


Q1
2020



INTERIM REPORT
JAN-MAR 2020



**New production record,
significantly increased
uncertainty due to corona**

EBIT 48 MSEK

Quarterly production
record, 109 kton

Good liquidity



ROTTNEROS

PURE POSSIBILITIES

New production record, significantly increased uncertainty due to corona

Q1 2020 COMPARED TO (Q1 2019)

- **THE NBSK PULP MARKET PRICE** was 28 % lower in USD and 24 % lower in SEK compared to the first quarter 2019. Compared to the fourth quarter 2019 there was a modest upward trend.
- **NET TURNOVER** decreased by 7 % to 585 (630) MSEK. The negative price trend was offset by higher delivery volumes 110,0 (99,1) thousand tons.
- **EBIT** for the first quarter was 48 (141) MSEK. The decline is mainly due to lower market pulp prices. The result was positively impacted by higher volumes and lower costs.
- **PROFIT AFTER FINANCIAL ITEMS** for the first quarter was 43 (136) MSEK. Earnings per share for the quarter was 0,21 (0,71) SEK.
- **THE PRODUCTION VOLUME** is a new quarterly record at 109,4 (97,6) thousand tons. The increase compared to the first quarter 2019 is 12 %. The sales volume increased by 11 % to 110,0 (99,1) thousand tons.
- **NYKVIST SKOGS AB** consolidated in the Group from January 1, 2020
- **A STRONG BALANCE SHEET** is a good base in uncertain times. The equity/assets ratio is 54 (61) %. Available liquidity amounted to 569 (546) MSEK.
- **THE ANNUAL GENERAL MEETING** that was planned to be held on 28 April 2020 has been postponed and will be held at the latest 30 June 2020.

THE QUARTER IN FIGURES

	Jan-Mar 2020	Jan-Mar 2019	Change, %	Rolling 12 months	Jan-Dec 2019
Net turnover, MSEK	585	630	-7	2 331	2 376
EBITDA, MSEK	80	167	-52	287	374
EBIT, MSEK	48	141	-66	175	268
Profit after financial items, MSEK	43	136	-68	154	247
Net income, MSEK	32	108	-70	118	194
Earnings per share, SEK	0,21	0,71	-70	0,77	1,27
Cash flow from operating activities, MSEK	48	147	-67	362	462
Return on capital employed (rolling 12 months), %	12,1	24,3		12,1	17,7
Production, thousand tonnes	109,4	97,6	12	417,8	406,0
Deliveries, thousand tonnes	110,0	99,1	11	419,2	408,3



Lennart Eberleh
President and CEO

Comments from the CEO

The effects and challenges from the Corona pandemic are currently characterizing the situation on the pulp market and Rottneros' operations. At the same time, our focus on steady improvement continues to produce results. The strong volume growth during the first quarter implies that we have reached a new level of production and deliveries. Our dedicated staff, solid finances and efficient operations make us well prepared for the challenges that lie ahead.

The consequences of the coronavirus pandemic have characterized our operations in recent months. As always, the health of our employees is a priority. We started early with risk assessments for travel and meetings. We no longer travel to see clients, nor for internal purposes unless meetings are critical to our business. We have set clear rules for external visitors and set up a plan to keep the mills running in the event of increased sick leave. For those who are able to do so, working from home is mandatory to reduce the risk of infection.

PULP MARKET RELATIVELY STABLE SO FAR, BUT RISK OF SIGNIFICANT CHALLENGES GOING FORWARD

After a stable start to the year, the pulp market has been profoundly affected by the corona pandemic. The pulp and paper sector has been classified as important for the society in Sweden and several other countries, including Italy. In the short term, we are experiencing increased demand from the growing need for pulp-based products within the healthcare sector. Higher sales of certain household products also affect demand. This leads to increased demand in key segments for Rottneros, mainly tissue, filters and packaging products. As the recycled fibre flows are currently negatively affected the need for market pulp has increased. Prices were relatively stable during the first quarter.

Our shipments run relatively well presently. However, closed countries and borders could mean greater challenges with deliveries going forward.

In the medium term, a market slowdown is likely as the demand driven by the acute needs in the health care sector and the hoarding by consumers is saturated. Hence, we will be more exposed to the macroeconomic decline. In the longer term, however, the powerful stimulus measures now being launched, both monetary and fiscal, will pave the way for a gradual recovery in the market.

The supply of pulp wood remained good during the first quarter. The supply balance between local wood and imports was at a normal and favourable level. However, going forward the raw material situation risks being adversely affected by the reduced production of sawn timber products. This could mean a reduced supply of sawmill chips, which represents an important part of the pulp industry's raw material supply. A shrinking demand for timber for saw mills can also reduce the supply of pulpwood. At the same time, this is counteracted by the fact that the problem with spruce bark beetle continues to drive the supply of damaged timber.

WE CONTINUE TO DELIVER ON OUR LONG-TERM PLAN

In parallel with the challenges we face from the corona pandemic, we are following our long-term plan to increase production through continuous improvements in our processes and routines successfully. During the quarter, production increased significantly, 12 percent compared to Q1 last year, to just over 109 thousand tons. This means that we have established a new production level in terms of rolling 12-month periods, 420 thousand tons. In the past, this has been around 405 thousand tons. Deliveries increased by 11 percent to 110 thousand tons. However, net sales and EBIT decreased, mainly due to lower pulp prices compared to last year's first quarter. At the same time, good growth in deliveries had a significant positive effect. Cash flow from operating activities amounted to 48 MSEK.

STRONG FINANCIAL PREPAREDNESS FOR TOUGHER TIMES

We continue to have a robust balance sheet with considerable liquidity. The equity/assets-ratio at the end of the first quarter was 54 percent. At the same time, the Group's cash and cash equivalents amounted to 387 MSEK and total granted, unused credit facilities amounted to 182 MSEK. At the same time, the interest-bearing net debt was 24 MSEK.

Due to uncertainty about the global economic development through the spread of the corona virus, Rottneros' Board of Directors decided at the end of March to postpone the AGM which was scheduled for April 28. It will be held later during the second quarter.

I want to take this opportunity to thank all employees for their strong commitment and for their wholehearted support for Rottneros in these challenging times. Through our actions, we try to keep the corona effects as far away as possible from our operations. In addition, our focus will be towards completing the work of recent years and further developing Rottneros for increased production, efficiency, sustainability and proximity to our customers.

The global macroeconomic effects from the pandemic will be significant in the coming year. However, through our dedicated employees, operational efficiency, strong finances and close relationships with customers, suppliers and partners, we have a strong starting point to face the coming global economic down-turn.

The pulp market

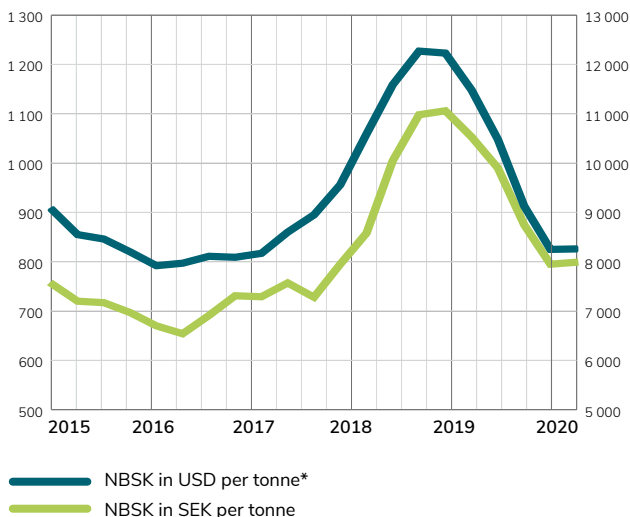
The pulp market ended 2019 with rising demand, which continued into 2020. For the first two months in 2020, demand increased by 4 percent compared to the same period 2019. The increase could be seen mainly in China and the rest of Asia. In Europe demand was stable, while it declined in North America.

The Corona pandemic has led to higher demand within segments such as tissue, filters and packaging, while demand for printing and writing paper has decreased. At the same time, closed operations have affected both the supply of and demand for pulp. Shutdowns of societies and industries affected the supply of recycled fibre with lower volumes and higher prices as a result. That, in turn, has increased the demand for virgin fibre pulp.

All in all, demand for market pulp has been good during the first quarter, despite the ongoing pandemic. The development ahead is difficult to assess. The total demand for paper and packaging is expected to decrease, driven primarily by a weak development for printing and writing paper. The supply of market pulp is expected to increase during the spring when several producers postpone their maintenance stops to the autumn. At the same time, production has been affected by a number of producers being closed, either due to the pandemic or lack of raw material.

The market price for NBSK in Europe reached a low level of 820 USD per ton in December and has since increased gradually during the first quarter to 840 USD per ton. Short fibre pulp shows a corresponding price trend. The price of the mechanical the pulp grade CTMP has increased continuously since summer 2019.

NBSK QUARTELY GROSS PRICES 2015–2020



* Average gross prices for softwood sulphate pulp deliveries in Europe.

Sales and results, Q1

Sales in the first quarter of 2020 amounted to 585 (630) MSEK, down 7 percent. Turnover was negatively affected by lower sales prices. The lower sales prices are a direct result of lower market prices where NBSK in SEK fell by 24 percent compared to first quarter 2019. Sales were positively affected by higher delivery volumes (+11 percent), also increased sales of products other than pulp, MSEK 40 (20), contributed positively.

Variable costs (based on cost per tonne) improved during the quarter with SEK 13 million. A favourable production with high material efficiency has contributed, as well as lower prices of pulp wood and other input materials. The availability of timber has been satisfactory during the quarter, and the import share has been at a normal level. During the quarter an increased proportion has been sourced internally as a result of Nykvist Skogs AB being a member of the Group since the turn of the year.

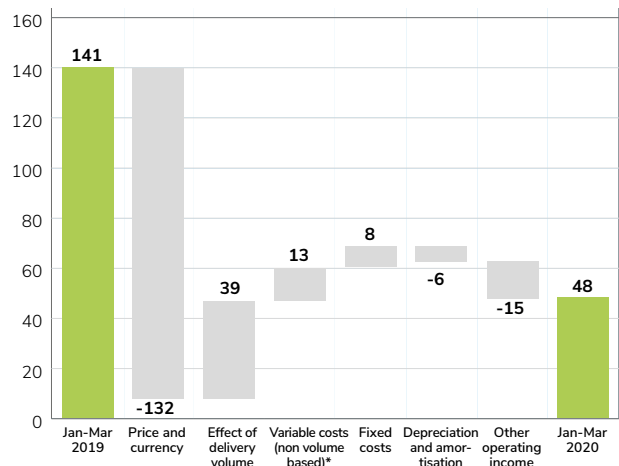
Fixed costs decreased by 8 MSEK. The improvement is attributable to fixed costs other than to personnel and maintenance costs.

Depreciation according to plan amounts of 28 MSEK. In addition, an impairment of approx. 4,5 MSEK related to equipment affects the quarter.

Other operating income 2019 includes the sale of emission rights for 14 MSEK. No such sale was made in the first quarter of 2020.

The average electricity price on the Nord Pool electricity exchange (electricity area SE3) during the first quarter of 2020 amounted to 0,20 (0,48) SEK per kWh, which is a very low level for the season.

DIFFERENCES IN EBIT Q1 2020 COMPARED WITH Q1 2019 (MSEK)



* Variable costs are excluding costs that are related to higher or lower production and delivery volumes. Instead, such costs are included in the "volume effect", together with the volume increase/decrease in net turnover.

The realized loss on electricity price hedges was -4 (17) MSEK for the quarter. Rottneros electricity price after electricity price hedges was on an equivalent level as in the previous year.

EBIT for the first quarter of 2020 was 48 (141) MSEK. The quarterly result was mainly affected by lower pulp prices. The weak Swedish currency contributed positively as well as good production and delivery volumes.

First quarter 2020 compared to first quarter 2019	Jan-Mar 2020	Jan-Mar 2019	Change %
NBSK, USD	826	1 148	-28
SEK/USD	9,67	9,17	5
NBSK, SEK	7 988	10 527	-24
Net turnover, MSEK	585	630	-7
EBIT, MSEK	48	141	-66

OTHER INCOME STATEMENT ITEMS

Net financial expenses were 5 (5) MSEK in the first quarter of 2020 and are related to the bond of 400 MSEK that Rottneros issued in August 2017.

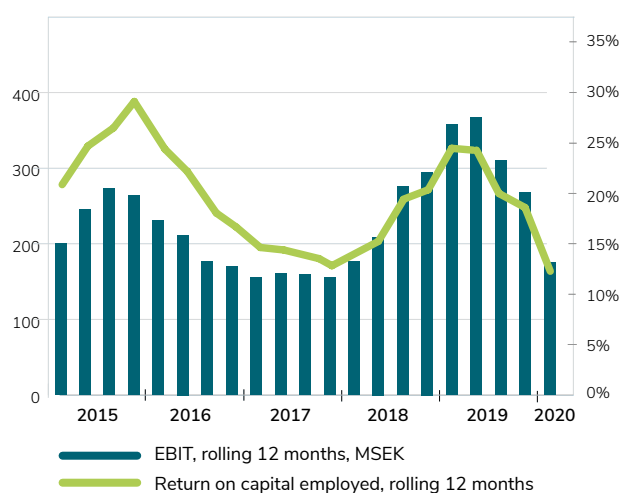
Profit after financial items for the Group decreased by 68 per cent to 43 (136) MSEK.

The income tax expense for the first quarter of 2020 was 11 (28) MSEK.

Net income decreased to 32 (108) MSEK and earnings per share to 0,21 (0,71) SEK.

Return on capital employed, measured over a rolling 12-month period, was 12,1 (24,3) per cent. Return on equity was 8,4 (19,5) per cent

EBIT, ROLLING 12 MONTHS



Production and deliveries

Production volumes in the first quarter of 2020 were 109 400 tons, an increase of 12 per cent compared to the same quarter previous year. The production volume was a new quarterly record for the Group. The previous record was 107 700 tons, set in the second quarter 2019. Also, the delivered volumes were high at 110 000 (99 100) tons, an increase by 11 per cent.

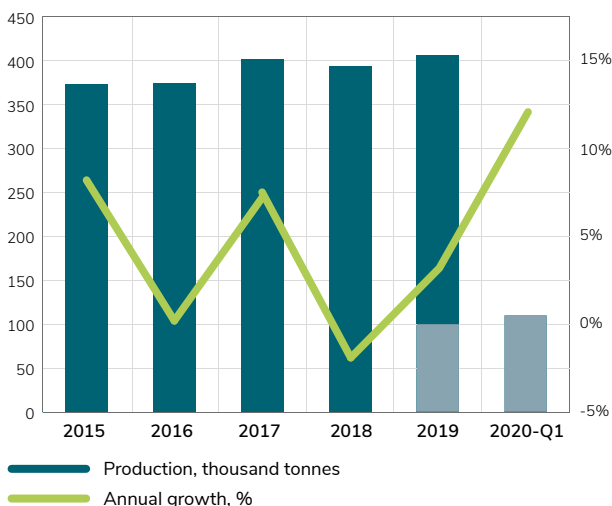
Measured over rolling 12 months production was 417 800 tons, and deliveries 419 200 thousand tons. This is a new level for the Group.

The market price in SEK per ton for NBSK pulp delivered to Europe was 24 per cent lower than in the same period 2019, but on the same level as in the fourth quarter of 2019.

PRODUCTION, TONNES	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
Sulphate pulp	62 100	53 000	236 700	227 600
Groundwood pulp	20 000	19 300	72 800	72 100
CTMP	27 300	25 300	108 300	106 300
TOTAL	109 400	97 600	417 800	406 000

DELIVERIES, TONNES	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
Sulphate pulp	62 100	51 500	240 200	229 600
Groundwood pulp	17 500	20 500	71 300	74 300
CTMP	30 400	27 100	107 700	104 400
TOTAL	110 000	99 100	419 200	408 300

ANNUAL VOLUMES AND ANNUAL GROWTH



MAINTENANCE SHUTDOWNS AND SEASONAL VARIATIONS

In 2020 the annual maintenance shutdown at Rottneros Mill is planned for the second quarter. Normally the mill has its maintenance shutdown in the third quarter. At Vallvik Mill the maintenance shutdown is planned for the fourth quarter, as in previous years.

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.

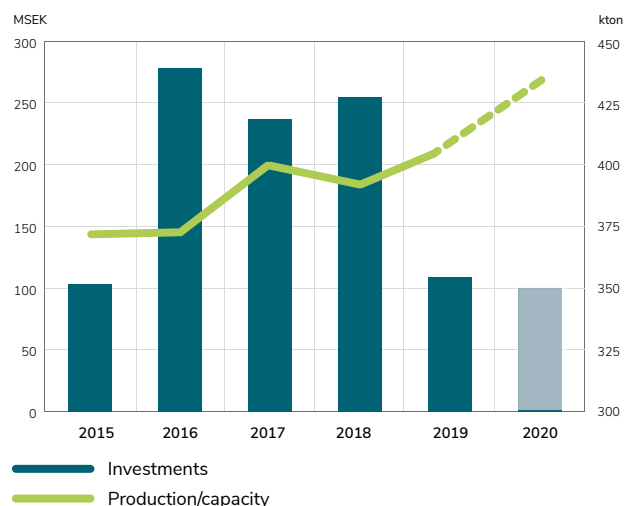
	Time of maintenance shutdowns		Estimated stop cost
	2020	2019	2020 (MSEK)
Rottneros Mill	Q2	Q3	23
Vallviks Mill	Q4	Q4	67

The estimated cost of the shutdowns includes both direct costs and the indirect effect from the 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. Generally, the Rottneros Group is not substantially affected by seasonal variations.

Investments

The Group's investments in fixed assets during the first quarter 2020 amounted to 24 (22) MSEK and relate to re-investments to maintain the technical standard achieved through last years' major investments. The level of investments is expected to be some 100 MSEK per year going forward. In addition to replacement investments, the focus will be on eliminating bottlenecks and increasing efficiency. Investments also include an environmental investment in a fossil-free heating system for Rottneros Mill and further development of Rottneros Packaging.

ANNUAL INVESTMENTS AND ANNUAL CAPACITY



Rottneros Packaging

Rottneros Packaging focuses on high quality food packaging with properties that meet extremely high demands. Such properties are purity, barrier properties to achieve long shelf life, surface quality and traceability.

The investment in Rottneros Packaging continued as planned. An additional machine is planned to start up in the first half of 2020. The machine more than doubles the capacity to produce fibre trays.

Continuous development is aimed at improving both the products and the production process. The moulded packaging trays that Rottneros currently produces have a renewable raw material content of 80–95 per cent.

Rottneros participates in EU's innovation project "Pulp-acktion" as the only Swedish industrial partner. The goal is to develop a completely renewable biobased packaging solution for a competitive price and thus contribute to a more sustainable development in the packaging industry. Rottneros is coordinating the project which ends in autumn 2020.

Financial position

Rottneros AB has an unsecured bond of 400 MSEK, issued in August 2017 to primarily Nordic institutional investors. The bond bears variable interest of STIBOR 3m + 4,15 per cent and shall be repaid in September 2022. The bond has a framework amount of 600 MSEK, which allows for an additional bond issue of 200 MSEK. The bond is listed on Nasdaq Stockholm. The bond terms contain the following standard covenants, and are so called incurrence covenants:

	Covenant	Outcome Q1 2020
Net debt to EBITDA ratio	Under 3,5	0,1
Soliditet	Over 50 %	54 %
Dividend / net income	Max 50 %	0 %

The Group's cash and cash equivalents amounted to 387 MSEK at the end of the first quarter 2020, compared with 376 MSEK at year-end 2019. Interest bearing liabilities amounted to 413 MSEK at the end of the first quarter 2020. Net debt totalled 26 MSEK, compared with 35 MSEK at the end of 2019. Total granted and unused credit facilities amounted to 182 MSEK at the end of the first quarter 2020.

The equity/assets ratio amounted to 54 (61) per cent. The ration was adversely affected by the development of the fair value of the derivative instruments, where the change in value for electricity price hedges affected equity by -114 MSEK. Equity per share totalled 8,51 (9,92) SEK at the end of the first quarter.

Cash flow

Cash flow from operating activities for the first quarter 2020 amounted to 48 (148) MSEK affected by the lower list prices on the pulp market. Cash flow after investments in non-current assets, excluding the acquisition of Nykvist Skogs AB, was 24 (125) MSEK.

Net cash flow for the period was 11 (126) MSEK.

Parent Company

Profit after financial items for the parent company for the first quarter of 2020 amounted to -13 (-2) MSEK. The result was negatively impacted by realised electricity price hedges.

Average number of employees

The average number of employees was 314 (310). The increase was mainly due to the acquisition of Nykvist Skogs AB.

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 dependency 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, wood 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) represents 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 January-March 2020 was 5 per cent higher than during the same period 2019.

PULP PRICE

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. The Group had pulp hedges of 24 000 tons as of 31 March 2020, with due dates between April 2020 and June 2021 at an average price of 8 841 SEK per ton. The fair value of these unrealised price hedges totalled 1 MSEK as of 31 March 2020.

ELECTRICITY

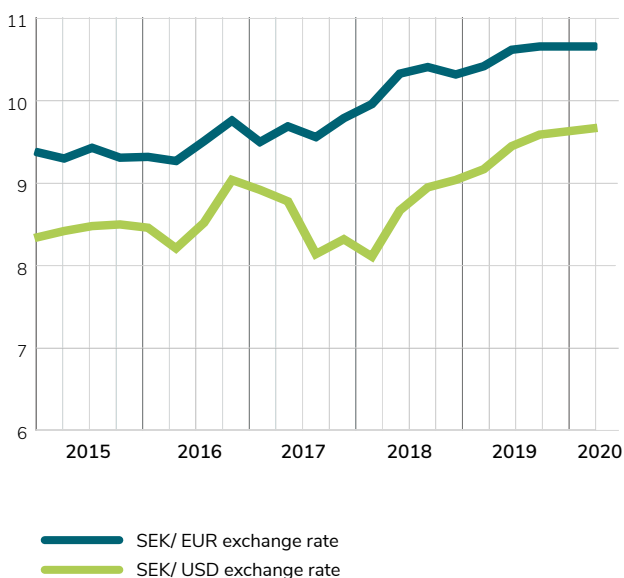
All external electricity for the mills, approximately 300 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. At the end of the first quarter 2020, the Group had price hedges as shown in the following table. The table shows the hedged proportion of estimated total consumption and the average price in SEK/kWh. The fair value of the unrealised electricity price hedges was -90 MSEK as of 31 March 2020. Electricity price hedges as of 31 March 2020:

Year	Proportion hedged	SEK/kWh
2020 Apr-Dec	100 %	0,213
2021	86 %	0,276
2022	77 %	0,342
2023	57 %	0,342
2024	57 %	0,342
2025	57 %	0,346

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 0,20 (0,48) SEK per kWh for January-March 2020.

See pages 61-67 of the Annual Report for 2019 for further information on risks.

EXCHANGE RATE TREND OVER THE PAST FIVE YEARS



PRICE TREND FOR ROTTNEROS SHARES AND STOCKHOLM STOCK EXCHANGE 2015–2020



Price trends up to 15 of April 2020.

Share information

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 2020.

SHARE PRICE TREND DURING Q1 2020

At the end of the first quarter 2020 the price of Rottneros shares was 9,08 SEK (11,40 at the end of 2019). The average price January-March was 9,98 (10,90) SEK.

TRANSACTIONS WITH RELATED PARTIES

During the first quarter 2020 Rottneros sold pulp to the related party Arctic Paper S.A. Group in the amount of 27 (32) MSEK. Outstanding operating receivables from Arctic Paper totalled 20 (30) MSEK. The transactions took place at market conditions.

LARGEST SHAREHOLDERS ON 31 MARCH 2020

Shareholders	Number of shares (= votes)	Per cent of capital
Arctic Paper S.A.	78 230 883	51,0
PROAD AB	11 110 223	7,2
Försäkringsaktiefbolaget Avanza Pension	3 985 101	2,6
UBS Switzerland AG, W8IMY	3 634 700	2,4
BNY Mellon NA (Former Mellon), W9	1 641 314	1,1
CBNY-DFA-INT SML CAP V	1 632 776	1,1
Caceis Bank, Switzerland Branch, W8IMY	1 300 000	0,8
State Street Bank and Trust Co, W9	1 247 281	0,8
SEB Investment Management	868 301	0,6
Santander Securities Services, S.A., W81MY	855 113	0,6
TOTAL		
For 10 largest owners - by size of holding	104 505 692	68,1
Other shareholders	48 066 233	31,3
Rottneros AB (treasury shares from buy-back)	821 965	0,5
TOTAL	153 393 890	100,0

Vallvik, 24 April 2020

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 24 April 2020, 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

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AGM 2020

Rottneros' Annual General Meeting (AGM) planned to be held on Tuesday 28 April 2020 has been postponed. The AGM will be held no later than 30 June 2020. An invitation will be sent out at least four weeks prior to the AGM.

Subsequent events

There are no significant events after the closing date which affects the Group's position and earnings.

Forthcoming dates

30 June 2020 (latest)	Annual General Meeting
23 July 2020	Interim Report, April-June
22 October 2020	Interim Report, July-September

For further information, please visit the Rottneros website, rottneros.com.

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

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CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Mar 2020	Jan-Mar 2019	rolling 12 months	Jan-Dec 2019
Net turnover	585	630	2 331	2 376
Change in inventories, finished goods	-7	2	-17	-8
Other operating income	16	21	23	28
OPERATING INCOME, TOTAL	594	653	2 337	2 396
Raw materials and consumables	-325	-300	-1 248	-1 223
Other external expenses	-121	-119	-530	-528
Employee benefit expenses	-68	-67	-272	-271
EBITDA (operating profit before depreciation, amortisation and impairment)	80	167	287	374
Depreciation/amortisation and impairment	-32	-26	-112	-106
EBIT (operating profit)	48	141	175	268
Financial income	0	0	0	0
Financial expenses	-5	-5	-21	-21
TOTAL FINANCIAL ITEMS	-5	-5	-21	-21
PROFIT AFTER FINANCIAL ITEMS	43	136	154	247
Tax on profit/loss for the period	-11	-28	-36	-53
NET INCOME	32	108	118	194
Average number of shares (thousand) ¹	152 572	152 572	152 572	152 572
EARNINGS PER SHARE (SEK) ¹	0,21	0,71	0,77	1,27

¹ No share-based programmes exist that result in dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Mar 2020	Jan-Mar 2019	rolling 12 months	Jan-Dec 2019
NET INCOME	32	108	118	194
Items that have been or may be transferred to profit or loss for the period				
Changes in fair value of cash flow hedges	-144	-69	-152	-77
Income tax effect on changes in fair value	30	15	32	17
Translation differences	1	0	1	
TOTAL OTHER COMPREHENSIVE INCOME	-113	-54	-119	-60
COMPREHENSIVE INCOME FOR THE PERIOD ²	-81	54	-1	134

² The entire comprehensive income is attributable to the parent company's shareholders.

CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 Mar 2020	31 Mar 2019	31 Dec 2019
Intangible non-current assets	32	17	13
Property, plant and equipment	1 196	1 189	1 198
Financial assets	68	67	69
TOTAL NON-CURRENT ASSETS	1 296	1 273	1 280
Inventories	380	415	375
Current receivables	350	418	342
Cash and cash equivalents	387	364	376
TOTAL CURRENT ASSETS	1 117	1 197	1 093
TOTAL ASSETS	2 413	2 470	2 373
SHAREHOLDERS' EQUITY	1 299	1 514	1 380
Interest-bearing liabilities	413	410	411
Deferred tax liabilities	125	134	135
Other non-interest-bearing liabilities	111	18	41
TOTAL LONG-TERM LIABILITIES	649	562	587
Interest-bearing liabilities	1	-	-
Non-interest-bearing liabilities	464	394	406
TOTAL CURRENT LIABILITIES	465	394	406
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 413	2 470	2 373

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

AMOUNTS IN MSEK	Share capital	Other contributed capital	Treasury shares	Other reserves		Retained earnings, incl. profit for the year	Total
				Hedging reserve	Translation difference		
Opening balance, 1 January 2019	153	730	-69	106	-8	548	1 460
Net income Jan-Mar						108	108
Other comprehensive income, Jan-Mar				-54	0		-54
Total comprehensive income, Jan-Mar				-54	0	108	-54
Closing balance 31 March 2019	153	730	-69	52	-8	656	1 514
Net income Apr-Dec						86	86
Other comprehensive income, Apr-Dec				-6	0		-6
Total comprehensive income for Jan-Dec				-6	0	86	80
Dividends to shareholders, Apr-Dec						-214	-214
Closing balance 31 December 2019	153	730	-69	46	-8	528	1 380
Net income Jan-Mar						32	32
Other comprehensive income, Jan-Mar				-114	1		-113
Total comprehensive income for Jan-Mar				-114	1	32	-81
Closing balance 31 March 2020	153	730	-69	-68	-7	560	1 299

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
EBIT	48	141	174	267
Adjustment for items not included in the cash flow			3	3
Depreciation/amortisation and impairment	32	26	112	106
EBIT adjusted for non-cash flow affecting items	80	167	289	376
Received/paid financial items	-5	-5	-21	-21
Received/paid tax	-2	0	-2	0
Cash flow from operating activities before changes in working capital	73	162	266	356
Change in working capital	-25	-15	96	106
Cash flow from operating activities	48	147	362	462
Investments in fixed assets	-39	-22	-126	-109
Sale of fixed assets	2	1	1	0
Change in current loan receivables	-	-	-	-
Cash flow from investing activities	-37	-21	-125	-109
Dividend paid	-	-	-214	-214
Cash flow from financing activities	0	0	-214	-214
PERIOD'S NET CASH FLOW	11	126	22	138
Cash and cash equivalents at the beginning of the period	376	238	364	238
Net cash flow for the period	11	126	23	138
Cash and cash equivalents at the end of the period	387	364	387	376

CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
Interest-bearing liabilities in the balance sheet at the beginning of the period	411	395	410	395
Changes that are included in cash flow from financing activities				
TOTAL	-	-	-	-
Other changes				
Posting of interest-bearing leasing debt in accordance with IFRS 16	0	15	0	15
Through acquisitions	2		2	
Accrual of direct costs in connection with the issue of bond loans that are accrued over the loan period.	0	0	1	1
Interest-bearing liabilities in the balance sheet at the end of the period	413	410	413	411

PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net turnover	2	2	7
Other operating income	3	4	16
OPERATING INCOME, TOTAL	5	6	23
Results from hedging activities	-1	10	49
Other expenses	-4	-4	-18
Employee benefit expenses	-7	-8	-30
EBITDA (operating loss before depreciation, amortisation and impairment)	-7	4	24
Depreciation/amortisation and impairment	-1	-1	-4
EBIT (operating loss)	-8	3	20
Profit from participations in Group companies	0	0	96
Financial income	0	0	1
Financial expenses	-5	-5	-21
TOTAL FINANCIAL ITEMS	-5	-5	76
LOSS/ PROFIT AFTER FINANCIAL ITEMS	-13	-2	96
Tax on loss/ profit for the period	-1	0	-21
NET INCOME	-14	-2	75

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
NET INCOME	-14	-2	75
Other comprehensive income	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-14	-2	75

PARENT COMPANY BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 Mar 2020	31 Mar 2019	31 Dec 2019
Intangible non-current assets	9	13	10
Equipment	1	1	0
Financial assets ¹	518	293	438
TOTAL NON-CURRENT ASSETS	528	307	448
Current receivables ²	521	816	534
Cash and cash equivalents	363	347	362
TOTAL CURRENT ASSETS	884	1 163	896
TOTAL ASSETS	1 412	1 470	1 344
SHAREHOLDERS' EQUITY	765	915	779
Long-term liabilities – Interest-bearing	397	395	396
Long-term liabilities – Non-interest-bearing	44	18	42
TOTAL LONG-TERM LIABILITIES	441	413	438
Non-interest-bearing current liabilities ³	206	142	127
TOTAL CURRENT LIABILITIES	206	142	127
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 412	1 470	1 344

¹ Includes claims against subsidiaries of 174 (121) MSEK.

² Includes claims against subsidiaries of 519 (533) MSEK.

³ Includes liabilities to subsidiaries of 170 (100) MSEK.

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 MSEK. Rounding-off differences may occur.

NET TURNOVER

The clear majority of Rottneros' revenues is derived from the sales of pulp. Control is passed at a point in time, which coincides with the actual delivery of the goods. Revenue is recognised at fair value of the consideration received or receivable. Net turnover in the income statement consists of revenues from the sale of goods and invoiced freight, net of returns, discounts, pulp price hedges and VAT.

ROTTNEROS' NET TURNOVER CONSISTS OF THE FOLLOWING::

Belopp i MSEK	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Full year 2019
Sales of pulp	545	610	2 234	2 299
Results from pulp price hedging	3	-2	15	10
Sales of by-products and other	15	13	53	51
Sales of pulp wood	22	9	29	16
NET TURNOVER, TOTAL	585	630	2 331	2 376

FAIR VALUE FOR DERIVATIVES ON 31 MARS 2020

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, forward sell	24 000 ton	Apr 2020-Jun 2021	8 841 SEK/ton	1
Electricity, forward buy	1 256 400 MWh	2020-2025	0,305 SEK/kWh	-90
Total fair value				-89

FAIR VALUE FOR DERIVATIVES ON 31 DECEMBER 2019

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, forward sell	12 000 ton	Jan-Sep 2020	8 878 SEK/ton	6
Electricity, forward buy	756 480 MWh	2020-2025	0,274 SEK/kWh	50
Total fair value				56

FINANCIAL INSTRUMENTS

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 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 derivative instruments are held by the Parent Company and the results of these are reported in whole on the Parent Company.

In August 2017, Rottneros AB issued an unsecured bond of 400 MSEK 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 7 MSEK and will be reported as interest costs over the bond period. The bond, which has a framework amount of 600 MSEK, 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 per cent of the previous year's net income. These covenants were fulfilled on the balance sheet day.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2019. The carrying amounts are deemed to be equal to fair values, which was also the case at the end of 2019, 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-Mar 2020	Jan-Mar 2019	Rolling 12 months	Full year 2019	2018	2017	2016	2015
Income statement MSEK								
Net turnover	585	630	2 331	2 376	2 260	1 912	1 730	1 795
EBITDA	80	167	287	374	394	247	221	321
Depreciation/amortisation and impairment	-32	-26	-112	-106	-99	-91	-51	-58
EBIT	48	141	175	268	295	156	170	263
Financial items (net financial items)	-5	-5	-21	-21	-19	-9	-7	-4
Profit/loss after financial items	43	136	154	247	276	147	163	259
Net income	32	108	118	194	221	114	128	223
Cash flow statement, MSEK								
Cash flow from operating activities	48	147	362	462	223	222	187	335
Investments in non-current assets	-37	-22	-126	-109	-255	-237	-278	-103
Cash flow after investments	11	125	235	353	-32	-15	-91	232
Cash used in/provided by financing activities	0	0	-214	-214	-56	325	-62	-152
Net cash flow	11	126	22	138	-88	310	-153	80
Balance sheet items, MSEK								
Non-current assets	1 296	1 273	1 296	1 280	1 290	1 078	905	706
Inventories	380	415	380	375	389	279	278	267
Current receivables	350	418	350	342	484	324	290	244
Cash and cash equivalents	387	364	387	376	238	326	16	169
Net debt (+) / net cash (-)	26	46	26	35	157	68	-2	-169
Equity	1 299	1 514	1 299	1 380	1 460	1 207	1 151	1 058
Long-term interest-bearing liabilities	413	410	413	411	395	394	-	-
Long-term non-interest-bearing liabilities	236	152	236	176	137	52	14	18
Current interest-bearing liabilities	1	-	1	-	1	-	14	-
Current non-interest-bearing liabilities	464	394	464	406	409	354	310	310
Capital employed	1 326	1 560	1 326	1 415	1 617	1 275	1 149	889
Total equity and liabilities	2 413	2 470	2 413	2 373	2 401	2 007	1 489	1 386
Key ratios								
EBITDA-margin, %	13,7	26,5	12,3	15,7	17,4	12,9	12,8	17,9
EBIT-margin, %	8,2	22,4	7,5	11,3	13,1	8,2	9,8	14,7
Return on shareholders' equity (rolling 12 months), %	8,4	19,5	8,4	13,7	16,6	9,7	11,6	21,9
Return on capital employed (rolling 12 months), %	12,1	24,3	12,1	17,7	20,4	12,9	16,7	29,1
Equity ratio,%	54	61	54	58	61	60	77	76
Debt / equity ratio,%	2	3	2	3	11	6	0	-16
Others								
Average no. of employees	314	310	305	303	303	301	282	264
Pulp production, 1,000 tons	109,4	97,6	417,8	406,0	393,6	393,6	374,1	373,3
Pulp deliveries, 1,000 tons	110,0	99,1	419,2	408,3	382,5	393,8	374,1	372,2
List price of NBSK pulp, USD per ton ¹	826	1 148	903,1	984	1 167	882	802	857
SEK/USD ²	9,67	9,17	9,58	9,46	8,69	8,54	8,56	8,44
List price of NBSK pulp, SEK per ton	7 988	10 562	10 562	9 304	10 144	7 530	6 867	7 228

¹ Source: Market listing of gross prices once a week. Average for each period.

² Source: Riksbanken's daily quotations. Average for each period.

QUARTERLY DATA, GROUP

	2020	2019				2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement, MSEK									
Net turnover	585	546	617	582	630	580	567	576	537
EBITDA	80	-5	81	131	167	39	136	118	101
Depreciation/amortisation and impairment	-32	-25	-27	-28	-26	-27	-25	-24	-23
EBIT	48	-30	54	103	141	12	111	94	78
Financial items (net financial items)	-5	-7	-5	-5	-5	-5	-5	-4	-5
Profit/loss after financial items	43	-37	49	98	136	7	106	90	73
Tax on profit/loss for the period	-11	8	-10	-21	-28	2	-24	-17	-16
Net income	32	-29	39	77	108	9	82	73	57
Per share									
Earnings per share SEK	0,21	-0,19	0,25	0,51	0,71	0,06	0,54	0,48	0,37
Other									
Pulp, production 1,000 tons	109,4	100,4	100,3	107,7	97,6	93,6	100,0	100,1	99,9
Pulp, deliveries 1,000 tons	110,0	103,2	110,8	95,2	99,1	94,3	92,5	97,5	98,2
List price of NBSK pulp SEK per ton	7 988	7 950	8 753	9 900	10 527	11 056	10 983	10 047	8 584

SHARE DATA ¹

		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Full year 2019	2018	2017	2016	2015
Shares outstanding, opening ²	Antal	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Shares outstanding, closing ²	Antal	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Average number of shares outstanding ²	Antal	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Treasury shares ²	Antal	822	822	822	822	822	822	822	822
Earnings per share	SEK	0,21	0,71	0,77	1,27	1,45	0,75	0,84	1,46
Cash flow after investments/share ³	SEK	0,07	0,82	1,55	2,30	-0,21	-0,10	-0,60	1,52
Equity per share	SEK	8,51	9,92	7,64	9,05	9,57	7,91	7,54	6,93
Dividend ⁴									
Ordinary dividend	SEK	-	-	0,40	0,40	0,40	0,30	0,30	0,30
Extra dividend	SEK	-	-	1,00	0,00	0,30	0,07	1,00	0,20
Total	SEK	-	-	1,40	0,40	0,70	0,37	1,40	0,50
Dividend/equity per share	%	-	-	18,3	4,4	7,3	4,7	5,3	7,2
Share price at end of period	SEK	9,08	10,96	9,08	11,40	8,24	7,15	8,05	8,15
Market price/equity/share	ggr	1,1	1,1	1,2	1,3	0,9	0,9	1,1	1,2
P/E ratio per share	ggr	43,2	6,1	11,8	9,0	5,7	9,5	9,6	5,6

¹ None of the key ratios are affected by any dilution effect.

² The number of shares is in thousands and excluding Rottneros' treasury shares.

³ Cash flow from operating activities less investments in non-current assets, divided by the average number of shares outstanding.

⁴ For 2019, the proposed dividend is stated.

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 IFRS-key ratio and APM

EBITDA

Earnings before depreciation/amortisation and impairment, financial items and income taxes (operating profit before depreciation, amortisation and impairment).

EBIT

Earnings before financial items and income taxes (operating profit).

EBIT MARGIN

EBIT 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 outstanding.

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.

CAPITAL EMPLOYED

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

NET DEBT/NET CASH

Interest-bearing liabilities minus cash and cash equivalents.

RETURN ON CAPITAL EMPLOYED (ROLLING 12 MONTHS)

EBIT 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.
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).
BEK	Bleached Eucalyptus Kraft 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.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.
High-yield pulp	Groundwood pulp, TMP and CTMP/BCTMP.
Chemical pulp	Pulp produced by boiling wood raw material 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.
Short-fibre pulp	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.
Long-fibre pulp	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
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.
NBSK	Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
Groundwood pulp (SGP)	Mechanical pulp based on roundwood as a raw material.
TMP	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.
UKP	Unbleached Kraft Pulp, unbleached sulphate pulp.

Every care has been taken to ensure the accuracy of the information in this report, but Rottneros cannot accept any liability for any possible loss or damage as a consequence of using information in this report. The report was originally written in Swedish and translated into English.



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