

Rottneros

Interim Report January–September 2010

	Quarter			Interim period	
	III 2010	II 2010	III 2009	Jan-Sep 2010	Jan-Sep 2009
Net turnover, SEK m	413	462	345	1,282	1,145
Income after net financial items, SEK m	64	50	43	125	-69
Earnings per share after net financial items, SEK ¹	0.42	0.32	2.38	0.82	-3.83
Profit/loss after tax, SEK m	56	50	43	117	-69
Earnings per share after tax, SEK ¹	0.37	0.32	2.38	0.76	-3.83
Cash flow per share, SEK ¹	0.07	0.28	2.80	0.62	4.31
	30-09-2010	30-06-2010	30-09-2009	31-12-2009	
Shareholders' equity per share, SEK ¹	8.03	7.59	37.97	7.14	
Equity/assets ratio, %	81	78	50	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 125 (-69) million for the period January to September 2010. Operating profit amounted to SEK 123 (-172) million for the first nine months of 2010. Profit after net financial items amounted to SEK 64 (43) million for the third quarter of 2010.
- Cash flow from operating activities amounted to SEK 163 (85) million for the period January to September 2010.
- An interest-bearing net receivable of SEK 116 million was reported as at 30 September 2010, compared with SEK 10 million at the start of the year
- Demand for pulp continues to be good, although the strong krona has led to a reduction in net proceeds.



Pulp bales produced at Vallvik Mill.

CEO's statement

Rottneros' profit before tax amounted to SEK 64 million in the third quarter of the year, which was about 30 per cent higher than the previous quarter. Return on capital employed for the quarter amounted to 21 per cent. Vallvik Mill was producing at full steam during the quarter, while Rottneros Mill had its planned long holiday break. The negative impact of this shutdown on the quarterly result amounted to almost SEK 10 million. Production at both mills has been excellent and the quality of the outcome has been very good. During the quarter, the board approved the investment in a biological water treatment plant at Vallvik Mill, which has been under discussion for a long time. The plant will be installed in 2011 and be fully operational towards the end of the year.

A lot of preparatory work was done at Vallvik Mill prior to the extended shutdown in the autumn, which is taking place now in October and will last for almost three weeks. Preparations included building up stock levels to cover the supply of customers during the standstill. The negative impact that the loss of production and major periodic maintenance work will have on the result for the last quarter of the year will be approximately SEK 35 million.

As I wrote in my last CEO statement, the fairly weak demand for pulp in China in 2010 has now resulted in price reductions for all pulp qualities. Since the summer, the main reference mark for pulp prices – namely NBSK, i.e. bleached long-fibre sulphate pulp – has fallen in China from just under USD 900 to just over USD 800 per tonne. This has resulted in market leaders in North America reducing their price by USD 50 per tonne in their home territory. There has not been a reduction in the official prices of NBSK in Europe, but the weakened dollar in relation to the Euro has given European purchasers of pulp a considerable cost relief. The impact of the strong krona is significant for Rottneros, as our costs are almost entirely in SEK and the underlying revenues are completely dominated by USD. The average USD rate was SEK 7.27 for the third quarter and SEK 6.71/USD at the end of the quarter, a change of eight per cent.

Several leading pulp market observers consider that this price reduction is less than previously anticipated, which may be due to a combination of a weaker dollar rate, an increase in purchases from China and increased paper production in Europe. These observers expect that pulp prices rise again after the turn of the year, at least in dollars.

Ole Terland
President and CEO

THE PULP MARKET

Market and products

Demand for all pulp grades in Europe and North America continued to be strong during the third quarter of 2010, while purchases have reduced in China. The lower level of purchases in China resulted in price reductions for pulp in Asia in the late summer. For mechanical grades of pulp, the reduction in price spread to Europe while the price of chemical pulp, mainly NBSK, only reduced marginally in Europe.

Statistics for bleached chemical market pulp for the total global market showed that deliveries during the period January to August 2010 amounted to 25.9 (26.1) million tonnes, which was 0.8% lower than the same period in 2009. Ninety-one per cent (91% for the same period in 2009) of the global supply capacity for bleached chemical pulp was utilised for the period January to August. An estimated 92%

(86%) of production capacity was utilised for the same period.

Global producer stocks of bleached chemical pulp amounted to 3.6 million tonnes at the end of August. Stock has consequently risen by 0.7 million tonnes compared with the start of the year. The level of stock was 0.5 million tonnes higher compared with the same period of the previous year.

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

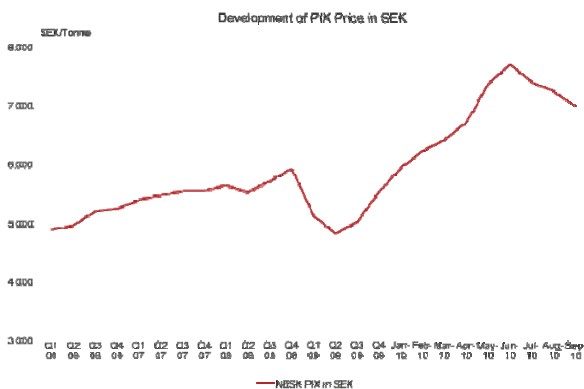
The price was USD 799 per tonne at the beginning of the year and USD 973 at the end of September. The market for long-fibre chemical pulp is good. Producer stock levels for long fibre chemical pulp are normal for 28 days' production.

Delivery capacity utilisation for the period January to August 2010 was 92% (91% for the same period in 2009) and production capacity utilisation was around 95% (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 start of the year. The price and demand for CTMP did not increase as much at the start of the year as for chemical pulp. There has been a recovery since the end of the first quarter and the price in Europe was approximately USD 780-800 per tonne at the end of September.

Delivery capacity utilisation for the period January to August 2010 was 92% (83%) and production capacity utilisation was 98% (73%).



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 during the period January to September 2010 amounted to 248,000 (249,200) tonnes. The first nine months of 2009 included 11,100 tonnes relating to production at Rockhammar Mill, which has now been disposed of.

Deliveries during the period January to September 2010 amounted to 249,900 (294,800) tonnes. Deliveries for the period January to September 2009 included 29,200 tonnes relating to deliveries from the mill at Miranda, which has now been wound up, and the mill at Rockhammar, which has now been disposed of. The stock of finished products reduced by just under 2,000 tonnes during the period January to September 2010.

PRODUCTION (TONNES)

	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Sulphate pulp	54,900	44,100	145,500	143,600
Groundwood pulp	14,400	14,500	53,600	53,300
CTMP	13,300	12,300	48,900	52,300
TOTAL	82,600	70,900	248,000	249,200

DELIVERIES (TONNES)

	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Sulphate pulp	47,800	59,100	145,500	180,700
Groundwood pulp	14,400	16,700	53,600	58,300
CTMP	13,600	13,900	50,800	55,800
TOTAL	75,800	89,700	249,900	294,800

Maintenance shutdowns and seasonal variations

A holiday shutdown took place at Rottneros Mill during July and August 2010, which was combined with minor annual maintenance work. The loss of production corresponded to around 10,000 tonnes. An extended maintenance shutdown takes place at Vallvik Mill during the fourth quarter. 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.

INVOICED SALES AND RESULTS

January to September 2010 compared with January to September 2009

Group net turnover amounted to SEK 1,282 (1,145) million during the period January to September 2010. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 473 million
- a weaker USD – SEK -91 million
- lower delivery levels – SEK -175 million, and
- other changes – SEK -70 million.

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

The average price in USD of long-fibre sulphate pulp (NBSK) increased by 49% – from USD 619 to USD 921 – while the average price of NBSK pulp converted into SEK increased from SEK 4,853 to SEK 6,776 per tonne, an increase of 40%. The price of pulp in USD increased in the first half of 2010, and then slowed slightly during the third quarter.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.52 per kWh for the period January to September 2010, compared to SEK 0.39 per kWh for the same period of the previous year. The average price of electricity amounted to SEK 0.73 per kWh for the first quarter of 2010. Sharp increases in energy costs resulting in

forced production stoppages at Rottneros Mill had a negative effect on the result for January to September 2010 of approximately SEK 30 million.

The shutdown carried out at Rottneros Mill during the third quarter of 2010 had a negative effect on the result of around SEK 15 million. A maintenance shutdown was carried out at both Rottneros Mill and Vallvik Mill during the third quarter of 2009.

The supply of wood functioned efficiently during the period. However, the cost of pulpwood increased throughout 2010. The cost of higher wood prices during the period January to September 2010 compared with the same period of the previous year amounted to SEK 67 million.

- Group operating profit amounted to SEK 123 (-172) million for the period January to September 2010. Hedging activities realised during the period January to September 2010 amounted to SEK 16 (3) million.
- Group profit after net financial items amounted to SEK 125 (-69) million, including net financial items of SEK 2 (103) million. Net financial items include financial exchange gains of SEK 5 (17) million. These amounts were largely countered by operating exchange losses on accounts receivable. Net financial items for the period January to September 2009 also include SEK 110 million as a result of writing off debts.
- Profit after tax amounted to SEK 117 (-69) million.
- Earnings per share after tax were SEK 0.76 (-3.83).
- Cash flow per share amounted to SEK 0.62 (4.31).

July to September 2010 compared with July to September 2009

Group net turnover amounted to SEK 413 (345) million for the period July to September 2010. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 133 million,
- a weaker USD – SEK -1 million,
- lower delivery levels – SEK -54 million, and
- other changes – SEK -10 million.

The lower delivery levels are primarily attributable to Vallvik Mill, which was to a great extent a consequence of delivery levels during the third quarter of 2009 like the second quarter of 2009 being unusually high.

The average price in USD of long-fibre sulphate pulp (NBSK) increased from USD 670 to USD 976, while the average price of NBSK pulp converted into SEK increased from SEK 4,880 to SEK 7,098 per tonne, an increase of 45%.

- Group operating profit amounted to SEK 68 (-70) million for the third quarter of 2010. Hedging activities realised during the quarter amounted to SEK 13 (-4) million.
- Group profit after net financial items amounted to SEK 64 (43) million, including net financial items of SEK -4 (113) million. The profit for the third quarter of 2009 included financial income from loan write-offs of SEK 110 million. Net financial items for the third quarter of 2010 include financial exchange losses of SEK -3 (7) million. These amounts were largely countered by operating exchange gains on accounts receivable.
- Profit after tax amounted to SEK 56 (43) million.
- Earnings per share after tax was SEK 0.37 (2.38).
- Cash flow per share amounted to SEK 0.07 (2.80).

July to September 2010 compared with April to June 2010

Group net turnover reduced to SEK 413 million during the third quarter of 2010 compared to SEK 462 million in the second quarter. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 14 million,
- a weaker USD – SEK -17 million,
- lower delivery levels – SEK -59 million, and
- other changes – SEK 13 million.

The average price of long-fibre sulphate pulp (NBSK) expressed in USD increased from USD 943 to USD 976 and the average price for NBSK pulp converted into SEK fell from SEK 7,156 to SEK 7,098 per tonne, a reduction of 1%.

- Group operating profit amounted to SEK 68 million for the third quarter of 2010, which can be compared to the second quarter of 2010 when operating profit amounted to SEK 48 million. Hedging activities realised during the quarter amounted to SEK 13 (0) million.
- Group profit after net financial items amounted to SEK 64 million in the third quarter of 2010, compared to SEK 50 million in the second quarter of 2010.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 69 (8) million during the period January to September 2010.
- Group liquid funds amounted to SEK 165 million at the end of the third quarter, compared to SEK 111 million at the end of December 2009.
- On 30 September 2010, the Group had interest-bearing liabilities amounting to SEK 49 million (SEK 101 million on 31 December 2009). Interest-bearing net receivables amounted to SEK 116 million compared with interest-bearing net receivables of 10 million on 31 December 2009.
- Approved but unutilised lines of credit amounted to SEK 106 million on 30 September 2010.
- The equity/assets ratio amounted to 81% on 30 September 2010, which is three percentage units higher than 31 December 2009.
- Equity per share amounted to SEK 8.03 (SEK 7.14 on 31 December 2009).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 163 (85) million for the period January to September 2010 and included cash flow of SEK 18 (5) million from financial hedging.
- Cash flow after investing activities amounted to SEK 95 (195) million. Cash flow for the period January to September 2009 included an amount of SEK 118 million for the sale of fixed assets, primarily at Rockhammar Mill.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 311 (429) during the period January to September 2010.

TAX

Deferred tax assets amounted to SEK 84 million on 30 September 2010, which is a reduction of SEK 16 million compared with 31 December 2009. The carry forward of deductions for unutilised losses amounted to approximately SEK 320 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 5 (26) million for the period January to September 2010. All pulp invoicing within the Group has been centralised at the parent company, which serves as a distributor for all of the

mills and receives sales commission for this service at normal rates. The notes relating to Group sales therefore also apply to the parent company's sales. The result includes hedging activities realised for the entire Group, which affected the result by SEK 16 (3) million.

The parent company's loss after net financial items amounted to SEK 2 million for the third quarter of 2010, compared to a profit of SEK 92 million for the same period of the previous year and a profit of SEK 12 for the second quarter of 2010. An amount of SEK 17 million included in the second quarter of 2010 relates to dividends from subsidiaries. The third quarter of 2009 includes debt write-offs of SEK 110 million.

The parent company's balance sheet and income statement are provided on page 14.

SHARE INFORMATION

NUMBER OF SHARES

	30 September 2010
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 30 SEPTEMBER 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 Verktst Verdipapirfond	5,210,337	3.4
Case Asset Management AB	4,967,000	3.2
Robur Försäkring	4,626,585	3.0
Nordea Bank AB	3,500,521	2.3
Aliz Invest AB	3,485,000	2.3
Tanglin Asset Management AB	3,269,919	2.1
Total holdings of 10 largest shareholders	74,419,203	48.4
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	78,152,722	51.1
TOTAL	153,393,890	100.0

Reverse share split

The Annual General Meeting in 2010 resolved to carry out a reverse share split, where ten existing shares were to be combined as one share. A directed new issue of 31 shares, as resolved at the Annual General Meeting, 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. In the event that these rights are exercised in full, the dilution effect would amount to 0.8 per cent. Rottneros will cancel subscription warrants that are not transferred.

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 has taken place during the first six months of the year. Rottneros' holding of treasury shares amounted to 821,965 after the reverse split in May.

Transactions with closely related parties

No transactions have taken place between Rottneros and closely related parties that materially affect the company's financial position and performance.

Nomination Committee 2011

On 14 October 2010, Rottneros announced the Nomination Committee prior to the AGM for 2011. Olle Grundberg, 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.

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 dependency on market pulp list prices and to moderate fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are associated with exchange rates and the price of pulp, wood and electricity.

Group	2010				2009			Full year
	III	II	I	IV	III	II	I	
Profit/loss after financial items	64	50	11	0	43	3	-115	-69
Whereof:								
Currency hedges	13	0	3	-1	-1	-1	-2	-5
Pulp price hedges	-	-	-	-	-4	4	3	3
Electricity hedges	-	-	-	2	1	1	2	6
Total hedges	13	0	3	1	-4	-22	3	4
Green electricity	8	6	8	10	9	10	7	36

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for pulp prices is mainly USD. Around 20% of the 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 7% lower during the period January to September 2010 compared with the same period of the previous year, amounting to an average of SEK 7.35/USD compared to SEK 7.87/USD in the previous year. The impact on turnover of a lower average exchange rate for USD in relation to SEK during the period January to September 2010 amounted to SEK -91 million compared to the same period in 2009.

At the end of September 2010, currencies were hedged in the form of forward contracts concluded

for EUR 20 million at an average rate of SEK 10.01/EUR, and USD 13 million at an average rate of USD 7.83/USD for deliveries made in 2010 and 2011. The outstanding positions in EUR were closed at the start of the fourth quarter, which will have a positive effect on the result for the fourth quarter of around SEK 16m.

For the fourth quarter of 2010 there are forward contracts of USD 8 million at an average rate of SEK 7.72/USD.

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 September.

Electricity

Twenty-two per cent of electricity consumption was hedged at on average SEK 0.42 per kWh for the fourth quarter of 2010. Twenty-two per cent of electricity consumption has been hedged at on average SEK 0.40 per kWh for 2011. The average price level for electricity on the Nord Pool exchange amounted to SEK 0.52 per kWh during the period January to September 2010.

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

MARKET VALUE (SEK million) SEPTEMBER 2010				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 September 2010
Currency USD, forward	USD 13 m	7.83 SEK/USD	14	6.71 SEK/USD
Currency EUR, forward	EUR 20 m	10.01 SEK/EUR	17	9.15 SEK/EUR
Electricity	83,334 MWh	SEK 0.400/kWh	2	SEK 0.485/kWh
Total market value			33	

MARKET VALUE (SEK million) SEPTEMBER 2009				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 September 2009
Currency USD, forward	USD 4 m	7.02 SEK/USD	0	7.00 SEK/USD
Currency EUR, forward	EUR 4 m	10.09 SEK/EUR	0	10.23 SEK/EUR
Electricity	11,045 MWh	SEK 0.251/kWh	1	SEK 0.388/kWh
Total market value			1	

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 30 September 2010. The reference value refers to the spot rate on 30 September and is provided as supplementary information. Hedging expires in 2010 and 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, which are applied in respect of the parent company.

The accounting principles, definitions of key ratios and calculation methods are the same as those used in the last annual report, except for with respect to 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 have 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 2010.

FORTHCOMING FINANCIAL INFORMATION

26 January 2011 Year-end Release for 2010
 19 April 2011 Interim Report Jan-March 2011
 20 July 2011 Interim Report Jan-June 2011
 20 October 2011 Interim Report Jan-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.

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

Stockholm, 22 October 2010

Ole Terland
President and Chief Executive Officer

REVIEW REPORT

We have reviewed this report for the period 1 January 2010 to 30 September 2010 for Rottneros AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

*Stockholm, 22 October 2010
Öhrlings PricewaterhouseCoopers AB*

*Magnus Brändström
Authorised Public Accountant*

President Ole Terland and CFO Tomas Hedström will be available on tel. +46 (0)8 590 010 70 on 22 October between 08.00 and 08.45.

Analyst and press conference

Analysts and journalists are invited to an analyst and press conference on 22 October at 10.00.

Location: Rottneros Head Office, World Trade Center, Kungsbron 1, C6, 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 22 October 2010 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 receivables/liabilities:

Liquid assets minus interest-bearing liabilities

Debt/equity ratio:

Interest-bearing net receivables/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)

	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Full year 2009
Net turnover	413	345	1,282	1,145	1,508
Change in inventories, finished goods	30	-59	-2	-196	-179
Other income	28	15	78	117	138
TOTAL INCOME	471	301	1,358	1,066	1,467
Raw materials and consumables	-244	-179	-736	-659	-881
Other costs	-95	-121	-280	-318	-413
Personnel costs	-44	-46	-153	-183	-235
Depreciation/amortisation and write-downs	-20	-25	-66	-78	-104
TOTAL OPERATING COSTS	-403	-371	-1,235	-1,238	-1,633
OPERATING INCOME	68	-70	123	-172	-166
Financial income	-3	127	6	127	124
Financial expenses	-1	-14	-4	-24	-27
Net financial items	-4	113	2	103	97
INCOME AFTER NET FINANCIAL ITEMS	64	43	125	-69	-69
Tax on income for the year	-8	0	-8	0	0
NET PROFIT/LOSS AFTER TAX	56	43	117	-69	-69
Earnings after tax/share (SEK) ²	0.37	2.38	0.76	-3.83	-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)

	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Full year 2009
NET PROFIT/LOSS AFTER TAX	56	43	117	-69	-69
Other comprehensive income					
Cash-flow hedging, income before tax	17	-	28	-3	2
Cash-flow hedging, tax effect	-5	1	-8	1	-1
Exchange rate differences	0	1	-	-1	-1
Reclassification adjustment Miranda ¹	-	-	-	-54	-54
TOTAL OTHER COMPREHENSIVE INCOME	12	2	20	-57	-54
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	68	45	137	-126	-123

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	976	670	921	619	657
USD/SEK ²	7.27	7.29	7.35	7.87	7.65
Pulp price NBSK, SEK	7,098	4,880	6,776	4,853	4,989
Rottneros' deliveries, tonnes	75,800	89,700	249,900	294,800	376,700

¹ Source: PIX/Market Pulse.

² Source: Swedish 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)

	Sep 2010	Sep 2009	Dec 2009
Intangible fixed assets	1	9	8
Tangible fixed assets	685	701	677
Financial fixed assets	154	165	164
Total fixed assets	840	875	849
Inventories	211	211	215
Current receivables	301	254	230
Liquid funds	165	26	111
Total current assets	677	491	556
TOTAL ASSETS	1,517	1,366	1,405
Shareholders' equity	1,226	684	1,089
Longterm liabilities			
Interest-bearing	11	378	57
Non interest-bearing	1	-	1
Total longterm liabilities	12	378	58
Current liabilities			
Interest-bearing	38	55	44
Non interest-bearing	241	249	214
Total current liabilities	279	304	258
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,517	1,366	1,405

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Sep 2010	Jan-Sep 2009	Full year 2009
Operating income	123	-172	-166
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	66	80	104
Profit/loss from disposal of fixed assets	-10	-55	-59
Profit from disposal of CO ₂ allowances	-	-	-3
Other non cash-flow items	5	37	37
	184	-110	-87
Paid financial items	-4	-22	-28
Received/paid taxes	-1	-1	5
Cash-flow from current operations before change in working capital	179	-133	-110
Change in working capital	-16	218	194
Cash-flow from current operations	163	85	84
Acquisition of fixed assets	-69	-8	-10
Sale of fixed assets	11	118	120
Change in long-term receivables	-10	-	5
Cash-flow from investing activities	-68	110	115
Proceeds from the issue of shares	1	-	182
New loans	-	1	92
Repayment of loans	-42	-215	-407
Cash-flow from financing activities	-41	-214	-133
Cash-flow for the year	54	-19	66
Liquid funds at beginning of year	111	45	45
Cash-flow for the year	54	-19	66
Translation difference in liquid funds	0	0	0
Liquid funds at end of year	165	26	111

SHARE DATA¹

		Sep 2010	Sep 2009	2009	2008	2007	2006	2005
Shares, opening ²	No.	1,525,719	180,212	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	180,212	1,525,719	180,212	180,212	180,212	180,212
Average number of shares ²	No.	152,572	18,021	26,884	18,021	18,021	18,021	18,021
Operating profit or loss/share ^{2,5}	SEK	0.81	-9.52	-6.18	-16.95	-19.99	-0.43	-4.95
Earnings after net financial items/share ⁵	SEK	0.82	-3.83	-2.58	-21.33	-21.30	-1.29	-5.70
Earnings after tax/share ⁵	SEK	0.76	-3.83	-2.59	-18.35	-16.69	-0.45	-3.49
Operating cash flow/share ^{3,5}	SEK	0.62	4.31	2.74	-13.34	-5.59	1.93	-22.80
Equity/share ⁵	SEK	8.03	37.97	7.14	44.96	58.29	77.83	84.53
Dividend ⁵	SEK	-	-	-	-	-	1.00	1.00
Dividend/equity/share	%	-	-	-	-	-	1,3	1,2
Share price at end of period ⁵	SEK	5.35	22.10	6.90	10.50	23.10	65.50	68.00
Share price/equity/share	Times	0.7	0.6	1.0	0.2	0.4	0.8	0.8
P/E ratio/share	Times	5.2	Neg	Neg	Neg	Neg	Neg	Neg
Direct yield ⁴	%	-	-	-	-	-	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.

KEY RATIOS EIGHT QUARTERS

	2010				2009		2008	
	III	II	I	IV	III	II	I	IV
Net turnover, SEK m	413	462	407	363	345	367	433	534
Return on equity after full tax, %	10.1	9.2	5.2	Neg	Neg	Neg	Neg	Neg
Return on capital employed, %	10.7	9.5	6.1	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	81	78	76	78	50	43	38	40
Equity/share, SEK ¹	8.03	7.59	7.26	7.14	37.97	35.48	38.78	44.96
Earnings after tax/share, SEK ¹	0.37	0.32	0.07	-0.01	2.38	0.15	-6.37	-9.83
Operating cash flow/share, SEK ¹	0.07	0.28	0.26	-0.08	2.80	0.58	0.93	-5.46
Operating margin, %	16.71	10.32	1.68	1.50	-20.27	2.29	-25.44	-25.10

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)

	Jan-Sep 2010	Jan-Sep 2009	Full year 2009
Opening shareholders' equity	1,089	810	810
Total comprehensive income for the period	137	-126	-123
Issue of new shares	0	-	402
Closing shareholders' equity	1,226	684	1,089

QUARTERLY DATA (SEK MILLION)

	2010				2009				2008		
	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	413	462	407	363	345	367	433	534	601	780	748
Operating profit/loss before depreciation	88	61	40	32	-45	31	-80	4	14	-19	-81
Depreciation/amortisation and write-downs	-20	-13	-33	-26	-25	-23	-30	-139	-27	-29	-29
Operating profit/loss	68	48	7	6	-70	8	-110	-135	-13	-48	-110
Net financial items	-4	2	4	-6	113	-5	-5	-34	-24	-9	-12
Profit/loss after financial items	64	50	11	0	43	3	-115	-169	-37	-57	-122
Tax	-8	0	0	0	0	0	0	-9	13	17	33
Profit/loss after tax	56	50	11	0	43	3	-115	-178	-24	-40	-89
Pulp production, 1,000 tonnes	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	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)

	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Full year 2009
Net turnover	403	346	1,260	1,154	1,516
Other income	20	1	42	36	50
TOTAL INCOME	423	347	1,302	1,190	1,566
Raw materials and consumables	-399	-342	-1,247	-1,137	-1,487
Other costs	-19	-23	-54	-116	-142
Personnel costs	-4	-5	-19	-22	-32
Depreciation	-1	-1	-2	-3	-3
TOTAL OPERATING COSTS	-423	-371	-1,322	-1,278	-1,664
OPERATING INCOME	0	-24	-20	-88	-98
Financial income	0	120	30	137	175
Financial expenses	-2	-4	-5	-23	-44
Net financial items	-2	116	25	114	131
INCOME AFTER NET FINANCIAL ITEMS	-2	92	5	26	33
Tax on income for the year	-9	-	-9	-	-27
NET PROFIT/LOSS AFTER TAX	-11	92	-4	26	6

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Sep 2010	Sep 2009	Dec 2009
Intangible fixed assets	-	2	1
Tangible fixed assets	1	1	1
Financial fixed assets	384	404	386
Total fixed assets	385	407	388
Current receivables	713	835	820
Liquid funds	58	4	23
Total current assets	771	839	843
TOTAL ASSETS	1,156	1,246	1,231
Shareholders' equity	930	576	934
Longterm liabilities			
Interest-bearing	-	362	42
Total longterm liabilities	-	362	42
Current liabilities			
Interest-bearing	34	49	38
Non interest-bearing	192	259	217
Total current liabilities	226	308	255
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,156	1,246	1,231

SIX YEAR REVIEW

	Jan-Sep 2010	Jan-Sep 2009	2009	2008	2007	2006	2005	
								Remaining operations
								Total
KEY INDICATORS THAT AFFECT TURNOVER								
Pulp price NBSK, USD ¹	921	619	657	852	794	675	611	
USD/SEK ²	7.35	7.87	7.65	6.58	6.76	7.37	7.48	
Pulp price NBSK, SEK	6,776	4,853	4,989	5,617	5,368	4,977	4,565	
Rottneros' deliveries, tonnes	249,900	294,800	376,700	617,900	714,700	699,500	666,700	
Turnover and income, SEK million								
Net turnover	1,282	1,145	1,508	2,663	2,927	2,690	2,411	2,429
Profit/loss before depreciation	189	-94	-62	-82	75	148	9	48
Depreciation	-66	-78	-104	-224	-435	-155	-138	-138
Operating profit/loss after depreciation	123	-172	-166	-306	-360	-7	-129	-90
Net financial items	2	103	97	-79	-24	-16	-12	-13
Profit/loss after net financial items	125	-69	-69	-385	-384	-23	-141	-103
Profit/loss after tax	117	-69	-69	-331	-301	-8	-91	-63
Balance sheet items, SEK million								
Fixed assets	840	875	849	1,149	1,123	1,363	1,435	
Inventories	211	211	215	447	493	397	430	
Current receivables	301	254	230	391	572	570	595	
Liquid funds	165	26	111	45	121	122	125	
Assets from discontinued operations	-	-	-	-	-	-	26	
Shareholders' equity	1,226	684	1,089	810	1,050	1,403	1,523	
Long-term interest-bearing liabilities	11	378	57	692	173	177	180	
Long-term non interest-bearing liabilities	1	0	1	14	49	85	118	
Current interest-bearing liabilities	38	55	44	82	452	304	375	
Current non interest-bearing liabilities	241	249	214	434	585	483	405	
Liabilities from discontinued operations	-	-	-	-	-	-	10	
Balance sheet total	1,517	1,366	1,405	2,032	2,309	2,452	2,611	
Financial ratios								
Operating margin, %	9.6	-15.0	-11.0	-11.5	-12.3	-0.3	-5.3	-3.7
Profit margin, %	9.8	-6.0	-4.6	-14.4	-13.1	-0.9	-5.8	-4.2
Return on capital employed, %	10.7	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on equity after full tax, %	10.1	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	81	50	78	40	45	57	58	58
Debt/equity ratio, Times	-0.1	0.6	0.1	1.0	0.6	0.3	0.4	0.4
Interest cover, Times	32.1	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Other								
Capital expenditure, SEK m	69	8	10	191	163	113	234	234
Average no. of employees	311	429	387	667	718	754	804	804

¹ Source: PIX/Market Pulse.

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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