

# ROTTNEROS YEAR-END REPORT

Q4 January–December 2017

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**PRODUCTION GROWS  
– NEW ANNUAL  
RECORD WITH OVER  
400 000 TON**

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**NEW ORGANISATION  
INTRODUCED**

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**INCREASED FOCUS  
ON EFFICIENCY  
IMPROVEMENTS  
AHEAD**



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

**YOUR PULP  
COMPANY**



# ANNUAL PRODUCTION EXCEEDS 400,000 TONNES, NEW ANNUAL RECORD FOR BOTH MILLS

- **Production volume** in the fourth quarter rose by 8% to 94.4 thousand tonnes (87.1). For the whole of 2017, production rose by 7% to 401.2 thousand tonnes (374.1).
- **Investments** in the Agenda 500 development programme are progressing according to plan, in terms of both increased capacity and expenses.
- **Net turnover** in the fourth quarter rose by 12% to SEK 496 million (441). Turnover for 2017 as a whole rose by 11% to SEK 1,912 million (1,730).
- **Profit during the fourth quarter** was affected (as was the case in the previous year) by the annual maintenance shutdown at Vallvik Mill. The loss of production and the direct cost of the shutdown decreased earnings for the fourth quarter by approx. SEK 55 million (55).
- **The profit after financial items for the year** amounted to SEK 147 million (163). Earnings per share for 2017 were SEK 0.75 (0.84).
- **Cash flow from operating activities** for the fourth quarter was strong, amounting to SEK 74 million (13) and to SEK 222 million (187) for the entire year.
- **Rottneros is mapping out the potential for increase in efficiency** and has a clear focus on improved profitability.
- **A new organisation** was presented during the fourth quarter, with a joint group sales organisation and site managers for the respective mills.
- **The Board decided on investments** worth approximately SEK 120 million during the fourth quarter. Both stage 2 of the CTMP line, which will increase capacity for Rottneros Mill by 18 thousand tonnes from 2019, and a weak gas system for Vallvik Mill expected to be put into service at the end of 2018.
- **The Board proposes** an ordinary dividend of SEK 0.30 per share and an extra dividend of SEK 0.07 per share, corresponding to 50% of net income for 2017 in accordance with the current covenants.

## The quarter and year in figures

	Oct-Dec 2017	Oct-Dec 2016	change, %	Jan-Dec 2017	Jan-Dec 2016	change, %
Net turnover, SEK m	496	441	12	1,912	1,730	11
Operating profit/loss, SEK m	-7	-4	75	156	170	-8
Profit/loss after financial items, SEK m	-12	-7	71	147	163	-10
Net income/loss, SEK m	-10	-6	67	114	128	-11
Earnings per share, SEK	-0.06	-0.04	50	0.75	0.84	-11
Cash flow from operating activities, SEK m	74	13	469	222	187	19
Return on capital employed (rolling 12 months), %				12.9	16.7	
Production, thousand tonnes	94.4	87.1	8	401.2	374.1	7
Deliveries, thousand tonnes	100.1	92.8	8	395.9	374.1	6



## COMMENTS BY THE CEO: VOLUME GROWTH CONTINUES

**Our targeted efforts and strategic investments have generated a significant increase in production at our mills both during the fourth quarter and the year as a whole. Profit, however, is being held back by increased costs. Prior to 2018, we have had a clear focus on increased profitability through improvements in efficiency.**

2017 proved to be eventful with a number of milestones confirming that we are advancing at a good pace. We are now placing considerable emphasis on mapping out how we can make activities more efficient. This is taking place in parallel with the direction of growth in our selected niches. Following a number of years of major capacity-increasing investments, we are now entering a phase of optimisation and consolidation of what has been achieved in order to be able to produce the highest possible return for our shareholders.

The gradual upturns during the year mean that the Group's production for the entire year rose by 7 per cent to over 400,000 tonnes. During the fourth quarter, growth was just over 8 per cent. The annual shutdown at Vallvik took place in October and went according to plan.

### Cost trends

Costs during Q4 were affected by both external factors, as well as by certain non-recurring items. The wet and mild weather during the autumn and at the start of winter has resulted in low stocks of pulp wood at our plants at the end of the year and the start of 2018. The weather, combined with high production throughout the forestry industry, has led to increasing wood prices, which had a negative impact on purchasing costs of approximately SEK 5 million compared with the previous quarter.

### Focus on increased profitability

When mapping out the efficiency opportunities, we apply a systematic approach similar to what we have used to raise production levels. The new organisation presented during the course of the quarter is an important element of this approach with the creation of a joint group sales organisation and the appointment of site managers for the respective mills. The goal, among others, is to establish clear areas of responsibility and thus create the conditions for increased efficiency throughout the entire line.

### Market remains strong

The market continues to have a good balance between supply and demand. The dollar's weakening against the krona during 2017 has been offset by an increasing pulp price in USD. Demand is partly driven by good growth in the global economy. Rottneros thus has a good springboard for achieving profitable growth during 2018. This is confirmed by our healthy order books and the positive development in our various niches.

### The Agenda 500 development programme is running according to plan

During the quarter, the Board decided to make further investments in both mills amounting to a total of almost SEK 120 million. Investment stage 2 at Rottneros Mill will be implemented on the CTMP line. The investment will raise capacity by approximately 18,000 tonnes per year and is expected to come on line in the autumn of 2018. Through this increased capacity, we aim to ensure that Rottneros continues to be a reliable supplier of CTMP and an attractive partner to our customers. Vallvik Mill will invest in a weak gas system in order to meet the requirements linked to the environmental permit for increased production granted in 2016. The investment is expected to be operational towards the end of 2018.



### A successful year

To sum up, 2017 was a year of definite success in production, sales and the development of the group to meet future requirements. We are especially pleased with the big steps that we have taken towards decreasing our CO<sub>2</sub> footprint, for example by putting into service the new biofuel boiler at Rottneros Mill. The continued strong market and our internal focus on efficiency improvements lay the foundations for taking the Group to the next level in terms of efficiency and profitability.

**Lennart Eberleh**



## MARKETS AND PRODUCTS

The underlying demand for pulp is robust in emerging markets and stable in mature economies. The structural decline in graphic paper continues, but has been more than offset by increased global fibre consumption in packaging and tissue paper.

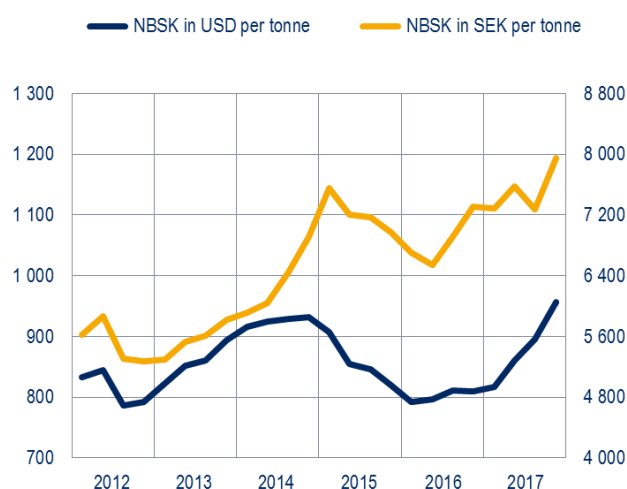
Deliveries of chemical market pulp worldwide (World-20) during 2017 amounted to almost 51 million tonnes, up 3.2 per cent from 2016. The demand from China and the rest of Asia was strong during the year but the North American market also demonstrated good growth. Overall, deliveries to Europe remained unchanged compared with the previous year. Industrial capacity utilisation over the year was 93 per cent.

The year ended strongly with high deliveries, reduced stocks and rising prices. Producer stock levels at the end of December were at a level corresponding to 34 days of consumption.

The NBSK price increased during the fourth quarter by around 90 dollars to stand at USD 1,000 at the end of the year. During the course of the year as a whole, the price rose by approximately 190 dollars. The price trend for mechanical pulp has essentially been in line with the market, with a clear upswing, although at a lower level than NBSK. The price upturn for market pulp has continued in January.



### The NBSK price trend over the past six years



## PRODUCTION AND DELIVERIES

Production volumes in the fourth quarter of 2017 were up 8 per cent compared with the fourth quarter of 2016. Production for 2017 as a whole was 7 per cent higher compared with 2016 and exceeded 400,000 tonnes. A new annual record was set for both mills.

The Group's customer deliveries during the fourth quarter of 2017 were 8 per cent higher than in the same period of 2016. A high rate of production and inventory build-up earlier in 2017 helped the Group to optimise deliveries to customers despite the maintenance shutdowns. Rottneros' market is strong with a good balance between supply and demand.

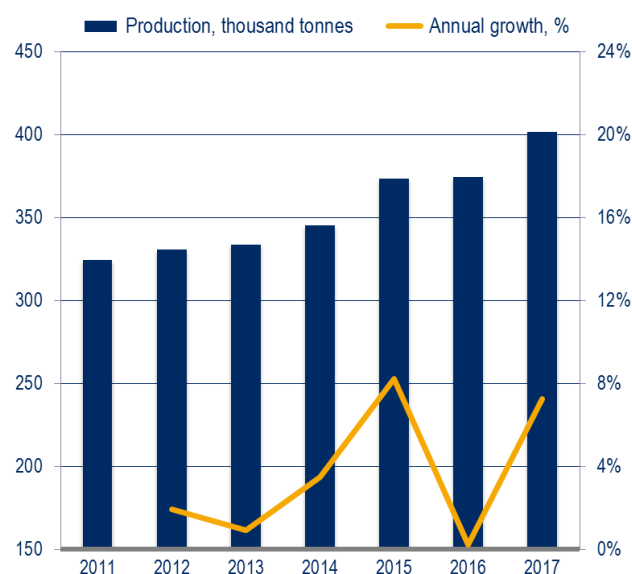
### PRODUCTION (TONNES)

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Sulphate pulp	49,800	46,300	228,600	217,500
Groundwood pulp	19,400	17,500	71,300	69,000
CTMP	25,200	23,300	101,300	87,600
<b>TOTAL</b>	<b>94,400</b>	<b>87,100</b>	<b>401,200</b>	<b>374,100</b>

### DELIVERIES (TONNES)

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Sulphate pulp	54,500	50,900	225,100	219,200
Groundwood pulp	20,000	17,600	72,200	67,300
CTMP	25,600	24,300	98,600	87,600
<b>TOTAL</b>	<b>100,100</b>	<b>92,800</b>	<b>395,900</b>	<b>374,100</b>

### Annual volumes and annual growth





## SALES AND RESULTS – FOURTH QUARTER

Turnover in the fourth quarter of 2017 amounted to SEK 496 million (441), an increase of 12 per cent. Delivery volume rose by 8 per cent compared with the fourth quarter of 2016. The NBSK list price denominated in SEK rose 9 per cent compared with the fourth quarter of 2016.

The operating loss for the fourth quarter of 2017 was SEK -7 million (-4). Investments continued at Vallvik Mill during the fourth quarter in order to ensure capacity utilisation. These measures resulted in higher fixed costs. Profits for the quarter were also affected negatively by certain non-recurring costs, as well as by higher wood prices and higher depreciation compared with the fourth quarter of 2016. Operating profit before depreciation amounted to SEK 21 million for the fourth quarter, compared with SEK 1 million for the fourth quarter of 2016.

### The fourth quarter of 2017 compared with the fourth quarter of 2016

	Oct-Dec 2017	Oct-Dec 2016	change, %
NBSK, USD	956	809	18
SEK/USD	8.32	9.04	-8
NBSK, SEK	7,949	7,313	9
<b>Net turnover</b>	<b>496</b>	<b>441</b>	<b>12</b>
<b>Operating loss</b>	<b>-7</b>	<b>-4</b>	

### Maintenance shutdowns and seasonal variations

As in the previous year, Vallvik Mill was shut down for maintenance in the fourth quarter. Just as it did last year, Rottneros Mill had its maintenance shutdown in the third quarter of 2017.

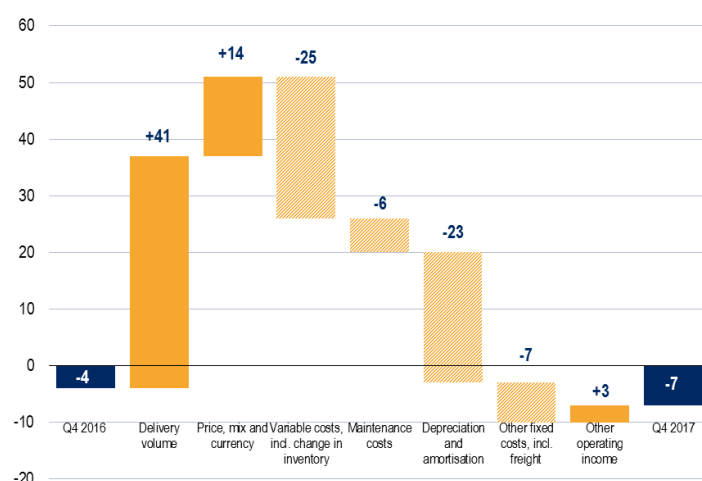
In accordance with generally accepted accounting practices, the direct costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. The maintenance shutdown also involves a certain loss of production, affecting turnover and income for the quarter in which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

	Time of maintenance shutdown		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 loss for Q4 2017 compared with Q4 2016 (SEK million)



*Variable costs* for the quarter primarily increased due to higher delivery volumes. *Maintenance costs* increased partly according to plan for Agenda 500 and partly due to investments in availability and quality at Vallvik Mill.

*Depreciation* rose in pace with the investments that were commissioned during 2017. In the fourth quarter of 2016, a write-

up of SEK 23 million was recorded on the groundwood line at the Rottneros Mill, together with certain write-downs of SEK 9 million. This affects the comparison with the fourth quarter of 2017. *Other fixed costs* primarily rose due to an increased number of employees in line with capacity expansion and skills enhancement.

*Other operating income* during the quarter was at approximately the same level as in the fourth quarter of 2016.

The average price of electricity on the Nord Pool electricity exchange (area SE3) amounted to SEK 0.30 (0.36) per kWh for the fourth quarter of 2017. The lower electricity price had a positive effect of SEK 2 million after electricity price hedging compared with the fourth quarter of 2016.



## SALES AND RESULTS – 2017 AS A WHOLE

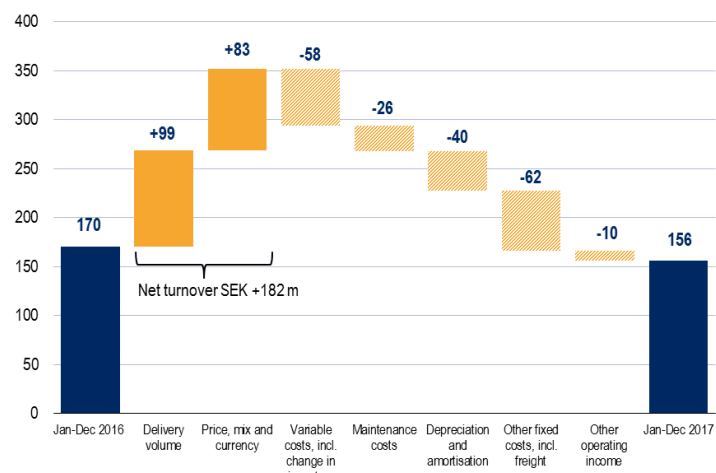
Turnover for 2017 as a whole amounted to SEK 1,912 million (1,730), an increase of 11 per cent. Delivery volume rose by 6 per cent compared with 2016. The NBSK list price in SEK rose by 10 per cent compared with 2016. For Rottneros, however, the price increase was lower due to the mechanical pulp taking a larger share of the sales in 2017 when compared with 2016.

The operating profit for 2017 amounted to SEK 156 million (170), corresponding to 8.2 (9.8) per cent of turnover. During 2017, certain initiatives were carried out at Vallvik Mill to ensure capacity utilisation and to address the poor quality of incoming raw materials. The company will further tackle the increased costs in order to return to a normal level.

### 2017 as a whole compared with 2016 as a whole

	Jan-Dec 2017	Jan-Dec 2016	change, %
NBSK, USD	882	802	10
SEK/USD	8.54	8.56	0
NBSK, SEK	7,530	6,867	10
<b>Net turnover, SEK m</b>	<b>1,912</b>	<b>1,730</b>	<b>11</b>
<b>Operating profit, SEK m</b>	<b>156</b>	<b>170</b>	<b>-8</b>

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



*Variable costs* rose during 2017 compared with 2016, primarily due to a higher delivery volume. *Maintenance costs* increased partly according to the plan for Agenda 500 and partly due to further measures associated with production disruptions at both mills.

*Depreciation* rose in pace with major investments that were commissioned at the end of 2016 and during 2017. In 2016, a write-up of SEK 23 million was recorded on the groundwood line at the Rottneros Mill, together with certain write-downs of SEK 9 million. This affects the comparison with 2017. *Other fixed costs* rose in part because of an increase in the number of employees in pace with capacity expansion and skills enhancement, and in part because of the unplanned shutdown in April as well as initiatives relating to availability and quality at Vallvik Mill.

*Other operating income* during 2017 was lower than in 2016, primarily due to exchange rate losses on working capital and losses from pulp price hedging this year, compared with exchange rate gains last year.

The average price for electricity on the Nord Pool electricity exchange (area SE3) amounted to SEK 0.30 (0.28) per kWh during 2017. Due to the high level of hedging, the higher electricity price only had a marginal effect on profit in comparison with 2016.

### Other income statement items

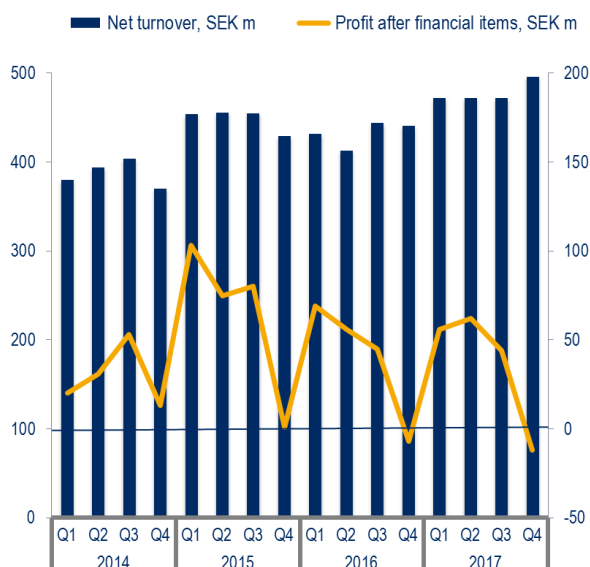
Profit after financial items for the Group amounted to SEK 147 million (163) for 2017.

The income tax expense for 2017 was SEK 33 million (35). Rottneros plans to take advantage of higher tax depreciation, which means that the Group is reporting a deferred tax expense instead of tax paid.

Net income totalled SEK 114 million (128) and earnings per share SEK 0.75 (0.84) for 2017.



Return on capital employed, measured over a rolling 12-month period, was 12.9 per cent (16.7). Return on equity, measured over a rolling 12-month period, was 9.6 per cent (11.6).



## INVESTMENTS AND FINANCIAL POSITION

Investments in fixed assets during 2017 amounted to SEK 237 million (278). 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 new energy and emission-efficient biofuel boiler at Rottneros Mill was put into service during the course of the September maintenance shutdown. The energy from the boiler is used to dry the paper pulp. The new boiler replaces an old oil-fired boiler that was used previously. Following the investment, energy consumption at both mills is, for all practical purposes, fully fossil-free.

A new washing press was installed during the course of the shutdown at Vallvik Mill at the start of the fourth quarter that allows both higher production capacity and a reduction in emissions so as to meet new and higher environmental requirements.

During the fourth quarter, the Board decided to implement investment stage 2 on the CTMP line. The investment is scheduled to come online in autumn 2018 and will increase the capacity of Rottneros Mill by 18,000 tonnes per year.

The Board has also decided to implement a weak gas system at Vallvik Mill in order to fulfil the strict environmental requirements of the mill's new environmental permit. The investment is expected to be operational during the fourth quarter of 2018.

During the period 2015-2017, the Board of Directors decided on total investments of about SEK 705 million within the scope of Agenda 500. Of these investments, around SEK 575 million were executed during 2015-2017. The remaining investments of around SEK 130 million will be carried out in 2018. About half of these investments are already procured and contracted.



Image: The new washing press at Vallvik Mill.

In order to complete financing of the strategic plan, Agenda 500, and to optimise the Group's capital structure in the long term, Rottneros AB issued an unsecured bond of SEK 400 million in August with a maturity of 5 years to primarily Nordic institutional investors. The bond bears variable interest of STIBOR 3m + 4.15 per cent and must be repaid in September 2022. The bond has a framework amount of SEK 600 million, which allows for an additional bond issue of SEK 200 million. The bond is listed on Nasdaq Stockholm. The bond terms contain standard covenants in the form of net debt to EBITDA of a maximum of 3.5, minimum equity/assets ratio of 50%, and a maximum dividend of 50% of the previous year's net income. These covenants were fulfilled on the balance sheet day.

The Group's cash and cash equivalents amounted to SEK 326 million at year-end, compared with SEK 16 million at year-end 2016. Interest-bearing liabilities amounted to SEK 394 million at year-end, compared with SEK 14 million at year-end 2016. Net debt at the end of the year totalled SEK 68 million, compared with net cash of SEK 2 million at the end of 2016. Total granted and unused credit facilities amounted to SEK 182 million at the end of the year.

The equity/assets ratio amounted to 60 (77) per cent as of 31 December 2017. Equity per share totalled SEK 7.91 (SEK 7.54) at year-end.

## CASH FLOW

Cash flow from operating activities for 2017 amounted to SEK 222 million (187). The strong cash flow from operating activities largely funded the Group's investments during 2017. Cash flow after investments for the year was SEK -15 million (-91).

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

The Group issued a bond of SEK 400 million in August and repaid other long-term loans of SEK 80 million that were taken out during the first half of the year.

Net cash flow for 2017 was SEK +310 (-153) million.

## ROTTNEROS PACKAGING

Rottneros Packaging, the Group's new development area for eco-friendly fibre trays, has started industrial production and customer deliveries. The manufacturing process and product quality will thereby be developed. An entirely new production line will also be built in Sunne with a scheduled start of production in mid-2018.

Through the PULPACKTION EU project, Rottneros also plans to develop fully bio-based packaging trays 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.



## COLLABORATION ON RENEWABLE FUEL

In September, Rottneros and RenFuel entered into an agreement on the delivery of the residual product lignin for the production of Lignol®, RenFuel's patented lignin oil that can be refined into renewable petrol and diesel. During 2018, Rottneros will start smaller deliveries of lignin from Vallvik Mill for RenFuel's testing and pilot plant in Bäckhammar, Värmland county.

## PARENT COMPANY

The loss for the parent company after financial items for 2017 amounted to SEK -11 (138) million.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees during 2017 was 301 (282). The increase was mainly attributable to capacity expansion and skills enhancement.

## CHANGES IN MANAGEMENT

In October, Rottneros reported that Olle Dahlin, CEO of Rottneros Bruk AB and member of the group management, was going to leave his position. A new site manager will be recruited, in accordance with the new organisation.

As part of optimising the Group, Rottneros announced in November that a new organisation would be introduced with a joint group sales organisation and site managers for the respective mills. From 1 January 2018, Kasper Skuthälla has been employed as the Group's Director of Sales and Business Development, in addition to his role as CEO of Rottneros Packaging AB.

## SHARE INFORMATION

### Largest shareholders on 31 December 2017

Shareholders	Number of shares (=votes)	Per cent of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	8,190,000	5.3
Försäkringsaktiebolaget Avanza Pension	3,946,724	2.6
Nordnet Pensionsförsäkring AB	1,860,572	1.2
Clearstream Banking S.A., W8IMY	1,788,469	1.2
Försäkrings AB Skandia	1,550,703	1.0
SSB Client Omnibus AC OM07 (15 PCT)	1,470,023	1.0
Borell, Joakim	1,438,110	0.9
S3 / IICS Clients	1,413,538	0.9
SEB Investment Management	1,169,784	0.8
<b>Total for 10 largest owners – by size of holding</b>	<b>101,058,806</b>	<b>65.9</b>
Other shareholders	51,513,119	33.6
Rottneros AB (treasury shares 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

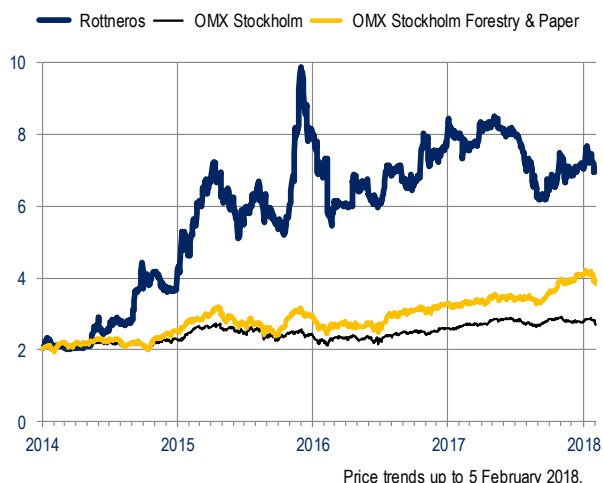
The number of shares in Rottneros totals 153,393,890. Rottneros holds 821,965 treasury shares. No change in treasury shares has occurred during 2017.

### Share price trend during the year

At the end of 2017, the price of Rottneros shares was SEK 7.15 (8.05 at the end of 2016). The average price during the year was SEK 7.53 (6.74).



## Price trend for Rottneros shares and Stockholm Stock Exchange, 2014-2018



### Transactions with related parties

During 2017, Rottneros sold pulp to the related party Arctic Paper S.A. Group in the amount of SEK 150 (109) million. Outstanding operating receivables from Arctic Paper totalled SEK 24 million (16) at year-end. The transactions took place under market conditions.

### Dividend

The Board proposes an ordinary dividend of SEK 0.30 per share and an extra dividend of SEK 0.07 per share to the Annual General Meeting of Rottneros' shareholders, which will be held on 16 May 2018 in Sunne. The dividend corresponds to 50 percent of the previous year's net income, in accordance with the current covenants.

## RISK MANAGEMENT

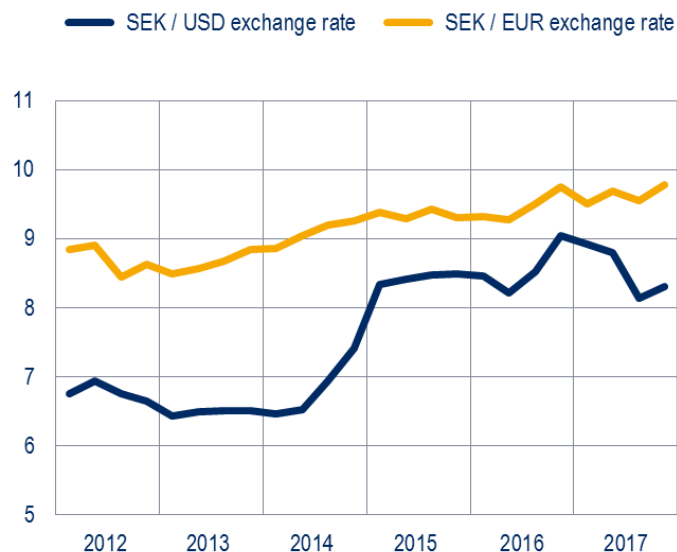
Operationally, the Company uses a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependence on market pulp list prices and at moderating fluctuations in profitability over a business cycle. The factors that have 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) during 2017 represented approximately 45 per cent of the inflow, and of EUR approximately 40 per cent. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal term of a customer contract is between one and three months.

The average USD rate during 2017 was at the same level as during 2016.

## Exchange rate trend over the past six 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 42,000 tonnes as of 31 December 2017, with a due date between January 2018 up to and including December 2018 at an average price of SEK 7,293 per tonne.

### Electricity

All external electricity for the mills, approximately 300 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. At the end of 2017, the Group had 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 hedges as of 31 December 2017

Year	Proportion hedged	SEK/kWh
2018	85%	0.226
2019	85%	0.225
2020	85%	0.218
2021	42%	0.237

The high level of hedging protects Rottneros' future electricity costs against severe price fluctuations. The average price level for electricity on the Nord Pool exchange (area SE3) was SEK 0.30 (0.28) per kWh for 2017.

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

## SUBSEQUENT EVENTS

There were no significant events after the balance sheet date that affected the Group's financial position and results of operations.

## NOMINATION COMMITTEE BEFORE THE 2018 ANNUAL GENERAL MEETING

Based on the decision of the 2017 annual general meeting (AGM), the nomination committee will consist of the Chairman of the Board, who may not be the Chairman of the Committee, as well as two further members, one of whom must be appointed by the Company's largest shareholder together with one appointed by any of the Company's four largest shareholders. None of these two members may also be board members.

Olle Grundberg, Arctic Paper S.A., has been appointed as Chairman of the Committee, and the other members appointed are Stefan Sundh, PROAD AB, and Per Lundeen, Chairman of the Board of Rottneros AB.

According to the instruction laid down by the AGM, the nomination committee is obliged to prepare and issue to the AGM a proposal for the selection of a Chairman and other Members of the Board of Directors; directors' fees divided between the chairman, other members, and remuneration for advisory work; selection and remuneration of an auditor; selection of a Chairman for the AGM, as well as criteria for how the new nomination committee will be appointed.

Shareholders who wish to submit comments or present proposals to the nomination committee can do so via e-mail to: [valberedning@rottneros.com](mailto:valberedning@rottneros.com) or by letter to Rottneros AB: Nominating Committee, Box 144, SE-826 23 Söderhamn, Sweden.

In order to be considered, any such comments or proposals must be received by the nomination committee in good time before the AGM and no later than 21 March 2018.

The Annual General Meeting will be held on Wednesday, 16 May 2018 in Sunne.

## FORTHCOMING FINANCIAL INFORMATION

24 April 2018	Interim Report January-March
16 May 2018	Annual General Meeting
9 August 2018	Interim Report April-June
24 October 2018	Interim Report July-September

Otherwise, refer to the Rottneros website, [www.rottneros.com](http://www.rottneros.com).

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

Vallvik on 8 February 2018

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. The information was submitted via the contact person below for publication on 8 February 2018 at 8 a.m. CET. This report has been drawn up in both a Swedish and an English version. The Swedish version shall prevail in the event of differences between the two reports.

**For further information, please contact:** Lennart Eberleh, President and CEO, Rottneros AB, +46 270 622 65

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## CONSOLIDATED STATEMENTS OF INCOME

### CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
<b>NET TURNOVER</b>	496	441	1,912	1,730
Change in inventories, finished goods	-25	-21	22	-4
Other operating income	15	12	47	57
<b>Operating income, total</b>	<b>486</b>	<b>432</b>	<b>1,981</b>	<b>1,783</b>
Raw materials and consumables	-238	-217	-965	-881
Other expenses	-155	-157	-503	-458
Employee benefit expenses	-72	-57	-266	-223
Depreciation/amortisation and impairment	-28	-5	-91	-51
<b>Operating costs, total</b>	<b>-493</b>	<b>-436</b>	<b>-1,825</b>	<b>-1,613</b>
<b>OPERATING PROFIT/LOSS</b>	<b>-7</b>	<b>-4</b>	<b>156</b>	<b>170</b>
Financial income	1	0	2	2
Financial expenses	-6	-3	-11	-9
<b>Total financial items</b>	<b>-5</b>	<b>-3</b>	<b>-9</b>	<b>-7</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>-12</b>	<b>-7</b>	<b>147</b>	<b>163</b>
Tax on profit/loss for the period	2	1	-33	-35
<b>NET INCOME</b>	<b>-10</b>	<b>-6</b>	<b>114</b>	<b>128</b>
Average number of shares (thousand) <sup>1</sup>	152,572	152,572	152,572	152,572
<b>Earnings per share (SEK) <sup>1</sup></b>	<b>-0.06</b>	<b>-0.04</b>	<b>0.75</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	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
<b>NET INCOME</b>	<b>-10</b>	<b>-6</b>	<b>114</b>	<b>128</b>
<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	-10	19	5	52
Cash flow hedging, tax effect	1	-4	-2	-11
Translation differences	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-9</b>	<b>15</b>	<b>3</b>	<b>41</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>-19</b>	<b>9</b>	<b>117</b>	<b>169</b>

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

## CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	31 Dec 2017	31 Dec 2016
Intangible non-current assets	19	10
Property, plant and equipment	1,020	882
Financial assets	39	13
<b>Total non-current assets</b>	<b>1,078</b>	<b>905</b>
Inventories	279	278
Current receivables	324	290
Cash and cash equivalents	326	16
<b>Total current assets</b>	<b>929</b>	<b>584</b>
<b>TOTAL ASSETS</b>	<b>2,007</b>	<b>1,489</b>
<b>Shareholders' equity</b>	<b>1,207</b>	<b>1,151</b>
Long-term liabilities		
Interest-bearing liabilities	394	-
Deferred tax liabilities	42	8
Other non-interest-bearing liabilities	10	6
<b>Total long-term liabilities</b>	<b>446</b>	<b>14</b>
Current liabilities		
Interest-bearing liabilities	-	14
Non-interest-bearing liabilities	354	310
<b>Total current liabilities</b>	<b>354</b>	<b>324</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,007</b>	<b>1,489</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

Amounts in SEK m	Share capital	Other contributed 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-Dec						128	128
Other comprehensive income, Jan-Dec				41	0		41
Total comprehensive income for Jan-Dec				41	0	128	169
Dividends to shareholders, Jan-Dec						-76	-76
<b>Closing balance, 31 December 2016</b>	153	730	-69	15	-8	330	1,151
Net income Jan-Dec						114	114
Other comprehensive income, Jan-Dec				3	0		3
Total comprehensive income for Jan-Dec				3	0	114	117
Dividends to shareholders, Jan-Dec						-61	-61
<b>Closing balance, 30 September 2017</b>	153	730	-69	18	-8	383	1,207



## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK m	Jan-Dec 2017	Jan-Dec 2016
Operating profit/loss	156	170
Adjustment for non-cash flow items		
Depreciation/amortisation and impairment	91	51
Other items not affecting cash flow	0	-13
<b>Operating profit adjusted for non-cash flow affecting items</b>	<b>247</b>	<b>208</b>
Received/paid financial items	-16	-4
Received/paid taxes	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>231</b>	<b>204</b>
Change in working capital	-9	-17
<b>Cash flow from operating activities</b>	<b>222</b>	<b>187</b>
Investments in non-current assets	-237	-278
<b>Cash used in investing activities</b>	<b>-237</b>	<b>-278</b>
Borrowings of long-term loans	480	-
Amortisation of long-term loans	-80	-
Change in used bank overdraft facilities	-14	14
Dividends paid	-61	-76
<b>Cash provided by/used in financing activities</b>	<b>325</b>	<b>-62</b>
<b>Net cash flow for the period</b>	<b>310</b>	<b>-153</b>
Cash and cash equivalents at start of period	16	169
Net cash flow for the period	310	-153
Cash and cash equivalents at end of period	326	16

### CHANGES IN INTEREST-BEARING LIABILITIES

Amounts in SEK m	Jan-Dec 2017	Jan-Dec 2016
<b>Interest-bearing liabilities in the balance sheet at the start of the period</b>	<b>14</b>	<b>-</b>
Changes included in the cash flow from financing activities:		
Long-term loans taken out from banks	80	-
Bond issue	400	-
Amortisation of long-term loans from banks	-80	-
Change in used bank overdraft facilities	-14	14
<b>Total</b>	<b>386</b>	<b>14</b>
Other changes:		
Direct costs in connection with the bond issue that are charged to expense over the loan period and included in the cash flow from operating activities	-7	-
Direct costs charged to expense	1	-
<b>Interest-bearing liabilities in the balance sheet at the end of the period</b>	<b>394</b>	<b>14</b>

## PARENT COMPANY INCOME STATEMENTS

### INCOME STATEMENT – PARENT COMPANY

Amounts in SEK m	Jan-Dec 2017	Jan-Dec 2016
<b>NET TURNOVER</b>	6	6
Other operating income	10	5
<b>Operating income, total</b>	16	11
Other expenses	-18	-18
Employee benefit expenses	-31	-15
Depreciation/amortisation and impairment	0	-6
<b>Operating costs, total</b>	-49	-39
<b>OPERATING LOSS</b>	-33	-28
Profit from participations in Group companies	28	166
Financial income	1	0
Financial expenses	-7	0
<b>Total financial items</b>	22	166
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	-11	138
Tax on profit/loss for the period	2	-30
<b>NET INCOME</b>	-9	108

### PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Jan-Dec 2017	Jan-Dec 2016
<b>NET INCOME</b>	-9	108
Other comprehensive income	-	-
<b>Total other comprehensive income</b>	-	-
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	-9	108

## PARENT COMPANY BALANCE SHEET, SUMMARY

Amounts in SEK m	31 Dec 2017	31 Dec 2016
Intangible non-current assets	17	9
Financial assets	286	282
<b>Total non-current assets</b>	303	291
Current receivables <sup>1</sup>	889	887
Cash and cash equivalents	311	1
<b>Total current assets</b>	1,200	888
<b>TOTAL ASSETS</b>	1,503	1,179
Shareholders' equity	970	1,042
Long-term liabilities		
Interest-bearing	394	-
Non-interest-bearing	10	6
<b>Total long-term liabilities</b>	404	6
Current liabilities		
Interest-bearing	-	11
Non-interest-bearing <sup>2</sup>	129	120
<b>Total current liabilities</b>	129	131
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	1,503	1,179

<sup>1</sup> Including receivables of SEK 889 million (884) from subsidiaries.

<sup>2</sup> Including liabilities of SEK 109 (112) 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.

Unless otherwise stated, all amounts in this report are in SEK million. Rounding-off differences may occur.

#### **IFRS 9, Financial Instruments**

IFRS 9 Financial Instruments enters into force on 1 January 2018 and will replace IAS 39 Financial Instruments: Recognition and Measurement. Various parts of the new standard have been revised, with one part relating to the recognition and measurement of financial assets and financial liabilities. An evaluation of the impact of the standard has been concluded which shows that it will not have any significant impact on the Group.

#### **IFRS 15, Revenue from Contracts with Customers**

IFRS 15 enters into force on 1 January 2018. The standard will replace all previously issued standards and interpretations addressing income. IFRS 15 contains a comprehensive revenue recognition model for all contracts with customers. An evaluation of the impact of the standard has been concluded which shows that it will not have any significant impact on the Group.

## FINANCIAL INSTRUMENTS

### FAIR VALUE FOR DERIVATIVES, 31 DECEMBER 2017

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward sell	EUR 2.0 million	Jan 2018	9.88 SEK/EUR	0
Currency USD, forward sell	USD 9.8 million	Jan-Feb 2018	8.36 SEK/USD	1
Pulp, forward sell	42,000 tonnes	Jan-Dec 2018	7,293 SEK/tonne	-8
Electricity, forward buy	950,520 MWh	2018-2021	0.225 SEK/kWh	31
<b>Total fair value</b>				<b>24</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 m	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 that is reported in the income statement, amounted to SEK 0 (0) million with respect to 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.

In August 2017, Rottneros AB issued an unsecured bond of SEK 400 million with a term of 5 year. The loan bears variable interest of STIBOR 3m + 4.15 per cent and must be repaid in September 2022. Direct costs in connection with the issue amounted to approximately SEK 7 million and will be reported as interest costs over the bond period. The bond, which has a framework amount of SEK 600 million, is listed on Nasdaq Stockholm. The bond terms contain standard covenants in the form of net debt to EBITDA of a maximum of 3.5, minimum equity/assets ratio of 50%, and a maximum dividend of 50% of the previous year's net income. These covenants were fulfilled on the balance sheet day. The fair value of the bond was assessed to be SEK 410 million on balance sheet day.

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 fair values, which was also the case at the end of 2016, since the effect of discounting is not of material significance. Accounts receivable 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-Dec 2017	Full-year 2016	2015	2014	2013	2012
<b>Income statement, SEK M</b>						
Net turnover	1,912	1,730	1,795	1,547	1,389	1,437
Profit before depreciation/amortisation and impairment losses	247	221	321	177	-11	61
Depreciation/amortisation and impairment	-91	-51	-58	-59	-142	-55
Operating profit/loss	156	170	263	118	-154	6
Financial items (net financial items)	-9	-7	-4	-4	-4	0
Profit/loss after financial items	147	163	259	114	-158	6
Net income	114	128	223	133	-158	-13
<b>Cash flow statement, SEK million</b>						
Cash flow from operating activities	222	187	335	104	62	41
Investments in non-current assets	-237	-278	-103	-59	-37	-51
Cash flow after investments	-15	-91	57	45	25	-10
Sale of non-current assets	0	0	0	39	2	1
Cash provided by/used in financing activities	325	-62	-152	-30	-18	14
Net cash flow	310	-153	80	54	9	5
<b>Balance sheet items (SEK m)</b>						
Non-current assets	1,078	905	706	691	706	809
Inventories	279	278	267	255	246	240
Current receivables	324	290	244	226	175	219
Cash and cash equivalents	326	16	169	89	35	26
Net debt (+) / net cash (-)	68	-2	-169	-59	25	52
Shareholders' equity	1,207	1,151	1,058	975	825	993
Long-term interest-bearing liabilities	394	-	-	30	0	0
Long-term non-interest-bearing liabilities	52	14	18	9	13	15
Current interest-bearing liabilities	-	14	-	0	60	78
Current non-interest-bearing liabilities	354	310	310	247	264	208
Capital employed	1,275	1,149	889	916	849	1,045
Total shareholders' equity and liabilities	2,007	1,489	1,386	1,261	1,161	1,294
<b>Key ratios</b>						
Operating margin, %	8.2	9.8	14.7	7.6	-11.1	0.4
Return on shareholders' equity (rolling 12 months), %	9.6	11.6	21.9	13.6	Neg.	Neg.
Return on capital employed (rolling 12 months), %	12.9	16.7	29.1	13.4	Neg.	0.6
Equity/assets ratio, %	60	77	76	77	71	77
Debt/equity ratio, %	6	0	-16	-6	3	5
<b>Other</b>						
Average no. of employees	301	282	264	251	256	275
Pulp production, 1,000 tonnes	401.2	374.1	373.3	345.0	333.4	330.4
Pulp deliveries, 1,000 tonnes	395.9	374.1	372.2	344.2	332.1	331.4
List price of NBSK pulp, USD per tonne <sup>1</sup>	882	802	857	925	857	814
SEK/USD <sup>2</sup>	8.54	8.56	8.44	6.86	6.51	6.78
List price of NBSK pulp, SEK per tonne	7,530	6,867	7,228	6,345	5,582	5,519

<sup>1</sup> Source: Market listing once a week. Average for each period.

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

## QUARTERLY DATA, GROUP

	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, SEK m</b>												
Net turnover	496	472	472	472	441	444	413	432	429	455	456	454
Profit before depreciation/amortisation and impairment losses	21	66	83	77	1	61	73	86	18	95	90	118
Depreciation/amortisation and impairment	-28	-22	-21	-20	-5	-15	-16	-15	-15	-14	-14	-14
Operating profit/loss	-7	44	62	57	-4	46	57	71	3	81	76	104
Financial items (net financial items)	-5	-3	0	-1	-3	-1	-1	-2	-2	-1	-1	-1
Profit/loss after financial items	-12	41	62	56	-7	45	56	69	1	80	75	103
Tax on profit/loss for the period	2	-9	-13	-13	1	-11	-10	-15	0	-18	6	-23
Net income	-10	32	49	43	-6	34	46	54	1	62	81	80
<b>Per share</b>												
Earnings per share, SEK	-0.06	0.21	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	94.4	102.5	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	100.1	95.7	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	7,949	7,279	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-Dec 2017	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
Shares, closing <sup>2</sup>	Number	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
Treasury shares <sup>2</sup>	Number	822	822	822	822	822	822
Earnings per share	SEK	0.75	0.84	1.46	0.87	-1.04	-0.09
Cash flow after investments/share <sup>3</sup>	SEK	-0.10	-0.60	1.52	0.29	0.16	-0.07
Equity per share	SEK	7.91	7.54	6.93	6.39	5.41	6.51
<b>Dividend <sup>4</sup></b>							
Ordinary dividend	SEK	0.30	0.30	0.30	0.20	-	-
Extra dividend	SEK	0.07	0.10	0.20	0.60	-	-
Total	SEK	0.37	0.40	0.50	0.80	-	-
Dividend/equity per share	%	4.7	5.3	7.2	12.5	-	-
Share price at end of period	SEK	7.15	8.05	8.15	3.74	1.99	2.00
Market price/equity/share	times	0.9	1.1	1.2	0.6	0.4	0.3
P/E ratio per share	times	9.5	9.6	5.6	4.3	Neg.	Neg.
Direct yield <sup>5</sup>	%	5.2	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 and excluding Rottneros' treasury shares.

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

<sup>4</sup> Proposed dividend for 2017.

<sup>5</sup> Direct yield is calculated in proportion to the share price at end of period.

## ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APM) are financial measures that are not defined in IFRS and are presented outside the financial statements. Rottneros uses the following APMs: Cash flow after investments, Net debt/net 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 key indicators P/E ratio and Direct yield, which the Company believes are relevant for investors and other readers. APMs 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 (rolling 12 months).

### 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.	Short-fibre pulp	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.
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).	Long-fibre pulp	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
BEK	Bleached Eucalyptus Kraft pulp.	Mechanical pulp	Pulp produced using a mechanical process for fibre separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, TMP and CTMP/BCTMP are types of mechanical pulp.
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.	NBSK	Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.	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.

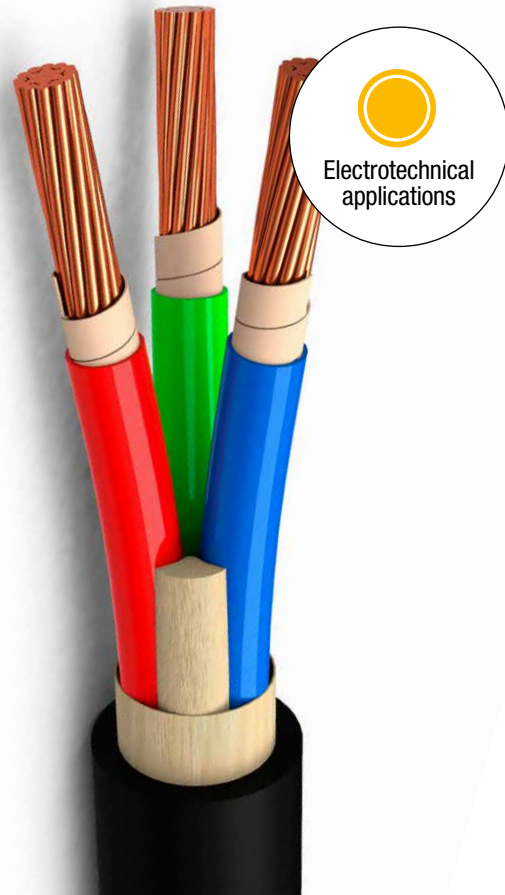


**APPLICATION AREAS OF ROTTNEROS' PRODUCTS**



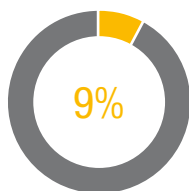
**Electrotechnical applications**

**HOLDS ELECTRONS  
IN PLACE IN  
EXTREME  
ENVIRONMENTS**

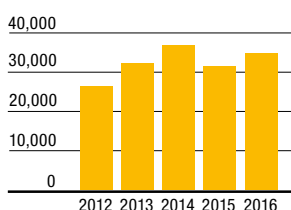


E-pulp has unique insulating properties that have been continuously developed since the mid-1990s.

**PROPORTION OF ROTTNEROS' TOTAL DELIVERIES IN 2016**



**ROTTNEROS DELIVERIES OF E-PULP, TONNES**



**World-leading niche product**

Rottneros is a world leader in e-pulp, which was developed for use in electrical insulation materials, transformer boards and condenser paper. Several types of e-pulp are available, where the cleanest pulp type is marketed under the name Robur Flash UKP-E and is used for applications such as insulation in high voltage marine cables. The pulp clearly holds a unique position in its niche.

**Market with less volatility**

E-pulp is manufactured at Vallvik Mill. Production of e-pulp is based on customer orders and annual contracts are signed. Consequently this niche is less exposed to bulk market fluctuations.

**Insulating properties that stand up to harsh environments**

E-pulp has unique insulating properties that have been continuously developed since the mid-1990s. The advanced production process and extensive washing have successfully achieved a purity that allows the pulp to be used as an electrical insulation material. End products are often used in applications that place high demands on consistency and favourable properties. Consequently Robur Flash UKP-E offers major advantages because of both the properties and the purity of the fibres.



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