

PRESS RELEASE

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Cost-cutting programme at Rottneros Mill

The management of the Rottneros Group has been assigned by the Board of Directors to initiate negotiations with the unions at Rottneros Mill regarding staff cuts to reduce the headcount by about 30. To make this staff reduction possible, an investment of some SEK 20 million in a new control room has been proposed.

The planned staff cuts are part of a Group-wide programme announced in February 2006 to cut costs by SEK 100 million with a focus on variable costs. The savings for 2007 are estimated to around SEK 85 million.

“These measures, which also involve an investment, are an important part of the process of making Rottneros Mill cost effective,” says Rottneros President and CEO Lars Blecko. He stresses, however, that long-term elevated electricity prices are still a threat to the production of energy-intensive mechanical pulp of the kind produced at Rottneros Mill.

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Rottneros is one of the world's leading independent producers of market pulp. The Group consists of the parent company, Rottneros AB, which is listed on the Stockholm Stock Exchange, along with its subsidiaries Rottneros Bruk AB, Rockhammars Bruk AB, Utansjö Bruk AB and Vallviks Bruk AB in Sweden as well as Rottneros Miranda, S.A. in Spain, with activities involving production and sales of market pulp; the Group also includes the raw materials purchasing companies Rottneros Baltic SIA in Latvia and Rottneros Madeira in Portugal, as well as the sales company Rottneros S.A. in Belgium. The Group has established a new business area, Rottneros Packaging, for production of pulp-based packaging materials for food use. With approximately 750 employees, the Group has a turnover of approximately SEK 2.7 billion