4	4	-2	-5	-11
Translation differences	0	0	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>11</b>	<b>12</b>	<b>-12</b>	<b>7</b>	<b>22</b>	<b>41</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>60</b>	<b>58</b>	<b>80</b>	<b>107</b>	<b>142</b>	<b>169</b>

<sup>2</sup> The entire comprehensive income is attributable to the parent company's shareholders

## SUMMARY CONSOLIDATED BALANCE SHEET

Amounts in SEK m	30 June 2017	30 June 2016	31 Dec. 2016
Intangible assets	14	12	10
Property, plant and equipment	937	718	882
Deferred tax assets	-	10	-
Financial assets	14	12	13
<b>Total non-current assets</b>	<b>965</b>	<b>752</b>	<b>905</b>
Inventories	299	309	278
Current receivables	301	263	290
Cash and cash equivalents	11	79	16
<b>Total current assets</b>	<b>611</b>	<b>651</b>	<b>584</b>
<b>TOTAL ASSETS</b>	<b>1,576</b>	<b>1,403</b>	<b>1,489</b>
<b>Shareholders' equity</b>	<b>1,170</b>	<b>1,089</b>	<b>1,151</b>
Long-term liabilities			
Interest-bearing liabilities	70	-	-
Deferred tax liabilities	31	-	8
Other non-interest-bearing liabilities	10	23	6
<b>Total non-current liabilities</b>	<b>111</b>	<b>23</b>	<b>14</b>
Current liabilities			
Interest-bearing liabilities	8	-	14
Non-interest-bearing liabilities	287	291	310
<b>Total current liabilities</b>	<b>295</b>	<b>291</b>	<b>324</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,576</b>	<b>1,403</b>	<b>1,489</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

Amounts in SEK m	Share capital	Other injected capital	Treasury shares	Other reserves		Retained earnings, incl. profit for the year	Total shareholders' equity
				Hedging reserve	Translation difference		
<b>Opening balance, 1 January 2016</b>	153	730	-69	-26	-8	278	1,058
Net income Jan-June						100	100
Other comprehensive income, Jan-June				7	0		7
Total comprehensive income, Jan-June				7	0	100	107
Dividends to shareholders, Jan-June						-76	-76
<b>Closing balance, 30 June 2016</b>	153	730	-69	-19	-8	302	1,089
Net income July-Dec						28	28
Other comprehensive income, July-Dec				34	0		34
Total comprehensive income, July-Dec				34	0	28	62
<b>Closing balance, 31 December 2016</b>	153	730	-69	15	-8	330	1,151
Net income Jan-June						92	92
Other comprehensive income, Jan-June				-12	0		-12
Total comprehensive income, Jan-June				-12	0	92	80
Dividends to shareholders, Jan-June						-61	-61
<b>Closing balance, 30 June 2017</b>	153	730	-69	3	-8	361	1,170

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK m	Jan-June 2017	Jan-June 2016	Rolling 12 months	Full-year 2016
Operating profit	119	128	161	170
Adjustment for non-cash flow items				
Depreciation/amortisation and impairment losses	41	31	61	51
Other items not affecting cash flow	-5	-13	-5	-13
	<b>155</b>	<b>146</b>	<b>217</b>	<b>208</b>
Received/paid financial items	-1	-1	-4	-4
Received/paid taxes	0	0	0	0
<b>Cash flow from operating activities before working capital changes</b>	<b>154</b>	<b>145</b>	<b>213</b>	<b>204</b>
Change in working capital	-63	-64	-16	-17
<b>Cash flow from operating activities</b>	<b>91</b>	<b>81</b>	<b>197</b>	<b>187</b>
Investments in non-current assets	-99	-95	-282	-278
<b>Cash flow from investing activities</b>	<b>-99</b>	<b>-95</b>	<b>-282</b>	<b>-278</b>
Amortisation of long-term loan	80	-	80	-
Amortisation of long-term loan	-2	-	-2	-
Change in credit facilities	-14	-	-	14
Dividend paid	-61	-76	-61	-76
<b>Cash flow from financing activities</b>	<b>3</b>	<b>-76</b>	<b>17</b>	<b>-62</b>
<b>Net cash flow for the period</b>	<b>-5</b>	<b>-90</b>	<b>-68</b>	<b>-153</b>
Cash and cash equivalents at start of period	16	169	79	169
Net cash flow for the period	-5	-90	-68	-153
Closing cash and cash equivalents	11	79	11	16



## PARENT COMPANY INCOME STATEMENTS

### PARENT COMPANY INCOME STATEMENT

Amounts in SEK m	Jan-June 2017	Jan-June 2016	Full-year 2016
<b>NET TURNOVER</b>	3	3	6
Other operating income	5	4	5
	8	7	11
Other expenses	-8	-7	-18
Employee benefit expenses	-13	-7	-15
Depreciation/amortisation and impairment losses	0	0	-6
	-21	-14	-39
<b>OPERATING LOSS</b>	-13	-7	-28
Profit from participations in Group companies	0	0	166
Financial expenses	0	-1	0
<b>Total financial items</b>	0	-1	166
<b>LOSS/PROFIT AFTER FINANCIAL ITEMS</b>	-13	-8	138
Tax on income for the period	3	2	-30
<b>NET INCOME</b>	-10	-6	108

### PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Jan-June 2017	Jan-June 2016	Full-year 2016
<b>NET INCOME</b>	-10	-6	108
Other comprehensive income	-	-	-
<b>Total other comprehensive income</b>	-	-	-
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	-10	-6	108

## PARENT COMPANY BALANCE SHEET, SUMMARY

Amounts in SEK m	30 June 2017	30 June 2016	31 Dec. 2016
Intangible assets	12	11	9
Financial assets	284	311	282
<b>Total non-current assets</b>	296	322	291
Current receivables <sup>1</sup>	804	659	887
Cash and cash equivalents	1	71	1
<b>Total current assets</b>	805	730	888
<b>TOTAL ASSETS</b>	1,101	1,052	1,179
<b>Shareholders' equity</b>	968	926	1,042
Long-term liabilities			
Non-interest-bearing	7	4	6
<b>Total non-current liabilities</b>	7	4	6
Current liabilities			
Interest-bearing	-	-	11
Non-interest-bearing <sup>2</sup>	126	122	120
<b>Total current liabilities</b>	126	122	131
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	1,101	1,052	1,179

<sup>1</sup> Including receivables of SEK 804 million (659) from subsidiaries.

<sup>2</sup> Including liabilities of SEK 116 (115) million to subsidiaries.



## SUPPLEMENTARY DISCLOSURES AND NOTES, SUMMARY

### ACCOUNTING POLICIES

This 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.

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

All amounts in this report are in SEK m, unless stated otherwise. Rounding-off differences may occur.

### FINANCIAL INSTRUMENTS

#### FAIR VALUE FOR DERIVATIVES, 30 JUNE 2017

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward sell	EUR 1.0 million	July 2017	9.75 SEK/EUR	0
Currency USD, forward sell	USD 1.0 million	July 2017	8.70 SEK/USD	0
Pulp, forward sell	12,000 tonnes	July-Dec 2017	7,150 SEK/tonne	0
Electricity, forward buy	1,053,000 MWh	2017-2021	0.226 SEK/kWh	2
<b>Total fair value</b>				<b>2</b>

#### FAIR VALUE FOR DERIVATIVES, 31 DECEMBER 2016

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward sell	EUR 1.0 million	Jan 2017	9.73 SEK/EUR	0
Currency USD, forward sell	USD 4.0 million	Jan 2017	8.66 SEK/USD	-2
Pulp, forward sell	24,000 tonnes	Jan-Dec 2017	7,150 SEK/tonne	8
Electricity, forward buy	953,160 MWh	2017-2021	0.229 SEK/kWh	10
<b>Total fair value</b>				<b>16</b>

The valuation is based on directly observable price quotations on the reporting date that are classified at level 2 in the fair value hierarchy described in IFRS 13.

The full fair value of a derivative instrument that constitutes a hedging instrument is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item exceeds twelve months, and as a current asset or current liability if the remaining maturity of the hedged item is less than twelve months. The ineffective portion, which is recognised in the income statement, was SEK 0 (0) million in respect of cash flow hedges during the reporting period. The maximum exposure for credit risk on the reporting date is the fair value of the derivative instruments recognised as assets in the balance sheet.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2016. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2016, since the effect of discounting is not of material significance. Accounts receivables are covered by credit insurance, which reimburses most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

## GROUP PERFORMANCE IN SUMMARY

	Jan- June 2017	Jan- June 2016	Rolling 12 months	Full- year 2016	2015	2014	2013	2012
<b>Income statement, SEK m</b>								
Net turnover	944	845	1,829	1,730	1,795	1,547	1,389	1,437
Profit/loss before depreciation/amortisation and impairment losses	160	159	222	221	321	177	-11	61
Depreciation/amortisation and impairment losses	-41	-31	-61	-51	-58	-59	-142	-55
Operating profit/loss	119	128	161	170	263	118	-154	6
Financial items (net financial items)	-1	-3	-5	-7	-4	-4	-4	0
Profit/loss after financial items	118	125	156	163	259	114	-158	6
Net income	92	100	120	128	223	133	-158	-13
<b>Statement of cash flow, SEK m</b>								
Cash flow from operating activities	91	81	197	187	335	104	62	41
Investments in non-current assets	-99	-95	-282	-278	-278	-59	-37	-51
Cash flow after investments	-8	-14	-85	-91	57	45	25	-10
Sale of non-current assets	0	0	0	0	0	39	2	1
Cash flow from financing activities	3	-76	2	-62	-152	-30	-18	14
Net cash flow	-5	-90	-83	-153	80	54	9	5
<b>Balance sheet items (SEK M)</b>								
Non-current assets	965	752	965	905	706	691	706	809
Inventories	299	309	299	278	267	255	246	240
Current receivables	301	263	301	290	244	226	175	219
Cash and cash equivalents	11	79	11	16	169	89	35	26
Net debt (+) / net cash (-)	67	-79	67	-2	-169	-59	25	52
Shareholders' equity	1,170	1,089	1,170	1,151	1,058	975	825	993
Long-term interest-bearing liabilities	70	-	70	-	-	30	0	0
Long-term non-interest-bearing liabilities	41	23	41	14	18	9	13	15
Current interest-bearing liabilities	8	-	8	14	-	0	60	78
Current non-interest-bearing liabilities	287	291	287	310	310	247	264	208
Capital employed	1,237	1,010	1,237	1,149	889	916	849	1,045
Total shareholders' equity and liabilities	1,576	1,403	1,576	1,489	1,386	1,261	1,161	1,294
<b>Key ratios</b>								
Operating margin, %	12.6	15.1	8.8	9.8	14.7	7.6	-11.1	0.4
Return on shareholders' equity (rolling 12 months), %	10.7	15.0	10.7	11.6	21.9	13.6	Neg.	Neg.
Return on capital employed (rolling 12 months), %	14.4	22.2	14.4	16.7	29.1	13.4	Neg.	0.6
Equity/assets ratio, %	74	78	74	77	76	77	71	77
Debt/equity ratio, %	6	-7	6	0	-16	-6	3	5
<b>Other</b>								
Average no. of employees	293	275	288	282	264	251	256	275
Pulp production, 1,000 tonnes	204.3	195.1	383.3	374.1	373.3	345.0	333.4	330.4
Pulp deliveries, 1,000 tonnes	200.1	185.7	388.5	374.1	372.2	344.2	332.1	331.4
List price of NBSK pulp, USD per tonne <sup>1</sup>	839	794	824	802	857	925	857	814
SEK/USD <sup>2</sup>	8.86	8.33	8.82	8.56	8.44	6.86	6.51	6.78
List price of NBSK pulp, SEK per tonne	7,434	6,619	7,272	6,867	7,228	6,345	5,582	5,519

<sup>1</sup> Source: PIX quotation once a week. Average for each period.

<sup>2</sup> Source: Riksbanken's daily listings. Average for each period.

## QUARTERLY DATA, GROUP

	2017		2016				2015			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, SEK m</b>										
Net turnover	472	472	441	444	413	432	429	455	456	454
Profit before depreciation/amortisation and impairment losses	83	77	1	61	73	86	18	95	90	118
Depreciation/amortisation and impairment losses	-21	-20	-5	-15	-16	-15	-15	-14	-14	-14
Operating profit/loss	62	57	-4	46	57	71	3	81	76	104
Financial items (net financial items)	0	-1	-3	-1	-1	-2	-2	-1	-1	-1
Profit/loss after financial items	62	56	-7	45	56	69	1	80	75	103
Tax on income for the period	-13	-13	1	-11	-10	-15	0	-18	6	-23
Net income	49	43	-6	34	46	54	1	62	81	80
<b>Per share</b>										
Earnings per share, SEK	0.32	0.28	-0.04	0.23	0.30	0.35	0.01	0.41	0.53	0.52
<b>Other</b>										
Pulp production, 1,000 tonnes	101.4	102.9	87.1	91.9	100.0	95.1	88.5	95.3	95.8	93.7
Pulp deliveries, 1,000 tonnes	98.9	101.2	92.8	95.6	92.8	92.9	91.3	94.7	95.3	90.9
List price of NBSK pulp, SEK per tonne	7,572	7,290	7,313	6,912	6,541	6,699	6,970	7,173	7,199	7,560

## SHARE DATA <sup>1</sup>

		Jan-June 2017	Jan-June 2016	Rolling 12 months	Full-year 2016	2015	2014	2013	2012	
Shares, opening <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572	
Shares, closing <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572	
Average number of shares <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572	
Treasury shares <sup>2</sup>	Number	822	822	822	822	822	822	822	822	
Earnings per share	SEK	0.60	0.65	0.79	0.84	1.46	0.87	-1.04	-0.09	
Cash flow after investments/share <sup>3</sup>	SEK	-0.05	-0.09	-0.56	-0.60	1.52	0.29	0.16	-0.07	
Equity per share	SEK	7.67	7.14	7.67	7.54	6.93	6.39	5.41	6.51	
Dividend										
Ordinary dividend	SEK	-	-	0.30	0.30	0.30	0.20	-	-	
Extra dividend	SEK	-	-	0.10	0.10	0.20	0.60	-	-	
Total	SEK	-	-	0.40	0.40	0.50	0.80	-	-	
Dividend/equity per share	%	-	-	5.2	5.3	7.2	12.5	-	-	
Share price at end of period	SEK	8.05	6.15	8.05	8.05	8.15	3.74	1.99	2.00	
Market price/equity per share	times	1.0	0.9	1.0	1.1	1.2	0.6	0.4	0.3	
P/E ratio per share	times	6.7	4.7	10.2	9.6	5.6	4.3	Neg.	Neg.	
Dividend yield <sup>4</sup>	%	-	-	5.0	5.0	6.1	21.4	-	-	

<sup>1</sup> None of the key ratios are affected by any dilution effect.

<sup>2</sup> The number of shares is in thousands, excluding Rottneros' treasury shares.

<sup>3</sup> Cash flow from operating activities less investments, divided by the number of shares.

<sup>4</sup> The calculation of dividend yield is based on the share price at end of period.

## ALTERNATIVE KEY RATIOS

Alternative ratios are financial measures that are not defined in IFRS and are presented outside the financial statements. Rottneros uses the alternative ratios Cash flow after investments, Net debt/cash, Capital employed, Return on capital employed, Return on equity, Equity/assets ratio, and Debt/equity ratio. The Company believes that these key ratios are useful for readers of the financial statements as a complement to other key performance indicators to assess the Rottneros Group's financial position and profitability. Rottneros also uses the alternative indicators P/E ratio and Direct yield, which the Company believes are relevant for investors and other readers. Alternative key ratios can be defined in different ways by other companies and therefore may not be comparable with similar measures used by other companies.

## DEFINITIONS OF KEY RATIOS

### Operating margin

Operating profit as a percentage of net turnover.

### Profit margin

Profit after financial items as a percentage of net turnover.

### Earnings per share

Net income divided by the average number of shares.

### Shareholders' equity per share

Shareholders' equity divided by number of shares

### Cash flow after investments

Cash flow from operating activities less investments in non-current assets.

### Net debt/net cash

Interest-bearing liabilities minus cash and cash equivalents.

### Capital employed

Shareholders' equity plus interest-bearing liabilities minus cash and cash equivalents.

### Return on capital employed (rolling 12 months)

Operating profit for the past 12 months, as a percentage of average capital employed (average of capital employed at the beginning of the period and at the end of the period).

### Return on shareholders' equity (rolling 12 months)

Net income for the past 12 months, as a percentage of average shareholders' equity (average of shareholders' equity at the beginning of the period and at the end of the period).

### Equity/assets ratio

Equity as a percentage of the sum of shareholders' equity and liabilities.

### Debt/equity ratio

Net debt/cash as a percentage of shareholders' equity.

### P/E ratio

Share price at the end of the period in relation to earnings per share.

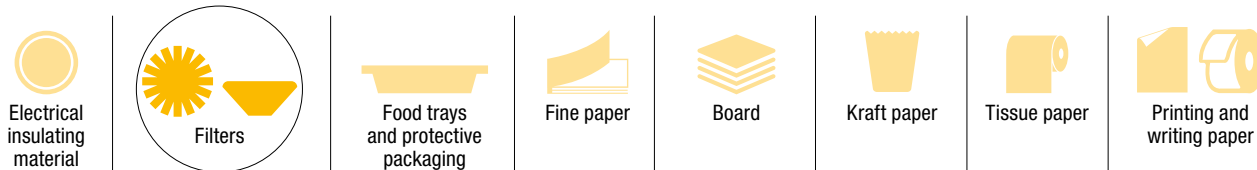
### Direct yield

Dividend as a percentage of the share price at the end of the period.

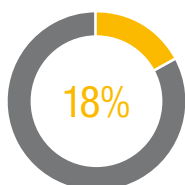
## GLOSSARY

Market pulp	Pulp sold on the market and transported to the customer. Market pulp accounts for about one third of pulp production worldwide. The remaining two thirds are produced at integrated paper and board mills, or used internally within a group.	Long-fibre pulp	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
BCTMP	Bleached Chemi-Thermo-Mechanical Pulp: bleached mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is common in North America and Asia (see CTMP).	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. Groundwood pulp, TMP and CTMP/BCTMP are types of mechanical pulp.
BEK	Bleached Eucalyptus Kraft 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 mechanical pulp is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.	PIX	Price index published by FOEX.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, instead of chlorine gas.	Groundwood pulp (SGP)	Mechanical pulp based on roundwood as a raw material.
High-yield pulp	Groundwood pulp, TMP and CTMP/BCTMP	TMP	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.
Chemical pulp	Paper pulp produced by boiling raw timber with chemicals. The pulp can be bleached to a higher brightness and a higher strength than mechanical pulp. Chemical pulp is usually sulphate pulp, but can also be sulphite pulp.	UKP	Unbleached Kraft Pulp, unbleached sulphate pulp.
Short-fibre pulp	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.		

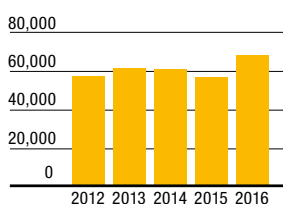
## APPLICATION AREAS OF ROTTNEROS' PRODUCTS



### PROPORTION OF ROTTNEROS' TOTAL DELIVERIES



### ROTTNEROS' DELIVERIES OF PULP FOR FILTERS, TONNES



### Wide range of applications

One important niche for Rottneros is pulp for manufacturing of filters. With two mills that produce specially developed grades of pulp for filter products, the Group has a comprehensive range of products for manufacturers of both air and liquid filters in the food and automotive industry.

### World leader in automotive filters

The Rottneros Group is a world-leading supplier of filter products for the automotive industry, facilitated by the high quality for the special pulp, as well as access to cost-effective maritime transport from the deep harbour at Vallvik Mill to ports in, for example, the US. The advantages of the Group's grades of pulp for filter products include high porosity, strength and cost efficiency. The Group works continuously to develop and improve its products in order to meet increasing demands on filtration capacity. When we improve our filter pulp, we are also contributing to the reduction of emissions for our customers in the automotive industry.

### Close and long-term customer relationships

Several of the purchasers of pulp for filters have long-term customer relationships with the Rottneros Group. The consistently high quality of the pulp combined with the assurance that Rottneros can offer in the form of service, technical customer service, stock and logistics solutions have paved the way for long-term customer relationships. In addition, the Group has high credibility through its constant market presence, independent of the state of the business cycle.



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