

ROTTNEROS: YEAR-END REPORT JANUARY – DECEMBER 2015

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- Profit after net financial items for the whole of 2015 was SEK 259 (114) million, our best annual result in the current structure.
- Profit after net financial items for the fourth quarter of 2015 was SEK 1 (13) million, a weak result mainly relating to problems in connection with the production start-up after the maintenance shutdown in Vallvik Mill.
- Cash flow before investments for the whole of 2015 was strong and totalled SEK 335 (104) million. Rottneros is debt-free and at year-end cash and cash equivalents totalled SEK 169 (89) million.
- In the second quarter shareholders were paid dividends of SEK 61 million and in the fourth quarter an additional dividend of SEK 61 million, for a total of SEK 122 million in 2015.
- Net turnover for both the fourth quarter and full-year 2015 increased 16 percent compared with the previous year.
- Production volumes in the fourth quarter increased by 7 percent and for the full year, production volumes increased by 8 percent compared with the same period the previous year. Both Rottneros Mill and Vallvik Mill set new records for annual production.
- The Board of Directors proposes a dividend of SEK 0.30 per share.

Comments by the president

Historic year in terms of performance

2015 was an extremely favourable year for the Rottneros Group. The year as a whole represented a significant improvement in earnings, with operating profit more than doubling to SEK 263 million. We can thus report a return on capital employed of 25 percent. This means that we have met our target: return on capital employed shall exceed this figure for comparable pulp-producing companies. As a result of our strong financial position, in early November the Board of Directors also decided to propose an extra dividend of SEK 0.40 per share. The resolution was approved in December by an Extraordinary General Meeting.

However, the last quarter of the year was weak. Profit after net financial items was SEK 1 million, to be compared with SEK 13 million for the same period in 2014. The fourth quarter is normally seasonally weak because of Vallvik Mill's annual maintenance shutdown. This year the start-up period was more difficult than planned following a number of capacity-enhancing investments that were made within the framework of the Group's ongoing Agenda 500 investment plan. The lengthy start-up process had a negative impact on delivery volumes in late November and in December. This situation, combined with a lower price/mix as well as higher maintenance and production costs comprise the basis for the weaker earnings.

Stable demand, but price pressures

In general, demand for our grades of pulp remains stable. However, price pressures in the global market for long-fibre pulp continued this quarter, applying further pressure to the traditionally weaker fourth quarter. For the whole of 2015, the price decline in the market was pronounced. In early 2015 the published NBSK pulp price was USD 930/tonne and by the end of the year it dropped by 14 percent to about USD 800/tonne. Consequently, 2016 is starting at a significantly lower level in terms of price than the previous year.

Long-term and efficient investments

Within the framework of our long-term industrial plan, Agenda 500, which aims to increase production from the level in 2014 of 344,000 tonnes to a target of at least 460,000 tonnes, production in 2015 reached 373,300 tonnes, an increase of 8 percent from 2014. Both mills set new production records. The investments are highly cost-effective, as measured by SEK invested per tonne of additional

capacity, compared with other pulp producers. During the year the Rottneros Group's Board of Directors approved investments for SEK 205 million in Vallvik Mill and SEK 136 million in Rottneros Mill, of which SEK 103 million was carried out in 2015.

During the last quarter of 2015 the Board decided to expand the CTMP line's flash dryer at Rottneros Mill.

After the end of the quarter Vallvik Mill was granted a new environmental permit allowing the mill to produce the requested volume of 255,000 tonnes of sulphate pulp. Consequently we are allowed to implement our planned expansion of capacity in line with Agenda 500.

Enhanced expertise and resources

Our personnel comprise the foundation of the strong improvement in profitability at Rottneros. During the year we hired about 50 new employees. As a result, we replaced employees who are leaving due to retirement, but we also increased staffing to enhance skills and capacity at Rottneros.

To sum up, 2015 has been a very strong year for the Rottneros Group. As a result of the gradual weakening of the price of pulp during the year, we are entering 2016 with less favourable conditions than the previous year. Given the improvement measures carried out and planned in the mills, we continue to view the future with optimism, provided that pulp prices do not continue to fall. In recent weeks, some major industry players have announced price increases for February.

Vallvik, 12 February 2016

Per Lundeen

Chief Executive Officer and President

(For the complete interim report see attached file)
For more information, please visit. www.rottneros.com

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 12 February 2016 at 08.30 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.