

Year-end release 2003

Quarterly report October – December 2003



Turnover	Jan. – Dec.	2,380 MSEK	(2,494)
	Oct. – Dec.	571 MSEK	(560)
Income after net financial items	Jan. – Dec.	115 MSEK	(86)
	Oct. – Dec.	61 MSEK	(21)
Earnings per share after net financial items	Jan. – Dec.	0.64 SEK	(0,46)
	Oct. – Dec.	0.35 SEK	(0,12)
Profit after tax	Jan. – Dec.	85 MSEK	(55)
	Oct. – Dec.	48 MSEK	(20)
Earnings per share after tax	Jan. – Dec.	0.47 SEK	(0,29)
	Oct. – Dec.	0.27 SEK	(0,11)
Cash flow per share	Jan. – Dec.	-0.23 SEK	(-0,13)
	Oct. – Dec.	0.12 SEK	(0,13)
Shareholders' equity per share	9.50 SEK (31.12.02: 9.33)		
Equity/assets ratio	73 % (31.12.02: 72 %)		

- Profit after net financial items for the whole of 2003 SEK 115 m includes the effect of changes in insurance reserves of SEK 27 m. On January 22 2004 the company released a positive early warning deviation compared to the earlier prognosis of SEK 86 m.
- The board proposes a dividend of SEK 0.30 per share (0.30) and an extension of the buy-back programme.
- The result for the whole of 2004 is expected to be positive.

Magnefite pulp from Utansjö Mill reduces dye consumption in the production of items such as coloured napkins.

THE PULP MARKET

Over the year the market has been characterised by what are known in the industry as mini-cycles. In the absence of a strong paper market the price of pulp has increased and decreased a number of times. There are variations in both demand and supply. The variations in demand are primarily attributable to irregular purchasing behaviour in Asia/China. The changes in supply are mainly due to the scheduling of planned maintenance shut-downs and the arrival of new manufacturing capacity. The average price for NBSK (Northern Bleached Softwood Kraft, bleached long-fibre sulphate pulp) over the year was USD 524 per tonne compared with USD 463 per tonne in the previous year.

Capacity utilisation within Norscan was 93% (91) for the year and 94% (90) for the fourth quarter. Deliveries amounted to 92% (92) for the full year and 92% (89) for the fourth quarter.

Producer stocks in the Norscan region increased over the year from a level of 1,662,000 tonnes at the beginning of the year to 1,840,000 at the end of the year. At the start of the fourth quarter Norscan stocks stood at 1,683,000 tonnes and stocks then rose during the quarter.

In the first quarter 2004 price increases have been announced with effect from 1 February of at least USD 30 per tonne for NSBK in Europe to USD 590 per tonne and for BEK from USD 490 to USD 520 per tonne.

LONG-FIBRE CHEMICAL PULP

Produced in Vallvik and Utansjö

The year started with a price for NBSK of USD 440 per tonne and rose to a peak of USD 560 in the spring. During the summer the price fell to around USD 510 per tonne. The third quarter got off to its traditionally weak start due to the holiday period, but demand gradually increased.

The fourth quarter 2003 remained strong, with high deliveries and increases in pulp prices. The price of NBSK, which started the quarter at USD 530 per tonne, rose to USD 560 at the end of the year.

Only limited new capacity was added for long-fibre chemical pulp, which contributed to considerably greater stability in the market for these grades – particularly in the second half of the year – than in the case of short-fibre grades for which supply has increased.

SHORT-FIBRE CHEMICAL PULP

Produced in Miranda

Short-fibre chemical pulp (BEK, Bleached Eucalyptus Kraft) had a similar price

trend, but with weaker demand towards the end of the year. The price at the beginning of the year was USD 450 and at the end of the year around USD 500. The average price for the year was USD 505, compared with an average price in 2002 of USD 461 per tonne.

The primary reason for the pressure on prices for short-fibre grades is the large volumes that have gradually come onto the market, particularly from Brazil, which contributed around 1.2 million new tonnes in 2003.

MECHANICAL PULP

Produced in Rottneros, Rockhammar and Utansjö

For Rottneros' mechanical pulp grades the price picture over the year was considerably more stable than for chemical pulp, with very good demand for CTMP produced from aspen in particular. This good level of demand is mainly explained by the product's technical properties, which help ensure high bulk and brightness in the paper produced from this pulp.

PRODUCTION AND DELIVERIES

The Group's five pulp mills in Rottneros, Rockhammar, Utansjö, Vallvik and Miranda in Spain have a combined capacity of some 700,000 tonnes per year. Production during the year amounted to 639,100 tonnes, which is an increase of 3,000 tonnes or 0,5 %, while deliveries were 641,100 tonnes, an increase of 10,600 tonnes or nearly 2 %.

Average capacity utilisation in the mills during the year was 91 % (91), which breaks down as sulphate pulp 94 % (95), magnesite pulp 85 % (88), groundwood pulp 87 % (87) and CTMP 93 % (87).

A scheduled maintenance shutdown took place at Miranda in the fourth quarter. All the costs of maintenance shut-downs are reported in the period in which the shutdown takes place.

Following restructuring measures and a focus on coarser raw materials, annual capacity at the sawmill in Rockhammar amounts to 65,000 m³. In the fourth quarter 2003 production amounted to 12,400 m³ (10,100) and deliveries to 10,200 m³ (9,600). Over the full year production at the sawmill amounted to 45,900 m³ (42,400), while deliveries amounted to 42,600 m³ (42,900).

INVOICED SALES AND RESULTS

January – December 2003

The Group's net turnover was SEK 2,380 million (2,494). Pulp accounted for SEK 2,297 million (2,408) of net turnover and sawn timber for SEK 83 million (86).

There were three main elements to the SEK 114 million reduction in turnover over the year: a weaker dollar (SEK –454 million), which was partly compensated by an improved pulp price in USD (SEK 300 million) and higher deliveries (SEK 40 million). Despite the fact that the average price of NBSK in USD increased by 13% from USD 463 per tonne in 2002 to USD 524 per tonne in 2003, the average price for NBSK converted into SEK fell by 6%, from SEK 4,500 per tonne to SEK 4,235 per tonne. Deliveries increased by 2 % compared with the previous year.

The consolidated operating result was SEK 122 million (57). The operating result for the pulp-producing units was SEK 129 million (72) and for the sawmill in Rockhammar SEK -7 (-15) million. The improved operating result is primarily attributable to a positive outcome from hedging activities, which made an overall profit of SEK 252 million (50), broken down into 155 (6) from currency hedging, 48 (23) from pulp hedging and 49 (21) from electricity hedging.

For the full year 2003 revenues for Green Electricity certificates amounted to SEK 17,7 million. Rottneros reported revenues related to Green Electricity for the

PRODUCTION (TONNES)	Oct. – Dec. 2003	Oct. – Dec. 2002	Jan. – Dec. 2003	Jan. – Dec. 2002
Sulphate pulp	80,100	77,500	322,100	325,200
Magnesite pulp	15,700	15,800	61,900	63,900
Groundwood pulp	36,800	27,800	130,100	129,400
CTMP	34,100	34,400	125,000	117,600
TOTAL	166,700	155,500	639,100	636,100
DELIVERIES (TONNES)	Oct. – Dec. 2003	Oct. – Dec. 2002	Jan. – Dec. 2003	Jan. – Dec. 2002
Sulphate pulp	76,000	80,100	318,100	324,500
Magnesite pulp	15,400	13,800	63,700	60,500
Groundwood pulp	35,800	30,300	135,300	129,000
CTMP	30,100	26,200	124,000	116,500
TOTAL	157,300	150,400	641,100	630,500

first time in the third quarter 2003. At the end of the year insurance reserves in the wholly-owned captive company (self-insurance) were calculated, resulting in other income of SEK 27 million.

The result after net financial items was SEK 115 million (86) and includes net financial items of SEK -7 million (29) for the reporting period. Net financial items were reduced by the costs of the syndication loan and by unrealised exchange losses on balances in foreign currency. Net financial items in 2002 included capital gains on financial investments, and liquid funds were also higher.

The parent company reported a result after net financial items of SEK 236 (73) million. The result for 2003 includes extensive hedging activities on behalf of the whole Group, which affected the result by SEK 246 million (63).

Earnings per share after tax amounted to SEK 0.47 (0.29). Cash flow per share amounted to SEK -0.23 (-0.13).

October – December 2003 compared with October – December 2002

Turnover in the fourth quarter 2003 increased by SEK 11 million compared with the fourth quarter 2002. The increase is mainly due to an increase in delivery volumes (SEK 26 million) and increases in dollar pulp prices (SEK 88 million). However, the falling dollar rate continued to have a negative effect on turnover of SEK -103 million. Despite a 20 % increase in the pulp price expressed in USD, when converted into SEK the fourth quarter's average price for NBSK remained roughly the same as in the same period in the previous year, which means that the price equalled SEK 4,170 per tonne. Deliveries increased by 5 % compared with the fourth quarter in the previous year.

Hedging activities made a profit of SEK 75 million; the equivalent amount in the fourth quarter 2002 was SEK 65 million. During the fourth quarter Green Electricity certificates contributed income of SEK 7.7 million. As mentioned previously, other income of SEK 27 million was generated in the fourth quarter. Net financial items in the fourth quarter amounted to SEK 1 million, which is the same as in the same period last year. The result after net financial items for the quarter was SEK 61 million (21).

October – December 2003 compared with July – September 2003

In comparison with the third quarter 2003, turnover in the fourth quarter 2003 fell by SEK 16 million. The reduction is due to a weakening of the dollar (accounting for

SEK -41 million) and also somewhat lower deliveries (accounting for SEK -12 million). The increase in the USD price of NBSK increased turnover by SEK 37 million. Despite a 6 % increase in the pulp price expressed in USD, when converted into SEK the fourth quarter's average price for NBSK was somewhat lower than the average price in the third quarter. Delivery volumes fell by 2 % compared with the third quarter.

Hedging activities made a profit of SEK 75 million in the fourth quarter 2003, compared with SEK 51 million in the third quarter. The mill at Miranda had a maintenance shutdown in the fourth quarter, while the units at Vallvik, Rottneros and Rockhammar had their scheduled maintenance shutdowns in the third quarter. Revenue from Green Electricity amounted to SEK 7.7 million in the fourth quarter and SEK 10 million in the third quarter. As mentioned previously, other income of SEK 27 million was generated in the fourth quarter.

ACCOUNTING PRINCIPLES

The accounting principles are the same as those applied in the last annual report.

Work on the introduction of new accounting principles (IAS/IFRS) with effect from 2005 is progressing according to plan.

RISK MANAGEMENT

USD

The average USD exchange rate was 17 % lower relative to SEK in 2002. The increase in pulp prices in USD was offset by the weakening of the USD rate, which had a negative effect on earnings of SEK -454 million. At the same time, currency hedging agreements affected the result for the year positively by SEK 155 million compared with the spot rate. The net effect of the USD thus amounted to SEK -299 million.

In the main, all pulp is priced in USD. Around 30 % of Group turnover was hedged over the year. 70 % of turnover is not subject to currency hedging arrangements.

At the end of the year currency hedges had been taken out for a total of USD 149 million, at an average rate of SEK 9.47 per USD. These contracts relate to the coming 36 months. Of the sum hedged, USD 84 million relates to the current year at an average rate of 9.48. EUR 10 million has been hedged at an average rate of SEK 9.07 per euro. No hedging has been carried out for other currencies.

Pulp price

In 2002 the Group concluded 2-year pulp

price hedging contracts for 100,000 tonnes at an average level of SEK 5,177 per tonne. 25,000 tonnes of this remain, relating to the first half of 2004. In 2003 the company took out supplementary hedging in the form of 1- and 2-year contracts. In total, contracts have been taken out for 235,000 tonnes with varying remaining terms over the coming two years. These latter contracts have not yet had any significant effect on profits and only a minor effect on the market valuation as of the turn of the year. Over the year as a whole, pulp price hedging contracts have contributed SEK 48 million (23) to the company's profits. In addition to the pulp price hedging, the Group has for several years had long-term customer contracts with a price equalisation profile, which is entirely in line with the company's niche strategy.

Electricity

The company hedges electricity prices in Sweden, as a result of which the variations in electricity prices have essentially been evened out. In view of the dramatic increases in electricity prices at the end of 2002 the Board resolved to hedge nearly 100% of the coming 3 years' (2003, 2004 and 2005) external purchases of electricity. For 2003 the price was hedged at SEK 0.27 per kWh, for 2004 SEK 0.23 and for 2005 SEK 0.22 per kWh.

The table below shows the market value of all hedging. Market values are assessed by independent parties and refer to the liquidation value, i.e. valuation in accordance with forward contracts as of 31 December 2003. The reference value is the spot rate on 31 December and is given as supplementary information. The hedging has a term of two to three years.

COST CUTTING PROGRAMME

The Group cost cutting, efficiency and competence development programme adopted in 2003 is proceeding according to plan. Over the year the workforce at Utansjö was gradually reduced by 25. This will impact fully in 2004. In addition, job cuts of 10 people at Vallvik and 5 people at Miranda have been commenced. Over the year the company has worked intensively on coordinating major Group purchases of input materials, logistics, freight and IT services. The capital rationalisation programme resulted in lower stocks of raw materials.

BUY-BACK OF THE COMPANY'S OWN SHARES

The 2003 AGM resolved to continue the buy-back programme. A maximum of 10% of the shares may be bought back, i.e.

MARKET VALUE (SEK MILLION) 31 DECEMBER 2003				
Hedging	Volume hedged	Hedge price	Market value	Reference – spot rate 31 December 2003
Currency, USD	USD 149 million	9.47 SEK/USD	327	7.28 SEK/USD
Currency, EUR	EUR 10 million	9.07 SEK/EUR	0	9.09 SEK/EUR
Pulp price, in SEK	235,000 tonnes	5,166 SEK USD 552 (PIX) USD 548 (RIS)	19	USD 560 (PIX)/7.28 SEK/USD
Electricity	97% ¹⁾	SEK 0.22–0.23/kWh	43	SEK 0.25/kWh
Total market value			389	

THE EQUIVALENT MARKET VALUE (SEK MILLION) AS AT 31 DECEMBER 2002 WAS				
Hedging	Volume hedged	Hedge price	Market value	Reference – spot rate 31 December 2002
Currency, USD	USD 158 million	10.05 SEK/USD	186	8.82 SEK/USD
Currency, EUR	EUR 20 million	9.40 SEK/EUR	4	9.19 SEK/EUR
Pulp price, in SEK	81,000 tonnes	SEK 5,173	67	USD 440 (PIX)/8.82 SEK/USD
Electricity	97% ¹⁾	SEK 0.22–0.27/kWh	212	SEK 0.79/kWh
Total market value			469	

¹⁾ % of annual consumption in Sweden

18.8 million shares. The aim of the planned buy-back is partly to optimise the company's capital structure, and partly to create opportunities to use its own shares as liquidity in any future acquisitions.

In 2002 the company had bought back 5,418,790 of its own shares at an average price of SEK 8.74 per share, making a total of SEK 47.4 million. In 2003 the company bought back a further 2,257,641 shares at an average price of SEK 7.31 per share. The number of outstanding shares at the end of the quarter was 180,722,464. No shares were bought back in the fourth quarter.

CAPITAL INVESTMENTS AND FINANCIAL POSITION

Group net investments in fixed assets during the year amounted to SEK 193 million (244). These investments in the main relate to internal process measures at Vallvik, new impregnation and biopurification at Rottneros and environmental investments at Rockhammar Mill. Investment in the evaporation facility at Vallvik amounted to SEK 41 million and was financed by leasing. The leasing commitment is reported under interest-bearing long-term liabilities.

Liquid funds amounted to SEK 252 million at the end of the period, compared to SEK 350 million at the end of 2002. The company has no interest-bearing loans. Unutilised lines of credit totalled SEK 928 million. During the year Rottneros signed up to credit facilities of USD 115 million, with long terms. New credit facilities replace previous ones. No part of the credit

is utilised. The credit facility places Rottneros in a good position both to make strategic acquisitions and to grow organically. The equity/assets ratio was 73 %. Surplus liquidity is invested in low-risk securities in accordance with the company's liquidity policy. Shareholders' equity per share amounted to SEK 9.50 (31.12.02: 9.33).

CASH FLOW

Cash flow from current operations amounted to SEK 151 million (220) and included cash flow from hedging activities of SEK 253 million (43). Working capital increased primarily as a result of a reduction in short-term liabilities. Cash flow after capital investments was SEK –40 million (–14). The level of investment in ongoing replacements was reduced from the fourth quarter inclusive in view of the weak state of the market.

During the year SEK 54 million was paid out in dividends and SEK 16 million to buy back the company's own shares. The Group's liquidity was satisfactory at SEK 252 million.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in the reporting period was 857 (860).

OUTLOOK FOR 2004

Currently price increases are announced for all pulp qualities. The USD and pulp market development of the year 2004 is difficult to estimate. Improved trade conditions with a stronger pulp market are

expected towards the end of this year.

The result for the whole of 2004 is expected to be positive.

DIVIDEND FOR 2003

At the Annual General Meeting on 27 April 2004 the Board will propose a dividend of SEK 0.30. It is proposed that the record day for the dividend will be 30 April and the dividend is expected to be paid out to shareholders by 5 May.

PROPOSAL TO EXTEND BUY-BACK PROGRAMME

The Board will propose to the Annual General Meeting that it approve an extension of the current buy-back programme until the next Annual General Meeting in 2005. The aim of the buy-back programme was to be able to adjust the Group's capital structure on an ongoing basis, thereby contributing to increasing the share value.

Over the year 2,257,641 shares were bought back and together with shares bought back previously but not withdrawn, the company's shareholding of its own shares on the closing date amounts to 7,676,431 shares. The 2003 AGM mandated the Board to buy back up to 18.8 million shares. Around 11.1 million shares or around 60 % of the approved mandate remains outstanding.

The company has been reticent to buy back its own shares in recent months primarily because of the weakening of the USD exchange rate and the uncertainty in the pulp market. With a view to completing the programme commenced the Board intends to propose to the 2004 Annual General Meeting that it approve a renewed buy-back programme involving a maximum of ten percent of the total number of shares including shares already held. The authorisation, which will include the right to convert shares, is to cover the period up to the next Annual General Meeting. Details of the proposal will be notified once established by the Board.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 5 p.m. on Tuesday 27 April 2004 at the Hotel Selma Lagerlöf in Sunne, Sweden. The record day for voting at the AGM is 16 April 2004.

UPCOMING FINANCIAL INFORMATION

The complete Annual Report for Rottneros AB will be available in early April from Rottneros' head office and will be sent out to all shareholders.

REPORTS TO BE PUBLISHED IN 2004:

- 27 April 2004 - Interim report (3 months) 2004 and
AGM in Sunne
26 July 2004 - Interim report (6 months) 2004
26 October 2004 - Interim report (9 months) 2004



Lars Blecko
President and CEO

Upplands Väsby, Sweden, 5 February 2004

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK million)

	Oct.–Dec. 2003	Oct.–Dec. 2002	Full year 2003	Full year 2002
Net turnover	571	560	2 380	2 494
Change in inventories, finished goods	26	17	7	22
Other operating income (incl. hedging)	106	59	271	89
TOTAL INCOME	703	636	2,658	2,605
Raw materials and consumables	-339	-361	-1,372	-1,401
Other external costs	-159	-138	-609	-609
Personnel costs	-103	-102	-407	-410
Depreciation	-34	-40	-117	-113
Other operating costs (incl. hedging)	-8	25	-31	-15
TOTAL COSTS	-643	-616	-2,536	-2,548
OPERATING PROFIT/LOSS	60	20	122	57
Financial items	1	1	-7	29
PROFIT/LOSS AFTER FINANCIAL ITEMS	61	21	115	86
Taxes	-13	-1	-30	-31
PROFIT/LOSS AFTER TAX	48	20	85	55
No. of shares at beginning of period ¹⁾	180,722	185,419	182,980	188,399
No. of company's own shares bought back ¹⁾	-	2,439	2,258	5,419
No. of shares at end of period ¹⁾	180,722	182,980	180,722	182,980
Average no. of shares ¹⁾	180,722	184,847	181,422	187,709
Earnings after tax/share (SEK) ²⁾	0.27	0.11	0.47	0.29
KEY INDICATORS THAT EFFECT				
Pulp price NBSK, USD ³⁾	550	458	524	463
USD/SEK ⁴⁾	7.5810	9.0969	8.0894	9.7243
Pulp price NBSK, SEK	4,170	4,168	4,235	4,500
Rottneros' deliveries, tonnes	157,300	150,400	641,100	630,500

¹⁾The number of shares is given in thousands. ²⁾There are no programs that lead to dilution.
³⁾Source: PIXIMarket Pulse. ⁴⁾Source: Swedish central bank yearly average.

CONSOLIDATED BALANCE SHEET (SEK million)

	Dec. 2003	Dec. 2002
Fixed assets	1,261	1,197
Inventories	388	401
Current receivables	443	425
Liquid funds	252	350
TOTAL ASSETS	2,344	2,373
Shareholders' equity	1,717	1,706
Provisions	187	203
Long-term liabilities		
Interest-bearing	42	6
Current liabilities		
Interest-bearing	6	2
Non interest-bearing	392	456
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,344	2,373

CASH-FLOW ANALYSIS (SEK million)

	Full year 2003	Full year 2002
Operating income	122	7
Depreciation/Write downs	117	113
Profit/loss from disposal of fixed assets	2	2
Change in provisions	-19	-9
	222	163
Paid financial items	-3	24
Paid taxes	4	-30
Cash flow from current operations before change in working capital	223	157
Change in working capital	-72	63
Cash flow from current operations	151	220
Acquisition of fixed assets	-193	-244
Sale of financial fixed assets	-	7
Change in long-term receivables	2	3
Cash flow from capital investments	-191	-234
Change in provisions excl. deferred tax	-22	-6
New loans/financial leasing	43	5
Dividend paid	-54	-66
Buy-back of shares	-16	-47
Cash flow from financing	-49	-114
Cash flow for the period/year	-89	-128
Liquid funds at beginning of year	350	480
Cash flow for the period/year	-89	-128
Translation difference in liquid funds	-9	-2
Liquid funds and short-term investments at end of period/year	252	350

SHARE DATA ¹⁾

		2003	2002	2001	2000	1999 ²⁾	1998
No. of shares at beginning of period ³⁾	No.	182,980	188,399	209,332	209,332	209,332	209,332
No. of company's own shares bought back ³⁾	No.	2,258	5,419	20,933	-	-	-
No. of shares at end of period ³⁾	No.	180,722	182,980	188,399	209,332	209,332	209,332
Average number of shares ³⁾	No.	181,422	187,709	204,099	209,332	209,332	209,332
Operating profit or loss/share	SEK	0.67	0.31	1.00	4.34	0.59	0.57
Profit/loss after net financial items/share	SEK	0.64	0.46	1.15	4.26	0.53	0.58
Profit/loss after tax/share	SEK	0.47	0.29	0.76	3.12	0.43	0.58
Operating cash flow/share ⁴⁾	SEK	-0.23	-0.13	0.50	4.28	-0.01	-0.10
Equity/share	SEK	9.50	9.33	9.40	9.07	6.13	5.83
Dividend	SEK	0.30	0.30	0.35	0.50	0.25	0.10
Dividend/equity per share	%	3.2	3.2	3.7	5.5	4.1	1.7
Share price at end of period	SEK	8.55	7.45	9.85	7.70	11.10	3.20
Share price/equity per share	Times	0.9	0.8	1.0	0.8	1.8	0.5
P/E ratio	Times	18.3	25.3	13.0	2.5	25.5	5.5
Direct yield ⁵⁾	%	3.5	4.0	3.6	6.5	2.3	3.1

¹⁾ There are no programs that lead to dilution.²⁾ On 1 June 1999 Rottneros acquired the Miranda sulphate pulp mill from Kimberly-Clark..³⁾ Number of shares in thousands.⁴⁾ Cash flow after normal investments but excluding strategic investments.⁵⁾ Direct yield is calculated in relation to the closing listed price.

CHANGE IN SHAREHOLDERS' EQUITY (SEK million)

	Full year 2003	Full year 2002
Opening shareholders' equity	1,706	1,771
Dividend	-54	-66
Buy-back of company's own shares	-16	-47
Profit/loss for the year	85	55
Translation difference	-4	-7
Closing shareholders' equity	1,717	1,706

SIX-YEAR REVIEW

	2003	2002	2001	2000	1999 ¹⁾	1998	
KEY INDICATORS THAT EFFECT TURNOVER							
Pulp price NBSK, USD ²⁾	524	463	540	681	520	509	
USD/SEK ³⁾	8.0894	9.7243	10.3260	9.1718	8.2671	7.9514	
Pulp price NBSK, SEK	4,235	4,500	5,581	6,245	4,299	4,045	
Rottneros' deliveries, tonnes	641,108	630,500	592,800	656,500	563,600	458,400	
TURNOVER AND INCOME, SEK million							
Net turnover	2,380	2,494	2,741	3,385	2,101	1,603	
Profit/loss before depreciation and items affecting comparability	239	170	292	1 020	217	196	
Depreciation according to plan	-117	-113	-87	-112	-94	-76	
Operating profit/loss after depreciation and items affecting comparability	122	57	205	908	123	120	
Net financial items	-7	29	30	-16	-12	1	
Profit/loss after net financial items	115	86	235	892	111	121	
Profit/loss after tax	85	55	155	653	91	121	
BALANCE SHEET ITEMS, SEK million							
Fixed assets	1,261	1,197	1,093	994	1,130	896	
Inventories	388	401	398	363	335	253	
Current receivables	443	425	440	575	452	326	
Short-term investments	-	-	60	-	-	-	
Liquid funds	252	350	420	693	147	27	
Shareholders' equity	1,717	1,706	1,771	1,899	1,284	1,220	
Provisions	187	203	220	210	115	-	
Long-term interest-bearing liabilities	42	6	-	-	2	2	
Long-term non interest-bearing liabilities	-	-	-	-	26	-	
Current interest-bearing liabilities	6	2	-	-	259	45	
Current non interest-bearing liabilities	397	456	420	516	378	235	
Balance sheet total	2,344	2,373	2,411	2,625	2,064	1,502	
FINANCIAL RATIOS							
Operating margin	%	5.1	2.3	7.5	26.8	5.9	7.5
Profit margin	%	4.8	3.5	8.6	26.4	5.3	7.5
Return on capital employed	%	7	5	12	52	9	11
Return on equity after full tax	%	5	3	8	40	7	10
Equity/assets ratio	%	73	72	73	72	62	81
Debt/equity ratio	Times	0.0	0.0	0.0	0.0	0.2	0.0
Interest cover	Times	18.2	29.4	79.3	100.1	10.3	25.0
OTHER							
Capital expenditure	SEK m	193	244	183	85	276	210
Average no. of employees		857	860	878	890	884	716

¹⁾ On 1 June 1999 Rottneros acquired the Miranda sulphate pulp mill from Kimberly-Clark.²⁾ Source: PIXIMarket Pulse³⁾ Source: Swedish Central Bank yearly average

QUARTERLY DATA, ROTTNEROS GROUP (SEK million)

	2003				2002				2001			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	571	587	582	640	560	633	646	655	633	620	661	827
Operating profit/loss before depreciation	94	43	57	45	60	74	11	25	13	26	47	206
Depreciation	-34	-27	-27	-29	-40	-24	-25	-24	-16	-24	-23	-24
Operating profit/loss	60	16	30	16	20	50	-14	1	-3	2	24	182
Net financial items	1	-	-7	-1	1	5	20	3	7	3	13	7
Profit/loss after financial items	61	16	23	15	21	55	6	4	4	5	37	189
Tax	-13	-5	-5	-7	-1	-24	-3	-3	-11	-1	-11	-57
Profit/loss after tax	48	11	18	8	20	31	3	1	-7	4	26	132
Pulp production, 1,000 tonnes	166.7	155.6	163.5	153.3	155.5	163.9	157.8	158.9	159.0	147.9	143.7	148.6
Pulp deliveries, 1,000 tonnes	157.3	160.7	149.4	173.7	150.3	153.7	162.8	163.7	153.9	149.2	137.9	151.8
Sawn timber production, 1,000 m ³	12.4	10.7	12.3	10.5	10.1	7.3	12.4	12.6	14.9	13.9	19.3	18.7
Sawn timber, 1,000 m ³	10.2	10.5	11.6	10.3	9.7	9.1	10.6	13.5	8.4	18.8	15.9	19.3

	2003					2002				
	IV	III	II	I	Helår	IV	III	II	I	Helår
Net turnover by segment										
Pulp	552	567	559	619	2 297	543	602	629	634	2,408
Sawn timber	19	20	22	22	83	17	31	17	21	86
Total net turnover	571	587	582	640	2 380	560	633	646	655	2,494
Operating profit/loss by segment										
Pulp	62	18	32	18	129	28	54	-14	4	72
Sawn timber	-2	-2	-2	-2	-7	-8	-4	0	-3	-15
Total operating profit/loss	60	16	30	16	122	20	50	-14	1	57
Operating profit/loss margin by segment										
Pulp	11.2	3.2	5.6	2.9	5.6	5.3	9.0	-2.2	0.6	3.0
Sawn timber	-11.1	-7.9	-9.0	-7.7	-8.9	-43.8	-13.3	-0.4	13.5	-17.0
Total operating profit/loss margin	10.5	2.8	5.0	2.6	5.1	3.8	7.9	-2.2	0.2	2.3



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Rottneros, with its origins in the 1600s, is an independent and 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 satisfy its demanding 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 accordance with customers' demands should lead to more stable and higher profitability throughout an economic cycle. The Group has a financial hedging policy to even out earnings over the economic cycle.