

ROTTNEROS: INTERIM REPORT JANUARY – MARCH 2016

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- Profit after net financial items amounted to SEK 69 million (103) for the first quarter of 2016.
- Cash flow before investments totalled SEK 29 million (62). Rottneros is debt-free and at the end of the quarter, cash and cash equivalents totalled SEK 159 million (116).
- Net turnover for the first quarter was SEK 432 million (454).
- NBSK pulp price quotation continued to decline and was USD 792 on the average during the first quarter. Denominated in SEK, the quotation was 11 per cent lower than in the first quarter of 2015 and 4 per cent lower than in the fourth quarter of 2015.
- Production volumes in the first quarter increased by 1 per cent and delivery volumes by 2 per cent, compared with the same period last year. Growth was limited to some degree by production disturbances at Vallvik Mill.
- During the quarter, it was decided that a new energy- and emission-efficient biomass boiler would be installed at Rottneros Mill. Following the investment, energy consumption at both mills will for all practical purposes be fossil-free.
- The Board of Directors has appointed Lennart Eberleh as new President and CEO of Rottneros AB. He will take up his post on 1 September 2016.
- The Board of Directors has resolved to increase its proposed dividend for 2015 and recommends that the Annual General Meeting approve an ordinary dividend of SEK 0.30 per share and an extra dividend of SEK 0.20 per share, i.e. a total dividend of SEK 0.50 per share.

Comments by the President

A strong quarter despite lower prices

The Rottneros Group reports a strong first quarter. Corrective measures within the scope of our development programme Agenda 500 continue to bear fruit, in the form of increased efficiency and a steadily rising pace of production. Both mills report good profitability. The impact of the action programme is emphasised by the strong results for the quarter, despite lower prices in both USD and SEK. The average of published prices for NBSK pulp fell by 13 per cent in USD and 11 per cent in SEK, compared with the first quarter last year.

Production volumes in the first quarter increased by 1 per cent compared with the same period in 2015. Growth was limited to some degree by production disturbances at Vallvik. However, production there improved gradually during the quarter and a new monthly record was set after the quarter in April.

Our market remains stable and prices for long-fibre sulphate pulp are showing signs of an upturn since the end of the quarter. Several major players have announced price rises. With our plans both to expand in selected niches and to further improve efficiency we have a strong position from which to move forward.

High investment activity

The current year is dominated by an intensive focus on investments within the Agenda 500 programme. In all, the Group is investing more than SEK 250 million over the year, in capacity expansion, energy efficiency, product quality and environmental improvements. The investments are highly value-creating and the investment amount is relatively evenly spread between the two mills.

Installations under these investments will for the most part take place during the autumn maintenance shutdowns.

The Board has also allocated SEK 98 million to Rottneros Mill for a new biomass boiler, which is due to be commissioned at around mid-year 2017. Energy consumption at the mill will become entirely fossil-free and at the same time energy efficiency will increase substantially. As part of the investment we will also remodel the mill's energy system to bring about major energy and environmental gains. Overall, it is estimated that this highly value-creating investment will result in annual savings of around SEK 25 million.

Solid balance sheet creating sound platform for extra dividend

The Group's solid finances and the Board's objective of improving the Company's capital structure are the basis on which the Board recently revised its dividend proposal. Under the proposal, the Company will pay an extra dividend of SEK 0.20 per share for 2015, in addition to an ordinary dividend of SEK 0.30. At year-end, the Company was debt-free, had a substantial liquidity reserve and reported an equity/assets ratio of 76 per cent. As a result of the proposed extra dividend, Rottneros' capital structure will be improved.

New President and CEO

Another important event during the quarter was the appointment of Lennart Eberleh as new President and CEO. He has more than 20 years' experience of a variety of management positions in the paper industry, and will continue the work of implementing the Agenda 500 programme and further advancing Rottneros' world-leading position in specialised pulp. He will take up his post on 1 September 2016.

Per Lundeen

(For the complete interim report see attached file)

For more information, please visit www.rottneros.com

Vallvik, 16 May 2016

Per Lundeen

Chief Executive Officer and President

Rottneros discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. This information was submitted for publication on 16 May 2016 at 8.00 am. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two reports.