

PRESS RELEASE FROM ROTTNEROS AB

Rottneros moves into new area of business

Manufacture of food packaging made of paper pulp begins

The pulp producer Rottneros is to start production of trays made of paper pulp which will be used for frozen ready meals. This is a brand new line of business for Rottneros, which is thereby moving into a new stage in the production process: manufacturing a product that is supplied direct to the end-user.

This business, which will be carried on in the new division Rottneros Packaging, is expected to account for around 15 percent of Group net sales within a five year period and to take a share of around five percent of the European market. The tray was developed jointly with others including Gunnar Dafgård AB, the biggest producer of ready-prepared frozen food in the Nordic region. Joakim Stockhaus, who has experience of both the packaging and the food industries, has been appointed as responsible for the new division.

Broadening the business and exploiting synergies

“The reason why we are investing in a brand new business and product area is that we want to broaden our business, in order to get away from our narrow dependence on the USD exchange rate and the business cycle for pulp. We have chosen to produce food trays partly because there are very clear synergies between traditional pulp production and the production of trays, and partly because in turning to the food industry we increase the spread of risk to an industry that is not as dependent on the business cycle.”

The Taiwanese company Evergreen Pulp Packaging & System, Inc. (EPPSI) is behind the technology. Rottneros has the worldwide licence to manufacture food trays from cellulose fibres by EPPSI's method and using the company's machinery. The machinery is produced in Taiwan, making production costs relatively low.

Growing market

The main area of use for Rottneros's trays is packaged frozen and chilled food portions for small households. The products will meet growing demand for everyday convenience food that is easy to shop for and easy to use.

“The market for this area amounts to around 6 billion trays per year in Europe, the majority of which consists of entirely synthetic CPET trays. It is growing at a rate of nearly 10 percent per year,” says Lars Blecko.

23 March 2006

ROTTNEROS AB (Publ.)

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For pictures please see our web page at www.rottneros.com under the heading of Press.

Note: Invitation to press conference on next page

Rottneros is one of the world's leading independent producers of market pulp. The Group comprises the parent company Rottneros AB, listed on the Stockholm Stock Exchange, and its subsidiaries Rottneros Rockhammar AB, Utansjö Bruk AB and Vallviks Bruk AB in Sweden as well as Rottneros Miranda, S.A. in Spain, all with operations involving the production and sale of market pulp. The Group also includes the wood procurement companies Rottneros Baltic SIA of Latvia and Rottneros Madeiras of Portugal. The Group has 804 employees and net sales of approximately SEK 2.4 billion.

Press and analysts' conference, 12.00 noon

In connection with today's announcement a press and analysts' conference will be held at 12.00 noon today, 23 March.

Both I and the Chairman of the Board, Bengt Nordin, will be present. Light refreshments will be served at the conference.

The conference will be held at Hallvarsson & Halvarsson, 8th floor, Birger Jarlsgatan 6 B, Stockholm.

If you wish to attend please register with Tove Håkansson by e-mail: tove.hakansson@halvarsson.se or telephone: +46 (0)8 5871 1278.

Welcome!

Lars Blecko, President and CEO