



Quarterly report July–December 2006

Interim report January–December 2006

The income after net financial items for the fourth quarter 2006 amounted to SEK 22 (–21) million.

The loss for 2006 after net financial items was SEK –23 (103) million. Provisions for restructuring according to the cost-cutting programme announced in February 2006 affected the result in the amount of SEK –27 million. The ongoing cost-cutting programme reduced costs by around SEK 40 million for the year and is expected to bring additional savings of around SEK 45 million in 2007.

At the end of August Rottneros announced that, due to the high electricity prices, it would begin negotiations on the closure of Utansjö Mill with a view to moving the plant out of the country. Negotiations on the mill's closure are still under way and no definitive plan has yet been drawn up.

The Board proposes a dividend of SEK 0.10 per share (SEK 0.10).

The company is expecting the pulp market to remain strong.

The company will not be providing a forecast for the full year 2007.

		2006	2005
Net turnover, SEK m	Jan–Dec	2,690	2,429
	Oct–Dec	713	607
Income after net financial items, SEK m	Jan–Dec	–23	–103
	Oct–Dec	21	–21
Earnings per share after net financial items, SEK	Jan–Dec	–0.13	–0.57
	Oct–Dec	0.12	–0.11
Profit/loss after tax, SEK m	Jan–Dec	–8	–63
	Oct–Dec	24	–4
Earnings per share after tax, SEK	Jan–Dec	–0.05	–0.35
	Oct–Dec	0.13	0.02
Cash flow per share, SEK	Jan–Dec	0.19	–2.28
	Oct–Dec	0.48	–0.25
Shareholders' equity per share, SEK		7.78	8.45
Equity/assets ratio		57 %	58 %

THE PULP MARKET MARKETS AND PRODUCTS

The market for all grades of pulp developed well in 2006, with increasing demand and rising prices. For that part of the total world market which reports statistics (19 countries) deliveries during 2006 amounted to 37.2 (35.6) million tonnes, an increase by 4.5 % or 1 639 000 tonnes compared to 2005.

The price of long-fibre chemical pulp rose from USD 600 at the beginning of the year to USD 730 at year-end. Further price increases were announced as of 1 January 2007 including an increase in the price of long-fibre chemical pulp (NBSK) to USD 760/tonne. The price of short-fibre chemical pulp increased from USD 590 at the beginning of the year to USD 670 at year-end. During the October to December period, the price rose from USD 660 to USD 670. Prices for CTMP followed a similar trend during the period to that of short-fibre chemical pulp, and at the end of the period the price was around USD 630 for short-fibre grades.

Delivery capacity utilisation in the bleached chemical pulp market for the January–November period was 95 % (93 % for the same period in 2005), and production capacity utilisation was 94 % (93). Producer stocks at the beginning of January were at 3,244,000 tonnes and at the end of November, around 2,973,000 tonnes.

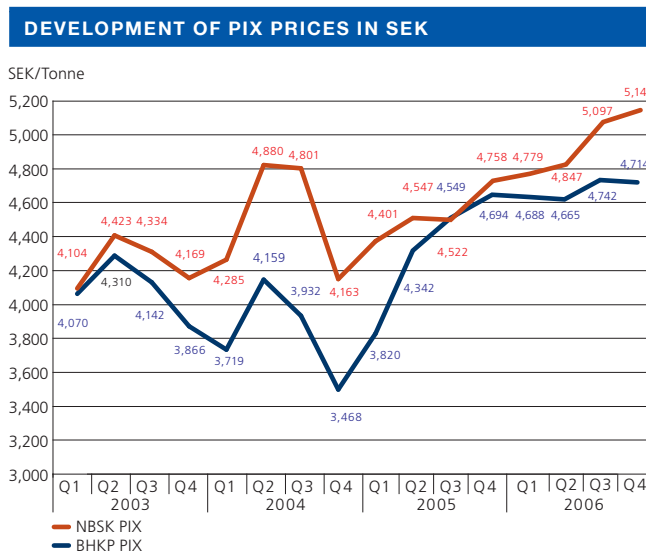
Importation to China, which was the most growing market during 2006, was 5 740 000 (5 533 000) tonnes of pulp which is an increase by 3.7 % compared to 2005.

LONG-FIBRE CHEMICAL PULP (NBSK)

(produced in Vallvik)

The price at the beginning of the year was USD 600 and this rose in the first quarter to reach around USD 630 at the end of March, USD 690 at the end of June, USD 710 at the end of September and USD 730 at the end of 2006.

Delivery capacity utilisation for the January – November period was 96 % (93 % in 2005) and production capacity utilisation for the same period was 94 % (93). Delivery capacity utilisation for the October – November period was 95 % (92 % in 2005) and production capacity utilisation was 96 % (93).



SHORT-FIBRE CHEMICAL PULP

(produced in Miranda)

The price of eucalyptus pulp (BEK) rose from USD 590 at the beginning of the year to USD 620 at the end of March, USD 640 at the end of June, USD 660 at the end of September and USD 670 at the end of 2006. Delivery capacity utilisation for the January–November period was 94 % (92 % in 2005), and production capacity utilisation in the same period was 94 % (92). Delivery capacity utilisation for the October – November period was 94 % (94 % in 2005) and production capacity utilisation was 95 % (94).

MECHANICAL PULP AND CTMP

(produced in Rottneros, Rockhammar and Utansjö)

The period was characterised by both high demand and high production levels. Delivery capacity utilisation on the market in 2006 was 96 % (94% for 2005), and production capacity utilisation was 95% (95). Delivery capacity utilisation for the October – December period was 85 % (99) and production capacity utilisation was 94 % (96).

PRODUCTION AND DELIVERIES

The Group's five mills in Rottneros, Rockhammar, Utansjö, Vallvik, and Miranda in Spain have a combined production capacity of around 700,000 tonnes per year. Production in 2006 amounted to 698,900 (648,300) tonnes, which represents an increase of 50,600 tonnes or 8 % compared to 2005. This is a production record for the Rottneros Group and is 42,000 tonnes more than the previous record year, 2004, when the production figure was 656,800 tonnes. In making comparisons with 2005, it should be remembered that the mill in Utansjö was closed for conversion to CTMP production for most of the first half of 2005 and that the magnesite line in Utansjö was discontinued at the same time. The changes at Utansjö Mill are the reason for the approx. 33,000 tonne production increase in 2006. Production in the fourth quarter remained high at 181,100 (176,900) tonnes, an increase of 2 % on the previous year. Production was at absolute capacity for the fourth consecutive quarter.

	PRODUCTION (TONNES)			
	Oct–Dec 2006	Oct–Dec 2005	Jan–Dec 2006	Jan–Dec 2005
Sulphate pulp	87,700	88,000	337,700	344,900
Magnesite pulp	–	–200	–	1,200
Groundwood pulp	36,000	36,200	142,800	130,600
CTMP	57,400	52,900	218,400	171,600
TOTAL	181,100	176,900	698,900	648,300

	DELIVERIES (TONNES)			
	Oct–Dec 2006	Oct–Dec 2005	Jan–Dec 2006	Jan–Dec 2005
Sulphate pulp	88,200	85,600	340,000	344,700
Magnesite pulp	–	1,300	–	23,400
Groundwood pulp	37,300	36,600	142,800	146,600
CTMP	53,400	42,300	216,700	152,000
TOTAL	178,900	165,800	699,500	666,700

Deliveries from the mills in 2006 amounted to 699,500 (666,700) tonnes, which represents an increase of 32,800 tonnes or 5 % compared to the previous year.

The average capacity utilisation at the mills during the year was 96 % (92), which breaks down as sulphate pulp 97 % (101), groundwood pulp 93 % (87) and CTMP 96 % (88). In the second quarter of 2006 the Group carried out planned maintenance shutdowns in Miranda, Rockhammar and Utansjö and in the third quarter in Rottneros and Vallvik. All costs associated with maintenance shutdowns are reported in the period in which the shutdown takes place.

INVOICED SALES AND RESULTS

JANUARY–DECEMBER 2006

The Group's net turnover amounted to SEK 2,690 million (2,429). Pulp accounted for SEK 2,690 million (2,411) of the net turnover and sawn timber for SEK 0 million (18).

Sales for 2006 were SEK 261 million higher than the previous year, mainly due to: higher deliveries levels (SEK 128 million), a weaker USD (SEK –39 million) and higher pulp prices in USD (SEK 257 million). The winding up of Rockhammar Timber caused a fall in sales of SEK –18 million and other net changes, SEK –67 million. The average price of long-fibre sulphate pulp (NBSK), expressed in USD increased from USD 611 to USD 675, while the average price of NBSK pulp converted into SEK increased from SEK 4,565 to 4,977 per tonne, an improvement of 9 %. The average price in USD of eucalyptus pulp (BEK) increased from USD 581 to USD 640 per tonne or by 10 %, while the equivalent average price converted into SEK increased from SEK 4,346 to 4,711 per tonne, an increase of 8.4 %.

The market developed well in 2006, with strong demand and rising prices. Productivity has improved considerably. The continuing cost-cutting programme reduced costs during the year by around SEK 40 million and is expected to provide additional savings in 2007 of around SEK 45 million.

The unreasonably high price of electricity is, however, diminishing the effect of all of these positive factors and poses a direct threat to operations at mechanical pulp mills. At the end of August, the company announced that, due to the high electricity prices, it would initiate negotiations on the closure of Utansjö Mill with a view to moving the plant out of Sweden. The measure involves an expansion of the cost-cutting programme announced in February to include the entire operation at Utansjö Mill. Negotiations with the trade unions on the closure are still under way. Meanwhile, the company is looking into options for the relocation of Utansjö Mill's operations to a country with lower and more stable electricity prices. Should the conditions change, this decision may be reconsidered.

The Group's operating loss amounted to SEK –7 million (–90). The operating loss for the pulp-producing units amounted to SEK –7 million (–129). The Rockhammar Timber sawmill operation, which made a profit the previous year of SEK 39 million, was wound up after its assets were divested in 2005.

The costs that had the biggest impact on the 2006 profits compared to 2005 are restructuring provisions totalling SEK 27 million. Despite favourable electricity hedging, electricity

costs increased by SEK 100 million in 2006. Increased electricity consumption for increased production accounts for SEK 14 million of this amount. The first quarter result in 2006 was charged with costs totalling around SEK 10 million relating to the introduction of new niche grades at Utansjö. In 2005 the result was charged with around SEK 70 million relating to the cost of closing down the magnetite line and conversion and fine-tuning of the CTMP line in Utansjö. The result of realised hedging activities in 2006 amounted to SEK 100 million (40).

The Group's loss after net financial items was SEK –23 million (–103) and this includes net financial items amounting to SEK –16 million (–13). Earnings per share after tax amounted to SEK –0.06 (–0.35). Cash flow per share was 0.21 SEK (–2.28).

The parent company's profit after net financial items amounted to SEK 122 million (22). This includes the result of realised hedging activities on behalf of the whole Group, which improved the profit by SEK 100 million (40).

OCTOBER–DECEMBER 2006 COMPARED TO OCTOBER–DECEMBER 2005

The Group's net turnover in the third quarter amounted to SEK 713 million (607).

Sales in the fourth quarter of 2006 were SEK 106 million higher than the previous year, mainly due to: higher delivery levels (SEK 57 million), a weaker USD (SEK –86 million), and higher pulp prices in USD (SEK 130 million). Other net changes amounted to SEK –5 million. The average price of long-fibre sulphate pulp (NBSK) expressed in USD increased from USD 598 to USD 725, while the average price of NBSK pulp converted into SEK increased from SEK 4,755 to 5,141 per tonne, an improvement of 8 %.

The Group's operating profit was SEK 27 million (–17). The operating profit for the pulp producing units was SEK 27 million (–17). The Rockhammar Timber sawmill operation, which had a fourth quarter profit of SEK 26 million the previous year attributable to the divestment of assets, was closed in 2005.

The major cost item affecting the fourth quarter 2006 result compared to the fourth quarter of 2005 is increased electricity costs including electricity hedging in the amount of SEK 16 million. Electricity consumption for increased production accounts for SEK 1 million of this amount. The result of realised hedging activities during the quarter amounted to SEK 20 million (–8).

PROFIT/LOSS AFTER FINANCIAL ITEMS

	2006					2005				
	IV	III	II	I	Year	IV	III	II	I	Year
Parent Company										
Profit/loss after financial items	21	1	–2	–43	–23	–21	–65	7	–24	–103
Whereof										
Currency hedges	14	7	9	6	36	–21	–3	24	38	38
Pulp price hedges	–8	–	–	–	–8	–	–3	–10	–18	–31
Electricity hedges	14	29	15	15	73	13	9	8	3	33
Total hedges	20	36	24	21	101	–8	3	22	23	40
IAS 39	–10	9	6	2	7	5	–2	6	12	21
Green electricity	6	3	1	5	15	6	3	5	7	21

OCTOBER–DECEMBER 2006 COMPARED TO JULY–SEPTEMBER 2006

Sales in the fourth quarter of 2006 were SEK 51 million higher than in the third quarter of 2006. The increase is mainly attributable to increased delivery levels (SEK 41 million), a weaker USD (SEK 16 million) and higher pulp prices in USD (SEK 22 million).

The production volume in the fourth quarter was 13,400 tonnes higher than in the third quarter. There were no maintenance shutdowns in the fourth quarter. Electricity costs fell in the fourth quarter and, including electricity hedges, were SEK 13 million lower than the third quarter. The fourth quarter 2006 operating profit amounted to SEK 27 million, which is an improvement of SEK 16 million on the third quarter figure of SEK 11 million. Realised hedging activities produced a gain in the fourth quarter of SEK 20 million, which was SEK 16 million less than the third quarter. The profit after financial items for the fourth quarter of 2006 amounted to SEK 22 million compared to SEK 1 million for the third quarter.

NEW BUSINESS AREA – ROTTNEROS PACKAGING

In 2006 Rottneros started producing packaging made from paper pulp for chilled and frozen ready-cooked meals under the SilviPak brand. This venture, which is operated as a new business area called Rottneros Packaging, is expected to account for around 15 % of the Group's sales within a five-year period and take about 5 % of the European market. As this operation is still in the build-up phase, the accounts for this business area are not reported separately.

ACCOUNTING PRINCIPLES

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, while the parent company's accounts have been prepared in accordance with RR 32. The accounting principles are the same as those used in the preparation of the most recent annual accounts. A detailed description of the Group's accounting principles can be found in Rottneros' 2005 Annual Report on pages 46–48.

The comparative figures for 2004 have been restated in

accordance with the new accounting principles. Under the transition rules in IFRS 1, the figures for 2004 need not be restated in respect of IAS 39, Financial Instruments. IAS 39 is the accounting principle that has the greatest impact for the Rottneros Group, which has therefore decided to restate 2004 with respect to IAS 39 as well.

RISK MANAGEMENT USD

The average USD exchange rate during the period was 1.4 % lower than the previous year. The effect on the turnover of a lower average USD rate relative to the SEK during the year amounted to SEK 39 million. Fluctuation during the year has, however, been significant and the USD rate went from SEK 7.97/USD at the beginning of the year to SEK 6.87 at the end of December. This represents a fall of 16 %. The USD rate trend in 2006 was the opposite of the trend in 2005. At the same time, the price of NBSK pulp rose by 22 % in 2006. Altogether this has resulted in an average improvement of the NBSK price in SEK of around 8 % for 2006. Trends in 2006 and 2005 of NBSK in USD, the USD rate and NBSK in SEK are shown in the graphs below.

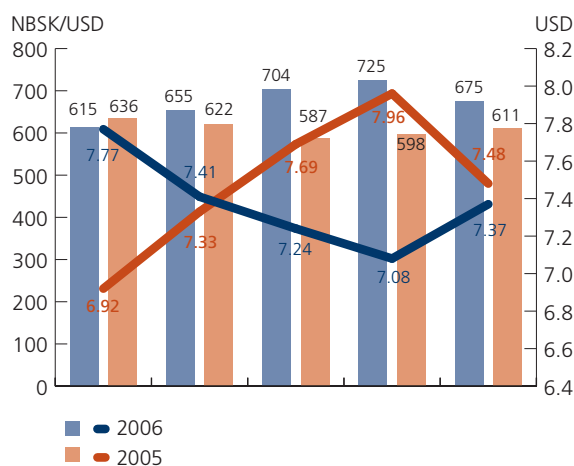
Essentially all pulp pricing is in USD. The aim is for the portion of the turnover that represents the direct inflow of USD to be hedged. The direct inflow of USD is equivalent to 40 % of the turnover.

At the end of the fourth quarter of 2006, currency hedging in the form of long-term forward contracts had been put in place for USD 22 million, at an average exchange rate of SEK 7.31 per USD. These contracts cover the next 12 months. In addition, forward contracts were in place at the end of the third quarter for EUR 44 million at a rate of EUR 9.22/SEK for deliveries in 2007 and 2008.

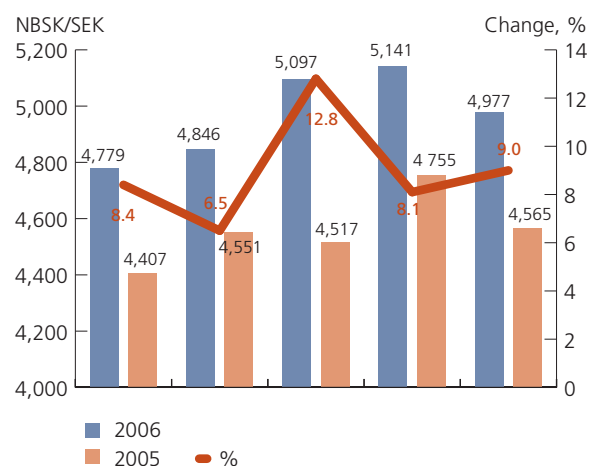
PULP PRICES

At the end of the year the Group had not signed any contracts to hedge pulp prices. However, with the current pulp price levels, it would be beneficial to once again put in place long-term forward contracts to hedge prices and in this way raise the Group's average pulp price. The average pulp price in USD (PIX) in a long-term perspective amounts to around USD

TRENDS FOR NBSK IN USD AND USD RATE



TRENDS FOR NBSK IN SEK AND % DIFFERENCE



580 per tonne. Pulp price forward contracts were signed for two-year and three-year periods for a total volume of 168,000 tonnes maturing from the beginning of the fourth quarter of 2006 and thereafter. The rate is USD 634 per tonne.

ELECTRICITY

Rottneros is one of the companies in the forest industry sector that started working at an early stage with long-term contracts to fix electricity prices at attractive levels. In 2002 Rottneros hedged its entire electricity consumption up to 2005 and thereafter at progressively lower levels until 2009. For 2006 the company has an average of just over 54 % of electricity purchasing hedged and for 2007, around 85 % is hedged. The level of hedging for 2008 and 2009 will be affected by an investment in a new turbine in Vallvik and the planned closure of Utansjö Mill. The average price level for electricity for 2006 on the Nord Pool exchange was around SEK 0.45 per KWh. Rottneros' average electricity costs in Sweden in 2006, taking into account the hedges in place, amounted to around SEK 0.35 per KWh. Electricity hedging at current price levels for 2008 and thereafter is not feasible as this would mean that the company would risk locking itself into a loss situation.

The table below shows the market value of all hedging. The amounts are assessed by independent parties and represent the liquidation value, i.e. the value according to forward contracts as of 31 December 2006. The reference value is the spot rate as of 31 December and is given as supplementary information. Hedge contracts have a term of one to three years. As a result of the application of IFRS/IAS, these market values are reflected in the balance sheet and in certain cases, in the income statement, but are also shown here as supplementary information.

COST-CUTTING PROGRAMME

Since the second half of 2005 the Group has achieved significant improvements in productivity. Production for the year was at record levels at the same time as the number of employees was reduced. The company has been affected by cost increases, mainly relating to the price of electricity, but also costs for oil price related products and services such as freight,

fuel and chemicals. The price of electricity was hedged for around 54 % of the expected consumption in 2006, but despite this, the cost of electricity in 2006 increased dramatically. The price of electricity fell sharply at the beginning of 2007. The combination of investments made by the company to produce its own energy and intense measures to improve electricity efficiency is expected to reduce the Group's electricity costs for 2007 compared to 2006. A sensitivity analysis shows that a change of SEK 0.10 per kWh would affect the earnings after net financial items by SEK 90 million.

At the beginning of February 2006 the company announced its decision to implement a cost-cutting programme to save SEK 100 million with a particular emphasis on variable costs and involving further staff cuts. The goal is to reduce the head count by about 70. The programme was drawn up during the first quarter of 2006 and will require a restructuring reserve and investments to make the reorganisation possible. The savings for 2006 amount to around SEK 40 million. The first quarter result in 2006 was charged with a provision of SEK 27 million.

Following the announcement about initiating negotiations on the closure of Utansjö Mill, the cost-cutting programme was expanded in August to include the entire operation at Utansjö Mill. Negotiations on the closure continue. Meanwhile, the company is looking into the possibility of moving the plant to another country with lower and more stable electricity prices. Furthermore, there is an investment and employment freeze at the Group's mill in Rottneros, which also produces mechanical pulp and has therefore been hit hard by the high electricity prices.

In light of the fact that negotiations with the trade unions regarding the closure of Utansjö Mill are still under way and no definitive plan has yet been drawn up, no provisions have been made for the closure of the mill.

BUY-BACK AND SALE OF THE COMPANY'S OWN SHARES

The 2006 Annual General Meeting decided to extend the buy-back programme. The AGM authorised the Board, for

MARKET VALUE (SEK MILLION) DECEMBER 2006:

Hedging	Hedged volume	Hedge price	Market value	Reference – spot rate 31 December 2006
Currency, USD, forward	USD 22 m	7.31 SEK/USD	11	6.87 SEK/USD
Currency, EUR	EUR 44 m	9.22 SEK/EUR	9	9.04 SEK/EUR
Pulp price	156,000 tonnes	634 USD (PIX)	-79	USD 730/6,87 SEK/USD
Electricity	753,700 MWh	SEK 0.313/kWh	22	SEK 0.217/kWh
Total market value			-37	

MARKET VALUE (SEK MILLION) DECEMBER 2005:

Hedging	Hedged volume	Hedge price	Market value	Reference – spot rate 31 December 2006
Currency, USD, forward	USD 38 m	8,16 SEK/USD	13	7,97 SEK/USD
Currency, EUR, forward	EUR 25 m	9.46 USD/EUR	2	9.32 SEK/EUR
Electricity	705,000 MWh	SEK 0.268/kWh	25	SEK 0.314/kWh
Total market value			40	

the period until the next AGM, to take decisions regarding the transfer of shares in the company: However, no such transfer was made during the period.

CAPITAL INVESTMENTS AND FINANCIAL POSITION

The Group's investments in fixed assets in 2006 amounted to SEK 113 million (234). These investments mainly relate to ongoing investments in Vallvik of SEK 41 million and SEK 38 million in Miranda.

The Rottneros Group's Board of Directors has taken the decision to invest in a new steam turbine to produce electricity at Vallvik Mill. The investment is expected to be around SEK 90 million. The new turbine, which will raise the level of self-sufficiency in electricity at Vallvik Mill from around 70 % to close to 100 %, is expected to be put into operation in September 2007. The Miranda investments relate mainly to environmental improvements.

Liquid funds at the end of the period amounted to SEK 122 million, compared to SEK 125 million at the end of 2005. As of 31 December 2006, the company had interest-bearing liabilities totalling SEK 481 million (555) and net borrowing of SEK 359 (430). Approved but unutilised lines of credit totalled SEK 558 million. During the fourth quarter the net borrowing was reduced and is now SEK 62 million less than at the end of the third quarter. The greatly improved cash flow from current operations was used to lower the utilised credit by SEK 51 million. The equity/assets ratio amounted to 57 % compared to 58 % at the beginning of the year. The shareholders' equity per share was SEK 7.78 (8.45).

CASH FLOW

The cash flow from current operations before investments improved considerably, amounting to SEK 149 million (-55) and included cash flow from financial hedging of SEK 105 million (39). The cash flow after investment activity amounted to SEK 38 million (-249). Investments were financed by the cash flow from operations. A dividend of SEK 18 million (36) was paid out.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the reporting period was 754 (804).

OUTLOOK FOR 2007

As of January 1, 2007 further price increases have been realized meaning that the price for long-fibre sulphate pulp (NBSK) was raised to USD 760/tonne. For short-fibre sulphate pulp the price has remained at USD 670/tonne.

Demand for bleached chemical pulp during 2007 is estimated to increase by approximately 2.5 per cent which is somewhat lower than the development during 2006. The price development for long-fibre pulp is expected to be continuously positive during the first half of the year. As to short-

fibre pulp the price development is difficult to form an opinion of due to the fact that new production capacity is disturbing the balance.

The company refrain from making a prognosis for the whole of 2007.

DIVIDEND FOR 2006

The Board of Directors will propose the Annual General Meeting on 25 April 2007 a dividend of SEK 0.10 per share (SEK 0.10 per share). The proposed record day is 30 April and the dividend is expected to be paid out to shareholders on 4 May.

PROPOSAL FOR MANAGEMENT OF OWN SHAREHOLDINGS

The Board of Directors will propose that the AGM resolves to extend the Board's mandate to make decisions regarding the transfer of the company's own shares to finance strategic investments or acquisitions and that this mandate be in place until the next AGM in 2008. Details of the proposal will be announced when they have been established by the Board.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 5 p.m. on 25 April 2007 at Hotel Selma Lagerlöf in Sunne, Sweden. The record day for voting at the AGM is 19 April 2007.

UPCOMING FINANCIAL INFORMATION

25 April 2007	Interim report (3 months) 2007 and Annual General Meeting
27 July 2007	Interim report (6 months) 2007
25 October 2007	Interim report (9 months) 2007
1 February 2008	Year-end release for 2007

For more information please visit the Rottneros website: www.rottneros.com

Upplands Väsby, 2 February 2007



Lars Blecko
President and CEO

This report has been reviewed by the company's auditors.

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CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Net turnover	713	607	2,690	2,429
Change in inventories, finished goods	6	42	-4	-59
Other income	18	41	97	185
Total income	737	690	2,783	2,555
Raw materials and consumables	-418	-403	-1,573	-1,442
Other costs	-160	-166	-643	-658
Personnel costs	-90	-104	-419	-407
Depreciation	-42	-34	-155	-138
Total operating costs	-710	-707	-2,790	-2,645
Operating income	27	-17	-7	-90
Financial income	1	2	7	4
Financial expenses	-7	-6	-23	-17
Net financial items	-6	-4	-16	-13
Income after net financial items	21	-21	-23	-103
Tax on income for the year	3	17	15	40
Net profit/loss after tax	24	-4	-8	-63
No. of shares at beginning of period ¹⁾	180,212	180,212	180,212	180,212
No. of company's own shares bought back ¹⁾	-	-	-	-
No. of shares at end of period ¹⁾	180,212	180,212	180,212	180,212
Average no. of shares ¹⁾	180,212	180,212	180,212	180,212
Earnings after tax/share (SEK) ²⁾	0.13	-0.02	-0.05	-0.35
Key indicators, that, affect, turnover				
Pulp, price, NBSK., USD ³⁾	725	598	675	611
USD/SEK ⁴⁾	7.08	7.96	7.37	7.48
Pulp price NBSK, SEK	5,141	4,755	4,977	4,565
Rottneros' deliveries, tonnes	178,900	165,800	699,500	666,700

¹⁾ The number of shares is given in thousands.

²⁾ There are no programs that lead to dilution.

³⁾ Source: PIX/Market Pulse.

⁴⁾ Source: Swedich central bank yearly average.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Dec 2006	Dec 2005
Intangible fixed assets	36	46
Tangible fixed assets	1,284	1,338
Financial fixed assets	43	51
Total fixed assets	1,363	1,435
Inventories	397	430
Current receivables	570	595
Liquid funds	122	125
Total current assets	1,089	1,150
Assets from discontinued operations	-	26
Total assets	2,452	2,611
Longterm liabilities		
Interest-bearing	177	180
Non interest-bearing	85	118
Total longterm liabilities	262	298
Current liabilities		
Interest-bearing	304	375
Non interest-bearing	483	405
Total current liabilities	787	780
Liabilities from discontinued operations	-	10
Total shareholders' equity and liabilities	2,452	2,611

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Dec 2006	Jan-Dec 2005
Operating income	-8	-90
Adjustment for non cash-flow items		
Depreciation	155	138
Profit/loss from disposal of fixed assets ^r	4	-37
	151	11
Paid financial item	-18	-9
Paid taxes	-3	-3
Cash-flow from current operations before change in working capital	130	-1
Change in working capital	19	-54
Cash-flow from current operations	149	-55
Acquisition of fixed assets	-113	-234
Sale of fixed assets	-	39
Change in long-term receivables	2	1
Cash-flow from capital investments	-111	-194
New loans	-	258
Repayment of loans	-18	-6
Dividend paid	-18	-36
Cash-flow from financing	-36	216
Cash-flow for the period/year	2	-33
Liquid funds at beginning of year	125	157
Cash-flow for the period/year	2	-33
Translation difference in liquid funds	-5	1
Liquid funds at end of period/year	122	125

SHAREDATA^{1,6)}

		Dec 2006	2005	2004	2003	2002	2001
No. of shares at beginning of period ²⁾	No.	180,212	180,212	180,722	182,980	188,399	209,332
No. of company's own shares bought back ²⁾	No.	-	-	510	2,258	5,418	20,933
No. of shares at end of period ²⁾	No.	180,212	180,212	180,212	180,722	182,980	188,399
Average number of shares ²⁾	No	180,212	180,212	180,392	181,422	187,709	204,099
Operating profit or loss/share	SEK	-0.04	-0.50	-0.64	0.67	0.31	1.00
Earnings after net financial items/share	SEK	-0.13	-0.57	-0.67	0.64	0.46	1.15
Earnings after tax/share	SEK	-0.05	-0.35	-0.50	0.47	0.29	0.76
Operating cash-flow/shar ³⁾	SEK	0.19	-2.28	-0.41	-0.23	-0.13	0.50
Equity/share	SEK	7.78	8.45	9.28	9.50	9.33	9.40
Dividend ⁴⁾	SEK	0.10	0.10	0.20	0.30	0.30	0.35
Dividend/equity per share	%	1.3	1.2	2.2	3.2	3.2	3.7
Share price at end of period	SEK	6.55	6.80	7.55	8.55	7.45	9.85
Share price/equity per share	Times	0.8	0.8	0.8	0.9	0.8	1.0
P/E ratio	Times	Neg	Neg	Neg	18.3	25.3	13.0
Direct yield ⁵⁾	%	1.5	1.4	2.6	3.5	4.0	3.6

¹⁾ There are no programs that lead to dilution.

²⁾ The number of shares is given in thousands.

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

⁴⁾ Proposed dividend

⁵⁾ Direct yield is calculated in relation to the closing listed price.

⁶⁾ The years from 2001 and including 2003 have not been recalculated in respect of the IFRS transition. Adjustment should be made for IAS 39.

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Dec 2006	Jan-Dec 2005
Opening shareholders' equity	1,523	1,673
Adjustment of opening shareholders' equity in respect of the IFRS transition (for specification see enclosure)	-94	-51
Profit/loss for the year	-8	-63
Dividend	-18	-36
Closing shareholders' equity	1,403	1,523

QUARTERLY DATA (SEK MILLION)

	2006				2005				2004			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	713	662	615	700	607	641	596	585	535	583	623	615
Operating profit/loss before depreciation	69	47	36	-4	17	-24	43	12	-31	18	110	12
Depreciation	-42	-36	-38	-39	-34	-37	-34	-33	-31	-125	-33	-34
Operating profit/loss	27	11	-2	-43	-17	-61	9	-21	-62	-107	77	-22
Net financial items	-6	-10	-	-	-4	-4	-2	-3	-3	-	-2	-2
Profit/loss after financial items	21	1	-2	-43	-21	-65	7	-24	-65	-107	75	-24
Tax	3	-2	4	10	17	20	-6	9	16	33	-22	3
Profit/loss after tax	24	-1	2	-33	-4	-45	1	-15	-49	-74	54	-22
Pulp production, 1 000 tonnes	181.1	167.8	175.4	174.6	176.9	163.3	157.1	151.1	163.0	155.0	171.4	167.4
Pulp deliveries, 1 000 tonnes	178.9	168.7	164.2	187.7	165.8	175.7	162.9	162.3	149.3	149.0	157.2	169.5
Sawn timber production, 1 000 m ³	-	-	-	-	-	-	-	1.3	6.8	7.2	13.9	13.5
Sawn timber deliveries, 1 000 m ³	-	-	-	-	-	-	-	10.3	9.5	13.4	12.5	11.3

	2006				2006		2005				2005	
	IV	III	II	I	Full year	IV	III	II	I	Full year	Full year	
Net turnover by segment												
Pulp	713	662	615	700	2,690	607	641	594	569	2,411		
Sawn timber	-	-	-	-	-	-	-	2	16	18		
Total net turnover	713	662	615	700	2,690	607	641	596	585	2,429		
Operating profit/loss by segment												
Pulp	27	11	-2	-43	-7	-43	-64	2	-24	-129		
Sawn timber	-	-	-	-	-	26	3	7	3	39		
Total operating profit/loss	27	11	-2	-43	-7	-17	-61	9	-21	-90		
Operating margin by segment												
Pulp	3.8	1.7	-0.3	-6.1	-0.3	-7.1	-10.0	0.3	-4.2	-5.4		
Sawn timber	-	-	-	-	-	-	-	350.0	18.8	216.7		
Total operating margin	3.8	1.7	-0.3	-6.1	-0.3	-2.8	-9.5	1.5	-3.6	-3.7		

SIX YEAR REVIEW ³⁾

	2006	2005	2005		2004		2003	2002	2001
	Jan-Dec	Jan-Dec	Remaining operations	Total	Remaining operations	Total			
Key indicators that effect turnover									
Pulp price NBSK, USD ¹⁾	675	611	611		617		524	463	540
USD/SEK ²⁾	7.37	7.48	7.48		7.35		8.09	9.72	10.33
Pulp price NBSK, SEK	4,977	4,565	4,565		4,532		4,235	4,500	5,581
Rottneros' deliveries, tonnes	699,500	666,700	666,700		625,000		641,100	630,500	592,800
Turnover and income, SEK million									
Net turnover	2,690	2,429	2,411	2,429	2,272	2,356	2,380	2,494	2,741
Profit/loss before depreciation	148	48	9	48	129	109	239	170	292
Depreciation	-155	-138	-138	-138	-162	-223	-117	-113	-87
Operating profit/loss after depreciation	-7	-89	-129	-90	-33	-114	122	57	205
Net financial items	-16	-13	-12	-13	-5	-7	-7	29	30
Profit/loss after net financial items	-23	-103	-141	-103	-38	121	115	86	235
Profit/loss after tax	-8	-63	-91	-63	-31	-91	85	55	155
Balance sheet items, SEK million									
Fixed assets	1,363	1,435	1,435		1,349		1,249	1,197	1,093
Inventories	397	430	430		474		388	401	398
Current receivables	570	604	595		572		443	425	440
Short-term investments	-	-	-		-		-	-	60
Liquid funds	122	126	125		157		252	350	420
Assets from discontinued operations	-	17	26		16		-	-	-
Shareholders' equity	1,403	1,523	1,523		1,673		1,717	1,706	1,771
Long-term interest-bearing liabilities	177	180	180		186		42	6	-
Long-term non interest-bearing liabilities	85	132	118		174		158	143	153
Current interest-bearing liabilities	304	375	375		56		6	2	-
Current non interest-bearing liabilities	483	398	405		472		414	516	487
Liabilities from discontinued operations	-	3	10		7		-	-	-
Balance sheet total	2,452	2,610	2,611		2,568		2,332	2,373	2,411
Financial ratios									
Operating margin %	-0.3	-3.7	-5.3	-3.7	-1.5	-4.9	5.1	2.3	7.5
Profit margin %	-0.9	-4.2	-5.8	-4.2	-1.7	-5.2	4.8	3.5	8.6
Return on capital employed %	Neg	Neg	Neg	Neg	Neg	Neg	7	5	12
Return on equity after full tax %	Neg	Neg	Neg	Neg	Neg	Neg	5	3	8
Equity/assets ratio %	57	58	58	58	65	65	73	72	73
Debt/equity ratio ggr	0.3	0.4	0.4	0.4	0.2	0.2	0.0	-	0.0
Interest cover ggr	Neg	Neg	Neg	Neg	Neg	Neg	18.2	29.4	79.3
Other									
Capital expenditure SEK m	113	234	234	234	283	283	193	244	183
Average no. of employees	754	804	804	804	835	835	857	860	878

¹⁾ Source: PIX/Market Pulse²⁾ Source: Swedish central bank yearly average³⁾ The years from 2001 and including 2003 have not been recalculated in respect of IFRS. Adjustment should be made for IAS 39.



Rottneros, with its origins in the 1600s is a non-integrated, flexible supplier of customised, high-quality paper pulp. Through continuous product development, high delivery reliability, technical support and service, Rottneros is able to adapt to meet the high expectations of its customers.

Rottneros has a total production capacity of more than 700,000 tonnes of pulp per year produced at five mills in Sweden and Spain, making the Group one of the ten biggest suppliers of market pulp in the world. Increasingly intensive product development in line with customers' demands will lead to higher and more stable profitability throughout an economic cycle. The Group has a comprehensive financial hedging policy to even out earnings over the economic cycles.

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