

Rottneros

Year-end Report January-December 2010

	Quarter			Interim period	
	IV 2010	III 2010	IV 2009	Full year 2010	Full year 2009
Net turnover, SEK m	402	413	363	1,684	1,508
Income after net financial items, SEK m	13	64	0	138	-69
Earnings per share after net financial items, SEK ¹	0.08	0.42	-0.01	0.90	-2.58
Profit/loss after tax, SEK m	8	56	0	125	-69
Earnings per share after tax, SEK ¹	0.06	0.37	-0.01	0.82	-2.59
Cash flow before investments per share, SEK ¹	0.26	0.19	-0.04	1.33	3.10
Cash flow per share, SEK ¹	-0.10	0.07	-0.08	0.51	2.74

	31-12-2010	30-09-2010	31-12-2009
Shareholders' equity per share, SEK ¹	8.05	8.03	7.14
Equity/assets ratio, %	82	81	78

¹ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

- Profit after net financial items amounted to SEK 138 (-69) million for the full year 2010. Operating profit amounted to SEK 138 (-166) million for the full year 2010. Profit after net financial items amounted to SEK 13 (0) million for the fourth quarter of 2010.
- Cash flow from operating activities amounted to SEK 202 (84) million for the full year 2010, corresponding to SEK 1.33 (3.10) per share.
- Interest-bearing net assets of SEK 116 million were reported on 31 December 2010, compared with SEK 10 million at the beginning of the year.
- A new financing agreement has been concluded with Danske Bank, which enters into force on 31 January 2011. This new agreement does not have any covenants, which entails a significant increase in Rottneros' operational freedom to act while reducing costs.
- The board proposes a dividend of SEK 0.20 (0.00) per share.



Quality controls of pulp at Vallvik Mill

CEO's statement

Rottneros' profit before tax amounted to SEK 13 million for the fourth quarter. This reduction in profit compared with a profit of SEK 64 million for the third quarter was primarily due to the planned shutdown of production at Vallvik and the strengthening of the Swedish kronor. In addition to an increase in costs *per se*, the very high electricity prices in December meant that production at Rottneros Mill had to stop at several occasions in December.

The pulp market has been more stable than many had expected in the late summer. The European price index for long-fibre chemical pulp (NBSK) only fell by 3% over seven months and the price in US dollars is still high. Global NBSK stocks are relatively low, demand is high and the Chinese purchasers returned during the third quarter after a quiet summer. The US dollar was traded for SEK 8 in the summer, but has now been wavering just under SEK 7 for a time. The strengthening of the Swedish kronor has had a significant effect on the Swedish export industry, including Rottneros. Some slight price increases have been announced in China, and an upward adjustment of prices is likely to be seen both in Europe and North America in 2011 unless the US dollar becomes stronger.

Vallvik Mill went ahead with its extended autumn shutdown during the fourth quarter, when new production equipment was connected up as planned. This had a direct effect on the result of around SEK 35 million, all of which was charged to the last quarter of the year. The Board approved the final investment phase for Vallvik Mill just before Christmas, the aim of which is to reduce environmental impact and increase production capacity. This investment will be completed in conjunction with the autumn shutdown in 2011 and will bring to an end the programme presented in conjunction with the new share issue in the autumn of 2009. This means that all of the major 'mandatory' investments at both of our mills – related to the environment or maintenance – will have been completed and consequently there should be relatively low investment requirement over the next few years. However, there may be aggressive, profitable investments in new products or to increase capacity.

The search for the best re-use of the CTMP-equipment from the Utansjö Mill continues. Joint ventures, such as the one outlined for South Africa, as well as a direct divestiture are actively considered.

The good result in 2010, the reasonable market outlook, the investment programme, which will soon be completed, the company's freedom from debt and the new financing agreement with Danske Bank mean that the Board is proposing the resumption of the issue of share dividends.

Ole Terland
President and CEO

THE PULP MARKET

Markets and products

Demand for all grades of pulp in Europe and North America continued to be strong during the fourth quarter of 2010 and purchases have increased from China. Prices are stable in Europe and North America, while there have been some price increases in China.

Statistics for bleached chemical market pulp for the total global market showed that deliveries during the period January to November 2010 amounted to 36.0 (36.1) million tonnes, which was 0.3% lower than the same period in 2009. Ninety-one per cent (92% for the same period in 2009) of the global supply capacity for bleached chemical pulp was utilised during the period January to November. An estimated

93% (87%) of production capacity was utilised during the same period.

Global producer stocks of bleached chemical pulp amounted to 3.6 million tonnes at the end of November. Stock has consequently risen by 0.8 million tonnes compared with the beginning of the year. Stock levels were 0.9 million tonnes higher compared with the same time of the previous year.

Long-fibre chemical pulp (NBSK) (produced at Vallvik)

The price was USD 799 per tonne at the beginning of the year and USD 949 per tonne at the end of December. The market for long-fibre chemical pulp is good. Producer stock levels of long-fibre chemical

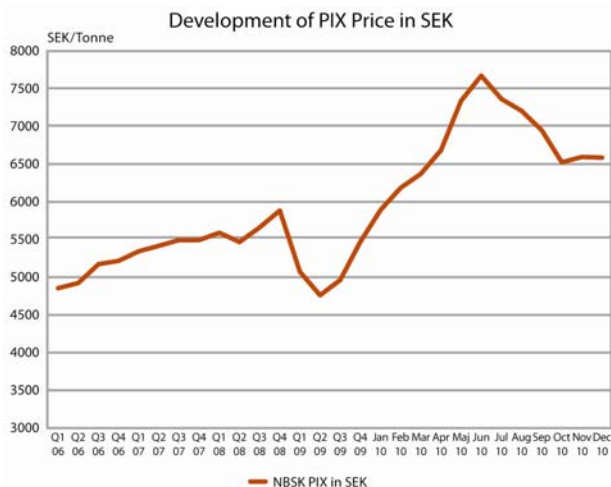
pulp are lower than normal levels, corresponding to 25 days' production.

Delivery capacity utilisation for the period January to November 2010 was 93% (91% for the same period in 2009), and production capacity utilisation was around 94% (86%).

Mechanical pulp and CTMP (produced at Rottneros)

The price of short-fibre CTMP was approximately USD 600 per tonne in the Western European market at the beginning of the year. The price and demand for CTMP did not increase as much at the beginning of the year as for chemical pulp, although there was a recovery in the second quarter of 2010. The price and demand fell once again during the second half of the year and the price in Europe was approximately USD 760-780 per tonne at the end of December.

Delivery capacity utilisation for the period January to November 2010 was 96% (84%) and production capacity utilisation was 98% (78%).



PRODUCTION AND DELIVERIES

The Group's pulp mills at Rottneros and Vallvik have a combined production capacity of almost 400,000 tonnes per year. Production amounted to 323,000 (335,900) tonnes for the full year 2010. The full year 2009 included 11,100 tonnes relating to production at Rockhammar Mill, which has been disposed of.

Deliveries amounted to 330,300 (376,700) tonnes for the full year 2010. Deliveries for the full year 2009 included 29,200 tonnes relating to deliveries from the mill at Miranda, which has been wound up, and the mill at Rockhammar, which has been disposed of. The stock of finished products fell by 7,300 tonnes in 2010.

PRODUCTION (TONNES)

	Okt-Dec 2010	Okt-Dec 2009	Full year 2010	Full year 2009
Sulphate pulp	39,000	49,800	184,500	193,400
Groundwood pulp	20,000	18,400	73,600	71,700
CTMP	16,000	18,500	64,900	70,800
TOTAL	75,000	86,700	323,000	335,900

DELIVERIES (TONNES)

	Okt-Dec 2010	Okt-Dec 2009	Full year 2010	Full year 2009
Sulphate pulp	44,600	49,100	190,100	229,800
Groundwood pulp	19,600	18,800	73,200	77,100
CTMP	16,200	14,000	67,000	69,800
TOTAL	80,400	81,900	330,300	376,700

Maintenance shutdowns and seasonal variations

There was a holiday shutdown at Rottneros Mill in July and August 2010, which was combined with minor annual maintenance work. Loss of production corresponded to around 10,000 tonnes. There was an extended maintenance shutdown at Vallvik Mill during the fourth quarter. This shutdown involved a loss of production corresponding to around 13,000 tonnes, which had a negative impact on the result for the fourth quarter of around SEK 35 million. All costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

INVOICING AND RESULTS

Full year 2010 compared with full year 2009

Group net turnover amounted to SEK 1,684 (1,508) million for the full year 2010. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 550 million,
- a weaker USD – SEK -104 million,
- lower delivery levels – SEK -186 million, and
- other changes – SEK -84 million.

The lower delivery levels are mainly attributable to the disposal of Rockhammar Mill and the closure of Rottneros Miranda.

The average price of long-fibre sulphate pulp (NBSK) in USD increased by 42% – from USD 657 to USD 930 – while the average price of NBSK pulp converted into SEK increased from SEK 4,989 to SEK 6,705 per tonne, an increase of 34%. The price of pulp in USD increased in the first half of 2010 and then slowed slightly during the second half of the year.

The average price of electricity on the Nord Pool exchange amounted to SEK 0.54 per kWh for the full year 2010, compared to SEK 0.39 per kWh for the previous year. The higher electricity prices in 2010

had a negative impact on the result for the full year 2010 of SEK 46 million compared with 2009.

The supply of wood functioned efficiently during the period. However, the cost of pulpwood increased throughout 2010. The increase in costs as a result of higher wood prices amounted to SEK 75 million for the full year 2010 compared with 2009.

- Group operating profit amounted to SEK 138 (-166) million for the full year 2010. Hedging activities realised for the full year 2010 amounted to SEK 43 (4) million.
- Group profit after net financial items amounted to SEK 138 (-69) million, including net financial items of SEK 0 (97) million. Net financial items include financial exchange gains of SEK 5 (15) million. These amounts were countered by operating exchange losses on accounts receivable. Net financial items for the full year 2009 also include financial income of SEK 110 million from writing off a loan.
- Profit after tax amounted to SEK 125 (-69) million.
- Earnings per share after tax were SEK 0.82 (-2.59).
- Cash flow per share amounted to SEK 0.51 (2.74).

October to December 2010 compared with October to December 2009

Group net turnover amounted to SEK 402 (363) million for the period October to December 2010. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 86 million,
- a weaker USD – SEK -13 million,
- lower delivery levels – SEK -7 million, and
- other changes – SEK -27 million.

The average price of long-fibre sulphate pulp (NBSK) in USD increased from USD 770 to USD 957, while the average price of NBSK pulp converted into SEK increased from SEK 5,396 to SEK 6,493 per tonne, an increase of 20%.

- Group operating profit amounted to SEK 15 (6) million for the fourth quarter of 2010. Hedging activities realised during the quarter amounted to SEK 27 (1) million.
- Group profit after net financial items amounted to SEK 13 (0) million, including net financial items of SEK -2 (-6) million. Net financial items for the fourth quarter of 2010 include financial exchange gains of SEK 0 (-2) million.

- Profit after tax amounted to SEK 8 (0) million.
- Earnings per share after tax were SEK 0.06 (-0.01).
- Cash flow per share amounted to SEK -0.10 (-0.08).

October to December 2010 compared with July to September 2010

Group net turnover reduced to SEK 402 million in the fourth quarter of 2010 compared to SEK 413 million in the third quarter. The main factors explaining this decrease in turnover are:

- lower pulp prices in USD – SEK -8 million,
- a weaker USD – SEK -29 million,
- increased delivery levels – SEK 25 million, and
- other changes – SEK 1 million.

The average price of long-fibre sulphate pulp (NBSK) in USD fell from USD 976 to USD 957 and the average price for NBSK pulp converted into SEK fell from SEK 7,098 to SEK 6,493 per tonne, a reduction of 9%.

- Group operating profit amounted to SEK 15 million for the fourth quarter of 2010, which can be compared to the third quarter of 2010 when operating profit amounted to SEK 68 million. Hedging activities realised during the quarter amounted to SEK 27 (13) million.
- Group profit after net financial items amounted to SEK 13 million for the fourth quarter of 2010 compared to SEK 64 million for the third quarter of 2010.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 125 (10) million for the full year 2010.
- The Board of Rottneros AB decided in December 2010 to invest in closing the water loops in the bleaching plant at Vallvik Mill at a cost of SEK 90 million. This investment constitutes the final part of the programme of measures previously communicated. The agreed investments will help Vallvik Mill to meet the extended requirements for water purification that apply from 2012. These investments will also lead to a twenty per cent increase in capacity at the factory.
- The Group had liquid funds amounting to SEK 155 million at the end of the fourth quarter, compared to SEK 111 million at the end of December 2009.
- The Group had interest-bearing liabilities amounting to SEK 39 million on 31 December 2010

(SEK 101 million on 31 December 2009). Interest-bearing net assets amounted to SEK 116 million compared with interest-bearing net receivables of SEK 10 million on 31 December 2009.

- In January 2011, Rottneros gave notice terminating the credit facility previously placed with a bank consortium comprising five banks. A new financing agreement amounting to SEK 100 million has been concluded with Danske Bank. The agreement, which enters into force on 31 January 2011, has no covenants, e.g. regarding financial key ratios, capital expenditures or dividends. This means a significant increase in the company's operational capacity to act. Furthermore, the costs associated with the new agreement are significantly lower. Rottneros will repay the entire outstanding loan in conjunction with the new agreement entering into force; this amounted to SEK 28 million on 31 December 2010.
- Approved but unutilised lines of credit amounted to SEK 108 million in total on 31 December 2010.
- The equity/assets ratio amounted to 82% on 31 December 2010, which is four percentage points higher than on 31 December 2009.
- Equity per share amounted to SEK 8.05 (SEK 7.14 on 31 December 2009).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 202 (84) million for the full year 2010 and included cash flow of SEK 44 (3) million from financial hedging.
- Cash flow after investing activities amounted to SEK 94 (199) million. The cash flow for the full year 2009 included an amount of SEK 120 million for the sale of fixed assets, primarily at Rockhammar Mill.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 308 (387) for the full year 2010. The change compared to the previous year is mainly attributable to the closure of Rottneros Miranda and the disposal of Rockhammar Mill.

TAX

Deferred tax assets amounted to SEK 82 million on 31 December 2010, which is a reduction of SEK 18 million compared with 31 December 2009. The carry forward of deductions for unutilised losses together with other temporary differences amount to approximately SEK 313 million. There was no carry

forward of deductions for which deferred tax assets have not been recorded.

PARENT COMPANY

The parent company's profit after net financial items amounted to SEK 26 (33) million for the full year 2010. All pulp invoicing within the Group was centralised at the parent company up until 30 November 2010, which had served as a distributor for all of the mills and had been receiving sales commission for this service at normal rates. The respective mills have been responsible for invoicing and distribution from 1 December 2010. The profit after net financial items includes hedging activities realised for the entire Group, which affected the result by SEK 43 (4) million.

The parent company's profit after net financial items amounted to SEK 21 million for the fourth quarter of 2010 compared with SEK 7 million for the same period of the previous year and a loss of SEK 2 million for the third quarter of 2010. The result for the fourth quarter of 2010 includes hedging activities realised for the entire Group, which affected the result by SEK 27 million.

The parent company's balance sheet and income statement can be found on page 14.

SHARE INFORMATION

NUMBER OF SHARES

	31 December 2010
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 31 DECEMBER 2010

Shareholder	Number of shares (=votes)	Percentage of capital
Nemus Holding AB	30,857,435	20.1
Danske Bank A/S	6,451,273	4.2
DNB NOR Bank ASA Sverige	6,451,273	4.2
HSH Nordbank AG	5,599,860	3.6
Skagen Verkst Verdipapirfond	5,220,337	3.4
Aliz Invest AB	4,959,440	3.2
Robur Försäkring	4,605,900	3.0
Ålandsbanken AB, W8IMY	3,971,516	2.6
Barclays Cap Sec Cayman Client	3,671,680	2.4
Nordea Bank AB	3,500,521	2.3
Total holdings of 10 largest shareholders	75,289,235	49.0
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	77,282,690	50.5
TOTAL	153,393,890	100.0

Reverse share split

The Annual General Meeting (AGM) in 2010 resolved to carry out a reverse share split, where ten existing shares are combined as one share. A directed new issue of 31 shares, as resolved at the AGM, was implemented in April with a view to achieving a number of shares that was evenly divisible by ten. The record day for the reverse split was 7 May 2010 and the number of shares in Rottneros subsequently amounted to 153,393,890.

Evening out the holdings of minor shareholders

Minor shareholders, who owned less than 1,000 shares prior to the reverse split, were offered the opportunity to even out their holdings through commission-free trade. The total number of shareholders to which this offer applied was 5,300 shareholders, and 416 shareholders had sold on average 32 shares and 515 shareholders had purchased on average 30 shares when the offer expired on 28 May 2010. This yielded a net purchase of 5,313 shares at a price of 7.20.

Incentive programme

The AGM of Rottneros held on 22 April 2010 resolved to issue no more than 30 million subscription warrants to be used for an incentive programme for eight senior executives. In total, 12 million of these subscription warrants were transferred to those entitled to subscribe. The price per warrant amounted to SEK 0.10, and ten subscription warrants are required to subscribe for one new ordinary share. The issue price amounted to SEK 9.75 per share and shares can be subscribed for during the period 17 May 2011 to 16 May 2013. Rottneros has cancelled subscription warrants that are not transferred, and the dilution effect would amount to 0.8 per cent if these rights are exercised in full.

Sale of treasury shares

The AGM held in 2010 authorised the Board to take decisions regarding the transfer of shares in the company for the period up until the next AGM. No such transfer took place in 2010. Rottneros' holding of treasury shares amounted to 821,965 shares after the reverse split in May.

Transactions with closely related parties

There have been no transactions between Rottneros and closely related parties that materially affect the company's financial position and performance.

Nomination Committee 2011

Rottneros announced the Nomination Committee on 14 October 2010 prior to the 2011 AGM. Olle Grundberg from Nemus Holding AB was appointed Chair of the Nomination Committee. Other members appointed are Jan Alkmark (Danske Bank A/S) and Kjell Ormegard (Chair of the Board of Rottneros AB). Shareholders wishing to submit views or put forward proposals for Rottneros' Nomination Committee can do this to Olle Grundberg, Chair of the Nomination Committee:

olle.grundberg@bredband.net.

Dividend for 2010

The Board will propose to the AGM on 19 April 2011 that a dividend of SEK 0.20 be distributed per share.

RISK MANAGEMENT

The company's operational work involves 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 price and to moderate fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's result are linked with exchange rates and the price of pulp, wood and electricity.

Group	2010					2009				
	IV	III	II	I	Full year	IV	III	II	I	Full year
Profit/loss after financial items	13	64	50	11	138	0	43	3	-115	-69
Whereof:										
Currency hedges	24	13	0	3	40	-1	-1	-1	-2	-5
Pulp price hedges	-	-	-	-	-	-	-4	4	3	3
Electricity hedges	3	-	-	-	3	2	1	1	2	6
Total hedges	27	13	0	3	43	1	-4	4	3	4
Green electricity	5	8	6	8	27	10	9	10	7	36

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for pulp prices is predominantly USD. Around 20% of invoicing is contracted in SEK, with EUR as the invoicing currency. The underlying exposure to USD is thus very high, while the direct inflow of USD (the real flow) corresponds to just over 40%. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a contract is between one and three months.

The average USD exchange rate was 6% lower for the full year 2010 compared with the same period of the previous year, amounting to an average of SEK 7.21/USD for the period compared to SEK 7.65/USD in the previous year. The impact on turnover of a lower average exchange rate for USD in relation to SEK for the full year 2010 amounted to SEK -104 million compared to the same period in 2009.

At the end of December 2010, currencies were hedged in the form of forward contracts concluded for USD 14 million at an average rate of SEK 7.26/USD for deliveries made in 2011.

Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in local currencies. Pulp prices had not been hedged at the end of December.

Electricity

Twenty-six per cent of electricity consumption for 2011 was hedged at on average nearly SEK 0.40 per kWh at the end of December 2010. Additional electricity hedging was carried out at the start of 2011, and at the time of signing this report, Forty-three per cent of electricity consumption for 2011 was hedged at on average SEK 0.43 per kWh. The average price level for electricity on the Nord Pool exchange amounted to SEK 0.54 per kWh for the full year 2010.

For further information on risk, see pages 29 to 32 of the 2009 Annual Report.

MARKET VALUE (SEK million) DECEMBER 2010				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 December 2010
Currency USD, forward	USD 14 m	7.26 SEK/USD	8	6.80 SEK/USD
Electricity	80,875 MWh	SEK 0.397/kWh	17	SEK 0.771/kWh
Total market value			25	

MARKET VALUE (SEK million) DECEMBER 2009				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 December 2009
Currency USD, forward	USD 7 m	7.22 SEK/USD	1	7.21 SEK/USD
Currency EUR, forward	EUR 34 m	10.42 SEK/EUR	6	10.35 SEK/EUR
Total market value			7	

The table above shows the market values of all hedging contracts. The valuation refers to the liquidation value; i.e. a valuation is made in accordance with the forward contracts on 31 December 2010. The reference value refers to the spot rate on 31 December and is provided as supplementary information. Hedging expires in 2011. As a result of the application of IFRS/IAS, these market values are reflected in the balance sheet and, in some cases, in the income statement, but are also shown here as supplementary information.

ACCOUNTING PRINCIPLES

This interim 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 1.3, Supplementary Accounting Rules for Groups, as well as RFR 2.3, Accounting for Legal Entities, in respect of the parent company.

The accounting principles, definitions of key ratios and calculation methods are the same as those used for the last annual report, except for a number of amendments to existing standards and new interpretations that took effect on 1 January 2010. Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements result in changes regarding consolidated financial statements and accounting for acquisitions. Rottneros has applied the revised standards with effect from 1 January 2010, but the changed accounting principles have not yet had any effect on recognised amounts.

FORECAST

The company is not providing an earnings forecast for 2011.

FORTHCOMING FINANCIAL INFORMATION

19 April 2011 Interim Report January-March 2011
20 July 2011 Interim Report January-June 2011
20 October 2011 Interim Report January-Sept 2011
27 January 2012 Year-end Release for 2011

The AGM for Rottneros AB will be held in Sunne on Tuesday, 19 April 2011.

The 2010 Annual Report will be available on the company's website from Week 11.

For more information, please visit Rottneros' updated website, www.rottneros.com.

Stockholm, 26 January 2011

Ole Terland
President and Chief Executive Officer

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

President Ole Terland and CFO Tomas Hedström will be available on tel. +46 (0)8 590 010 70 on 26 January between 08.00 and 08.45.

Analyst and press conference

Analysts and journalists are invited to an analyst and press conference on 26 January at 10.00.

Location: Rottneros Head Office, World Trade Center, Kungsbron 1, C6, Stockholm, Sweden

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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 26 January 2011 at 08.00. A Swedish and an English version of this report have been drawn up. The Swedish version shall apply in the event of differences between the two reports.

DEFINITIONS OF KEY RATIOS

Equity/assets ratio:

Shareholders' equity as a percentage of the balance sheet total

Interest-bearing net assets/liabilities:

Liquid assets minus interest-bearing liabilities

Debt/equity ratio:

Interest-bearing net assets/liabilities divided by shareholders' equity

Operating margin:

Operating profit after depreciation as a percentage of net turnover for the period

Profit margin:

Profit after net financial items as a percentage of net turnover for the period

Net profit/loss:

Net profit/loss is the profit/loss after tax

Earnings per share:

Net profit/loss divided by the average number of shares

Return on capital employed:

Profit after net financial items plus interest expense for the past twelve-month period divided by the average capital employed for the period in question

Capital employed:

Balance sheet total less non-interest-bearing operating liabilities including deferred tax liabilities

Return on equity:

Net profit for the past twelve-month period as a percentage of average shareholders' equity for the period in question

Interest coverage ratio:

Profit after net financial items plus interest expense, divided by interest expense

P/E ratio:

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

Direct yield:

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

Operating cash flow/share:

Cash flow from operating activities and normal investments divided by the number of shares

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Oct-Dec 2010	Oct-Dec 2009	Full year 2010	Full year 2009
Net turnover	402	363	1,684	1,508
Change in inventories, finished goods	-23	17	-25	-179
Other income	43	21	121	138
TOTAL INCOME	422	401	1,780	1,467
Raw materials and consumables	-225	-222	-961	-881
Other costs	-113	-95	-393	-413
Personnel costs	-49	-52	-202	-235
Depreciation/amortisation and write-downs	-20	-26	-86	-104
TOTAL OPERATING COSTS	-407	-395	-1,642	-1,633
OPERATING INCOME	15	6	138	-166
Financial income	0	-3	6	124
Financial expenses	-2	-3	-6	-27
Net financial items	-2	-6	0	97
INCOME AFTER NET FINANCIAL ITEMS	13	0	138	-69
Tax on income for the year	-5	0	-13	0
NET PROFIT/LOSS AFTER TAX	8	0	125	-69
Earnings after tax/share (SEK) ²	0.06	-0.01	0.82	-2.59

¹ Profit after tax per share, after dilution, is the same as the profit after tax per share. The comparative figures have been adjusted for the reverse split of shares implemented during April 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Oct-Dec 2010	Oct-Dec 2009	Full year 2010	Full year 2009
NET PROFIT/LOSS AFTER TAX	8	0	125	-69
Other comprehensive income				
Cash-flow hedging, income before tax	-8	5	20	2
Cash-flow hedging, tax effect	3	-2	-5	-1
Exchange rate differences	-2	0	-2	-1
Reclassification adjustment ³	1	-	1	-54
TOTAL OTHER COMPREHENSIVE INCOME	-6	3	14	-54
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2	3	139	-123

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	957	770	930	657
USD/SEK ²	6.78	7.00	7.21	7.65
Pulp price NBSK, SEK	6,493	5,396	6,705	4,989
Rottneros' deliveries, tonnes	80,400	81,900	330,300	376,700

¹ Source: PIX/Market Pulse.

² Source: Sw edish central bank yearly average.

³ Cumulative amount of exchange rate differences reclassified from equity to profit or loss according to IAS 21.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Dec 2010	Dec 2009
Intangible fixed assets	2	8
Tangible fixed assets	720	677
Financial fixed assets	145	164
Total fixed assets	867	849
Inventories	213	215
Current receivables	259	230
Liquid funds	155	111
Total current assets	627	556
TOTAL ASSETS	1,494	1,405
Shareholders' equity	1,228	1,089
Longterm liabilities		
Interest-bearing	10	57
Non interest-bearing	0	1
Total longterm liabilities	10	58
Current liabilities		
Interest-bearing	29	44
Non interest-bearing	227	214
Total current liabilities	256	258
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,494	1,405

CASH-FLOW ANALYSIS (SEK MILLION)

	Full year 2010	Full year 2009
Operating income	138	-166
Adjustment for non cash-flow items		
Depreciation/amortisation and write-downs	86	104
Profit/loss from disposal of fixed assets	-21	-59
Profit from disposal of CO ₂ allowances	-	-3
Other non cash-flow items	4	37
	207	-87
Paid financial items	-5	-28
Received/paid taxes	2	5
Cash-flow from current operations before change in working capital	204	-110
Change in working capital	-2	194
Cash-flow from current operations	202	84
Acquisition of fixed assets	-125	-10
Sale of fixed assets	22	120
Change in long-term receivables	-5	5
Cash-flow from investing activities	-108	115
Proceeds from the issue of shares	1	182
New loans	-	92
Repayment of loans	-51	-407
Cash-flow from financing activities	-50	-133
Cash-flow for the year	44	66
Liquid funds at beginning of year	111	45
Cash-flow for the year	44	66
Translation difference in liquid funds	0	0
Liquid funds at end of year	155	111

SHARE DATA¹

		2010	2009	2008	2007	2006	2005
Shares, opening ²	No.	1,525,719	180,212	180,212	180,212	180,212	180,212
Shares issued ²	No.	0	1,345,507	-	-	-	-
No. of company's own shares bought back ²	No.	-1,373,147	-	-	-	-	-
Repurchased treasury shares ²	No.	-	-	-	-	-	-
Shares closing ²	No.	152,572	1,525,719	180,212	180,212	180,212	180,212
Average number of shares ²	No.	152,572	26,884	18,021	18,021	18,021	18,021
Operating profit or loss/share ^{2,5}	SEK	0.90	-6.18	-16.95	-19.99	-0.43	-4.95
Earnings after net financial items/share ⁵	SEK	0.90	-2.58	-21.33	-21.30	-1.29	-5.70
Earnings after tax/share ⁵	SEK	0.82	-2.59	-18.35	-16.69	-0.45	-3.49
Operating cash flow/share ^{3,5}	SEK	0.51	2.74	-13.34	-5.59	1.93	-22.80
Equity/share ⁵	SEK	8.05	7.14	44.96	58.29	77.83	84.53
Dividend ^{5,6}	SEK	0.20	-	-	-	1.00	1.00
Dividend/equity/share ⁶	%	2.5	-	-	-	1.3	1.2
Share price at end of period ⁵	SEK	4.37	6.90	10.50	23.10	65.50	68.00
Share price/equity/share	Times	0.5	1.0	0.2	0.4	0.8	0.8
P/E ratio/share	Times	5.3	Neg	Neg	Neg	Neg	Neg
Direct yield ^{4,6}	%	4.6	-	-	-	1.5	1.4

¹ No key ratios were influenced by any dilution effect.

² The number of shares is stated in thousands, excluding treasury shares held by Rottneros.

³ Cash-flow after normal investments but excluding strategic investments.

⁴ Direct yield is calculated in relation to the closing listed price.

⁵ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

⁶ For 2010 proposed dividend is used.

KEY RATIOS EIGHT QUARTERS

	2010				2009			
	IV	III	II	I	IV	III	II	I
Net turnover, SEK m	402	413	462	407	363	345	367	433
Return on equity after full tax, %	10.8	10.1	9.2	5.2	Neg	Neg	Neg	Neg
Return on capital employed, %	11.6	10.7	9.5	6.1	Neg	Neg	Neg	Neg
Equity/assets ratio, %	82	81	78	76	78	50	43	38
Equity/share, SEK ¹	8.05	8.03	7.59	7.26	7.14	37.97	35.48	38.78
Earnings after tax/share, SEK ¹	0.06	0.37	0.32	0.07	-0.01	2.38	0.15	-6.37
Operating cash flow/share, SEK ¹	-0.10	0.07	0.28	0.26	-0.08	2.80	0.58	0.93
Operating margin, %	3.52	16.71	10.32	1.68	1.50	-20.27	2.29	-25.44

¹ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Full year 2010	Full year 2009
Opening shareholders' equity	1,089	810
Total comprehensive income for the period	139	-123
Issue of new shares	0	402
Closing shareholders' equity	1,228	1,089

QUARTERLY DATA (SEK MILLION)

	2010				2009				2008			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	402	413	462	407	363	345	367	433	534	601	780	748
Operating profit/loss before depreciation	35	88	61	40	32	-45	31	-80	4	14	-19	-81
Depreciation/amortisation and write-downs	-20	-20	-13	-33	-26	-25	-23	-30	-139	-27	-29	-29
Operating profit/loss	15	68	48	7	6	-70	8	-110	-135	-13	-48	-110
Net financial items	-2	-4	2	4	-6	113	-5	-5	-34	-24	-9	-12
Profit/loss after financial items	13	64	50	11	0	43	3	-115	-169	-37	-57	-122
Tax	-5	-8	0	0	0	0	0	0	-9	13	17	33
Profit/loss after tax	8	56	50	11	0	43	3	-115	-178	-24	-40	-89
Pulp production, 1,000 tonnes	75.0	82.6	84.0	81.4	86.7	70.9	88.8	89.5	119.5	136.3	162.6	184.3
Pulp deliveries, 1,000 tonnes	80.4	75.8	86.8	87.3	81.9	89.7	99.4	105.7	118.4	137.1	186.3	176.1

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Oct-Dec 2010	Oct-Dec 2009	Full year 2010	Full year 2009
Net turnover	273	362	1,533	1,516
Other income	28	14	70	50
TOTAL INCOME	301	376	1,603	1,566
Raw materials and consumables	-265	-350	-1,512	-1,487
Other costs	-10	-26	-64	-142
Personnel costs	-6	-10	-25	-32
Depreciation	0	0	-2	-3
TOTAL OPERATING COSTS	-281	-386	-1,603	-1,664
OPERATING INCOME	20	-10	0	-98
Financial income	2	38	32	175
Financial expenses	-1	-21	-6	-44
Net financial items	1	17	26	131
INCOME AFTER NET FINANCIAL ITEMS	21	7	26	33
Tax on income for the year	-11	-27	-20	-27
NET PROFIT/LOSS AFTER TAX	10	-20	6	6

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Dec 2010	Dec 2009
Intangible fixed assets	-	1
Tangible fixed assets	1	1
Financial fixed assets	373	386
Total fixed assets	374	388
Current receivables	707	820
Liquid funds	79	23
Total current assets	786	843
TOTAL ASSETS	1,160	1,231
Shareholders' equity	1,095	934
Longterm liabilities		
Interest-bearing	-	42
Total longterm liabilities	-	42
Current liabilities		
Interest-bearing	25	38
Non interest-bearing	40	217
Total current liabilities	65	255
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,160	1,231

SIX YEAR REVIEW

	2010	2009	2008	2007	2006	2005	
							Remaining operations
							Total
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD ¹	930	657	852	794	675	611	
USD/SEK ²	7.21	7.65	6.58	6.76	7.37	7.48	
Pulp price NBSK, SEK	6,705	4,989	5,617	5,368	4,977	4,565	
Rottneros' deliveries, tonnes	330,300	376,700	617,900	714,700	699,500	666,700	

Turnover and income, SEK million

Net turnover	1,684	1,508	2,663	2,927	2,690	2,411	2,429
Profit/loss before depreciation	224	-62	-82	75	148	9	48
Depreciation	-86	-104	-224	-435	-155	-138	-138
Operating profit/loss after depreciation	138	-166	-306	-360	-7	-129	-90
Net financial items	0	97	-79	-24	-16	-12	-13
Profit/loss after net financial items	138	-69	-385	-384	-23	-141	-103
Profit/loss after tax	125	-69	-331	-301	-8	-91	-63

Balance sheet items, SEK million

Fixed assets	867	849	1,149	1,123	1,363	1,435	
Inventories	213	215	447	493	397	430	
Current receivables	259	230	391	572	570	595	
Liquid funds	155	111	45	121	122	125	
Assets from discontinued operations	-	-	-	-	-	26	
Shareholders' equity	1,228	1,089	810	1,050	1,403	1,523	
Long-term interest-bearing liabilities	10	57	692	173	177	180	
Long-term non interest-bearing liabilities	0	1	14	49	85	118	
Current interest-bearing liabilities	29	44	82	452	304	375	
Current non interest-bearing liabilities	227	214	434	585	483	405	
Liabilities from discontinued operations	-	-	-	-	-	10	
Balance sheet total	1,494	1,405	2,032	2,309	2,452	2,611	

Financial ratios

Operating margin, %	8.2	-11.0	-11.5	-12.3	-0.3	-5.3	-3.7
Profit margin, %	8.2	-4.6	-14.4	-13.1	-0.9	-5.8	-4.2
Return on capital employed, %	11.6	Neg	Neg	Neg	Neg	Neg	Neg
Return on equity after full tax, %	10.8	Neg	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	82	78	40	45	57	58	58
Debt/equity ratio, Times	-0.1	0.1	1.0	0.6	0.3	0.4	0.4
Interest cover, Times	26.2	Neg	Neg	Neg	Neg	Neg	Neg

Other

Capital expenditure, SEK m	125	10	191	163	113	234	234
Average no. of employees	308	387	667	718	754	804	804

¹ Source: PIX.² Source: Swedish central bank yearly average.

Rottneros, a company that was originally established in the 1600s, is an independent and flexible supplier of customised paper pulp of high quality. Rottneros has been able to adapt in order to meet high customer expectations by continually developing its products and maintaining high levels of delivery reliability, technical support and service.

Rottneros has an annual production capacity of almost 400,000 tonnes of pulp at two mills in Sweden. Increasingly intensive product development in line with the requirements of customers will result in profitability that is higher and more stable throughout the business cycle.

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