

ROTTNEROS

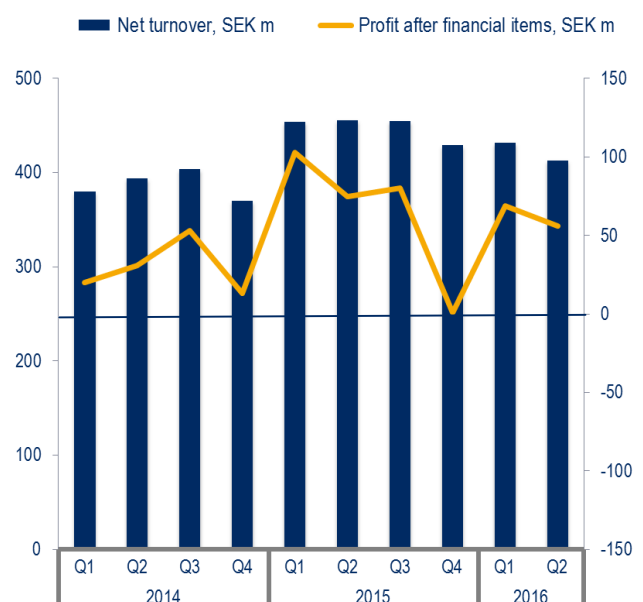
INTERIM REPORT JANUARY – JUNE 2016

QUARTERLY PRODUCTION REACHES 100 THOUSAND TONNES FOR THE FIRST TIME

The quarter in figures

	Apr-Jun 2016	Jan-Mar 2016	change, %	Apr-Jun 2015	change, %	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 months	Jan-Dec 2015
Net turnover, SEK m	413	432	-4	456	-9	845	910	1,730	1,795
Operating profit, SEK m	57	71	-20	76	-25	128	179	212	263
Profit after financial items, SEK m	56	69	-19	75	-25	125	177	207	259
Net income, SEK m	46	54	-15	81	-43	100	161	162	223
Earnings per share, SEK	0.30	0.35	-15	0.53	-44	0.65	1.06	1.05	1.46
Cash flow from operating activities, SEK m	52	29	79	116	-55	81	180	236	335
Return on capital employed, %	5.4	6.5		7.1		12.0	17.3	19.8	25.5
Production, thousand tonnes	100.0	95.1	5	95.8	4	195.1	189.5	378.9	373.3
Deliveries, thousand tonnes	92.8	92.9	0	95.3	-3	185.7	186.2	371.7	372.2

- Profit after financial items amounted to SEK 56 million (75) for the second quarter 2016 and SEK 125 million (177) for January-June.
- Net turnover for the second quarter was SEK 413 million (456).
- The list price for NBSK pulp over the second quarter was 7% lower in USD and 9% lower in SEK, compared to the second quarter 2015. In SEK, the price decrease was 2% compared with the first quarter 2016.
- Production volumes in the second quarter rose by 4% compared with the second quarter 2015 and by 5% compared with the first quarter 2016. Production during the quarter totalled 100,000 tonnes.
- The Company's investments in the Agenda 500 development programme continue to increase efficiency and the rate of production.
- In the second quarter shareholders were paid dividends totalling SEK 76 million.
- Lennart Eberleh will take over as new President and CEO of Rottneros AB on 1 September 2016.



COMMENTS BY THE PRESIDENT

A new milestone for the Group

Production volumes continuing to rise

The Rottneros Group reports a good second quarter, in which the decline in operating profit compared to the same period last year may be traced to external factors, such as lower pulp prices and a slightly weaker USD. Return on capital employed, measured over a rolling 12-month period, was a strong 19.8 per cent. In a sector-wide comparison, our return on capital remains at the top end.

Our Agenda 500 development programme continues to bear fruit, in the form of steadily rising production levels and productivity. The aggregated production volume for our two mills grew by 4 per cent during the quarter, rising to 100,000 tonnes, a record for an individual quarter and a milestone for the Group. The high production levels are the result of goal-focused work and the investments being carried out within the framework of Agenda 500, aiming at a production volume of at least 460,000 tons per year in the long term.

A resolution that a dividend of SEK 0.50 per share be paid was approved by the AGM in May. The Group's strong cash flows and balance sheet mean that our capacity for paying dividends is strong also going forward.

Market moving in the right direction

Compared with the levels in early 2015, pulp prices have declined, a factor that has clearly impacted on the trend of earnings. During the quarter, the average price of NSBK was 9 per cent lower in SEK than in the same period last year. However, prices in USD have been rising for some months. The average price in the second quarter was slightly higher than in the first, and this trend has remained early in the third quarter.

A weaker dollar is also weighing on the Group's earnings compared to last year. During the second quarter, the average USD exchange rate was 2 per cent lower than in the same period in the preceding year. Since the Brexit vote in late June, the exchange rate has strengthened and, in addition to the rising pulp price, it is clear that the dollar exchange rate is also moving in the right direction at the start of the third quarter.

Thanks to the high production volume during the quarter, we have been able to build up inventories when preparing for the maintenance shutdowns in the autumn, in order to optimise deliveries to our customers during the autumn.

Focus on Agenda 500

During the quarter, we continued our intensive effort to develop our mills within the framework of Agenda 500. The major share of investments conducted in 2016 will become operational during the annual maintenance shutdowns in the autumn. These investments will expand capacity at both mills, above all in the run-up to 2017. We have also acquired a new biomass boiler for Rottneros. The procurement process was completed in June and the new boiler, which is to be commissioned at mid-year 2017, will deliver major energy and environmental gains.

As an important step in developing Rottneros to meet the future, we conducted several training activities during the quarter in order to further upgrade our skills and expertise. Providing skilled employees with the opportunity to develop within the Group is important in enabling us to consolidate Rottneros' world-leading position in specialist pulp.

New President and CEO

On 1 September, I will hand over as President and CEO to Lennart Eberleh, an experienced and competent industry colleague. I am looking forward to playing a part, as a Board member, in driving Rottneros forward. I would like to take this opportunity to thank all you employees, customers, suppliers, owners, Board of Directors and other stakeholders for the support and help I have received during my time as interim CEO in continuing to build, with you, a successful Rottneros.

Per Lundeen

JANUARY–JUNE 2016

MARKETS AND PRODUCTS

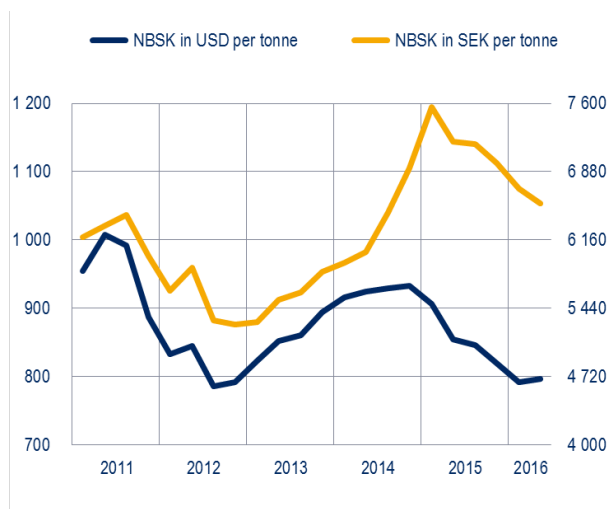
Underlying demand for pulp is robust in the emerging markets, but stagnant within the OECD area. The structural decline in graphic paper continues, but has been offset by increased fibre consumption globally in packaging and tissue paper.

In the first half 2016, the open pulp market was characterised by high outgoing deliveries, above all to the Chinese market but also to other growth markets in Asia. In contrast, demand from other parts of the world was stagnant, or slightly weakening.

Deliveries of chemical market pulp worldwide (World-20) during the first six months of the year totalled 24 million tonnes, up 4 per cent from 2015. Capacity utilisation was 94 per cent for long-fibre and 90 per cent for short-fibre pulp. Producer stock levels at the end of June were on a level corresponding to 34 days of consumption. Stocks are well-balanced for long-fibre, but somewhat on the high side for short-fibre.

The price of NBSK, which has remained stable at around USD 790 since the winter, turned upward in May and since then has gradually risen to just over USD 810 at the end of July, slightly higher than the price at the start of the year. On the other hand, the price of short-fibre pulp has remained under pressure and ended July at around USD 680, more than USD 100 lower than at the beginning of the year. The price trend for BCTMP has essentially remained in line with that of short-fibre pulp.

Trend for NBSK over the past five years



PRODUCTION AND DELIVERIES

The Group maintained a positive trend in production volumes. In April, new monthly records were set for both the Vallvik Mill and the Group in its current structure. The quarterly production for the Group rose to 100 thousand tonnes for the first time within the current structure.

The quarterly production increased by 4 percent compared with the second quarter 2015 and by 5 per cent compared with the first quarter 2016. As a result of the high production volume during the quarter, the

Group has been able to build up inventories ahead of the autumn maintenance shutdowns, to optimise deliveries to the customers.

Outgoing deliveries in the second quarter 2016 were on the same level as in the first quarter 2016.

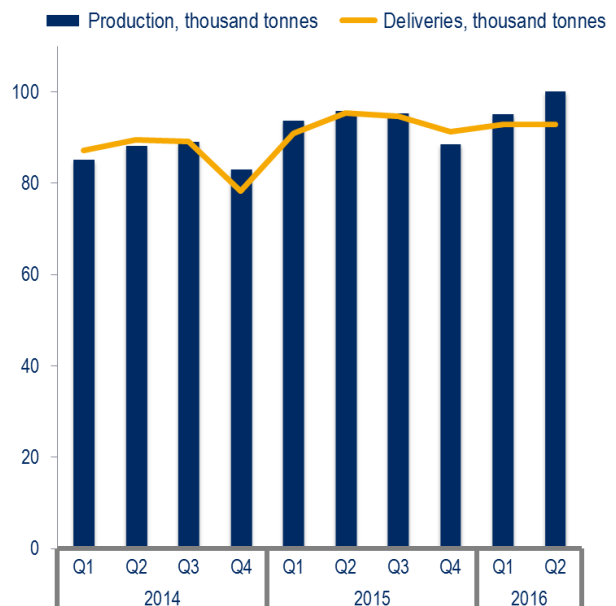
PRODUCTION (TONNES)

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 mo.	Jan-Dec 2015
Sulphate pulp	59,200	56,600	114,900	111,400	222,200	218,700
Groundwood pulp	17,700	17,800	35,500	35,100	69,300	68,900
CTMP	23,100	21,400	44,700	43,000	87,400	85,700
TOTAL	100,000	95,800	195,100	189,500	378,900	373,300

DELIVERIES (TONNES)

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 mo.	Jan-Dec 2015
Sulphate pulp	55,100	55,700	109,900	111,700	216,300	218,100
Groundwood pulp	16,800	17,800	35,100	33,900	68,500	67,300
CTMP	20,900	21,800	40,700	40,600	86,900	86,800
TOTAL	92,800	95,300	185,700	186,200	371,700	372,200

Volume growth, quarterly



Maintenance shutdowns and seasonal variations

In 2016, the annual maintenance shutdown at Rottneros Mill is planned for the third quarter and at Vallvik Mill for the fourth quarter, both as last year.

Costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place, in accordance with generally accepted accounting practice. The maintenance shutdown also involves a certain loss of production, which affects turnover and

income for the quarter in which the shutdown takes place. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

New environmental permit for Vallvik Mill

In January 2016, Vallvik Mill was granted a new environmental permit, authorising the mill to produce 255,000 tonnes of sulphate pulp. The new permit ensures that Rottneros can continue to expand capacity in accordance with the Group's long-term industrial plan Agenda 500.

SALES AND RESULTS

Second quarter 2016 compared with second quarter 2015

	Apr-Jun 2016	Apr-Jun 2015
NBSK PIX, USD	797	855
SEK/USD	8.21	8.42
NBSK, SEK	6,541	7,199
OPERATING INCOME, SEK M	57	76
Price/mix	-29	
Currency	-2	
Volume effect (net) on income	-7	
Variable production costs per tonne	15	
Hedging result realised (pulp, electricity and currency)	5	
Other	-1	
TOTAL DIFFERENCE, SEK M	-19	

The average price of long-fibre sulphate pulp (NBSK) in USD fell by 7 per cent compared with the same quarter in the previous year. In SEK, the average price was 9 per cent lower than in the second quarter 2015. Turnover in the second quarter 2016 amounted to SEK 413 million (456), a fall of 9 per cent.

Delivery volumes decreased by 3 per cent compared with the second quarter 2015 but production volumes increased by 4 per cent. On a net basis, the changes in volume had a negative impact of SEK 7 million on income in the second quarter 2016, compared with the second quarter 2015.

The average price of electricity on the Nord Pool electricity exchange over the second quarter 2016 amounted to SEK 0.22 (0.20) per kWh and had a negative impact on income.

First half-year 2016 compared with first half-year 2015

	Jan-Jun 2016	Jan-Jun 2015
NBSK PIX, USD	794	881
SEK/USD	8.33	8.38
NBSK, SEK	6,619	7,380
OPERATING INCOME, SEK M	128	179
Price/mix	-57	
Currency	-9	
Volume effect (net) on income	4	
Variable production costs per tonne	21	
Hedging result realised (pulp, electricity and currency)	4	
Other	-14	
TOTAL DIFFERENCE, SEK M	-51	

The average price of long-fibre sulphate pulp (NBSK) in USD fell by 10 per cent compared with the first half of last year. In SEK, the average price was also 10 per cent lower than in the first half 2015. Turnover in the first half 2016 amounted to SEK 845 million (910), a decrease of 7 per cent.

Delivery volumes were on the same level as in the first half 2015, but production volumes were 3 per cent higher. On a net basis, the changes in volume had a positive impact of SEK 4 million on income in the first half 2016, compared with the first half 2015.

The average price of electricity on the Nord Pool electricity exchange over the first half 2016 amounted to SEK 0.22 (0.23) per kWh and had a positive impact on income. However, the lower electricity price did not have full impact since portions of electricity consumption were hedged at higher levels than spot prices during the first half-year.

Other income statement items

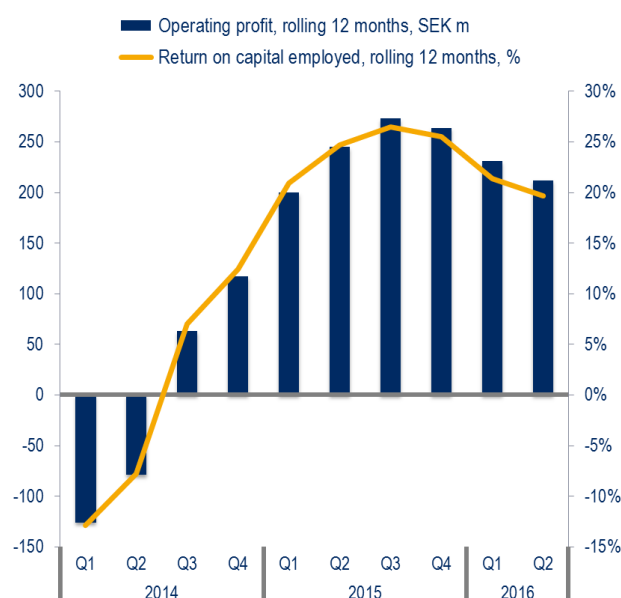
The Group's profit after financial items amounted to SEK 56 million (75) for the second quarter and SEK 125 million (177) for the first half 2016.

Income taxes for the first half-year totalled SEK 25 million (16). Taxes recognised for the first half-year relate to utilisation of previously capitalised tax loss carry-forwards. Income taxes paid for the first half-year totalled SEK 0 million (0). At the end of the second quarter, the remaining deferred tax asset relating to tax loss carry-forwards amounted to SEK 5 million (49), corresponding to a taxable profit of SEK 24 million (223) before any taxes become payable.

Net income totalled SEK 46 million (81) for the second quarter and SEK 100 million (161) for the first half 2016. Earnings per share totalled SEK 0.30 (0.53) in the second quarter and SEK 0.65 (1.06) in the first half-year 2016.

Return on capital employed, measured over a rolling 12-month period, was 19.8 per cent (23.6). Return on equity, measured over a rolling 12-month period, was 15.0 per cent (23.9).

Operating profit and return on capital employed, rolling 12 months



INVESTMENTS AND FINANCIAL POSITION

Group investments in fixed assets amounted to SEK 95 (13) million over the first half-year 2016. The increase is mainly attributable to the Group's long-term industrial plan, Agenda 500.

During the first half-year, as part of Agenda 500, it was decided that a new energy- and emission-efficient biomass boiler would be installed at Rottneros Mill. The investment, totalling SEK 98 million, is expected to be completed and the installation commissioned around mid-2017. Following the investment, energy consumption at both mills will for all practical purposes be fossil-free.

During 2015-2016, the Board of Directors has taken investment decisions totalling SEK 450 million regarding the long-term industrial plan Agenda 500. During 2015 and the first half-year 2016 approximately SEK 190 million of these investments have been carried out. Rest of the investments, approximately SEK 260 million, will be carried out during the second half-year 2016 and during 2017. The majority of these investments is already procured and contracted.

In the second quarter, a revaluation of the Group's 16% shareholding in Söderhamns Stuveri & Hamn AB was made, resulting in a write-up of SEK 8 million, reported as other operating income for the second quarter.

The Group's cash and cash equivalents amounted to SEK 79 million at the end of the second quarter, compared with SEK 165 million at the end of second quarter 2015 and SEK 169 million at year-end 2015.

The Group had no interest-bearing liabilities on 30 June 2016 and 2015. Total granted and unused credit facilities were SEK 175 million.

The equity/assets ratio was 78 per cent (79) as of 30 June. Equity per share totalled SEK 7.14 (SEK 7.00) at the end of the second quarter.

CASH FLOW

Cash flow from operating activities amounted to SEK 81 (180) million for the first half-year 2016. Cash flow was lower than in first half 2015, mainly due to lower operating income and a higher increase in working capital than in first half 2015. The increase in working capital compared to the first half of 2015 was mainly due to a build-up of inventories ahead of the autumn maintenance shutdowns.

Cash flow after investments for the first half-year was SEK -14 million (167).

In the first half-year, shareholders were paid dividends totalling SEK 76 million (61). Net cash flow for the first half-year was SEK -90 million (76).

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in the first half-year 2016 was 275 (265). The increase was mainly in production personnel.

PARENT COMPANY

For the first half 2016, the Parent Company reported a loss of SEK -8 million (-2) after financial items.

NEW PRESIDENT AND CEO

In March 2016, the Board of Directors of Rottneros AB appointed Lennart Eberleh as new President and CEO of Rottneros AB. He joins the

Company from BillerudKorsnäs, where he has served as Business Area Manager at Corrugated Solutions. Lennart Eberleh has more than 20 years' experience of a variety of management positions in the paper industry, at Stora, Billerud and BillerudKorsnäs, among other companies. Lennart Eberleh will take up his position on 1 September 2016, and until then Per Lundeen will continue as President and CEO.

SHARE INFORMATION

Largest shareholders as of 30 June 2016

Shareholders	Number of shares (=votes)	Per cent of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	7,705,235	5.0
Försäkringsbolaget Avanza Pension	5,290,760	3.4
Nordnet Pensionsförsäkring AB	1,820,842	1.2
SSB Client Omnibus AC OM07 (15 PCT)	1,672,174	1.1
Försäkrings AB Skandia	1,620,945	1.1
Borell, Joakim	1,037,711	0.7
SEB Investment Management	1,007,498	0.7
Scientia Fund Management AB	895,371	0.6
Andersson, Sten Oskar	850,000	0.6
Total for 10 largest owners – by size of holding	100,131,419	65.3
Rottneros AB (treasury shares from buy-back)	821,965	0.5
Other shareholders	52,440,506	34.2
TOTAL	153,393,890	100.0

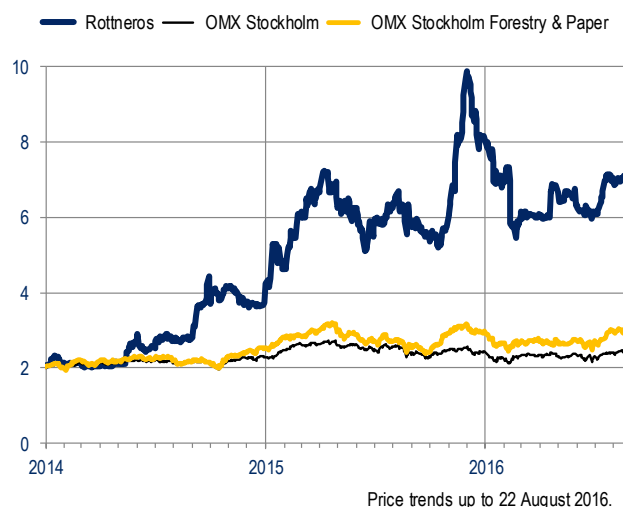
Number of shares and treasury shares

The number of shares in Rottneros totals 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. No change in treasury shares occurred during January-June 2016.

Trend of share price over the first half-year

At the end of the second quarter 2016, the price of Rottneros share was SEK 6.15 (8.15 at the end of 2015).

Rottneros share price and OMX Stockholm, 2014-2016



Transactions with related parties

During the first half-year, Rottneros sold pulp to the related party Arctic Paper S.A. Group, to the value of SEK 57 million (54). Outstanding operating receivables from Arctic Paper totalled SEK 18 million (22) at the end of the second quarter. Transactions were conducted on normal market conditions but with a lower level of credit insurance, primarily on the basis of the group relationship between Arctic Paper and Rottneros.

RISK MANAGEMENT

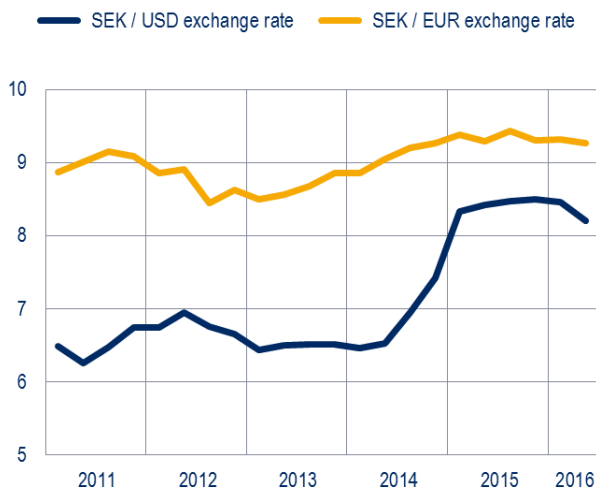
Operationally, the Company uses a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependence on market pulp list prices and at moderating fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are linked to exchange rates and the price of pulp, timber and electricity.

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus high. The direct inflow of USD (the real flow) during the first half-year represented approximately 40 per cent of the inflow, and in EUR approximately 45 per cent. However, the impact of exchange rate fluctuations on the indirect exposure is delayed, as the normal duration of a customer contract is between one and three months.

The average USD exchange rate was about 2 per cent lower in the second quarter 2016 than in the same quarter in 2015, and 1 per cent lower during the first half 2016 than in the corresponding period last year.

Trend of exchange rates over the past five years



Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. The Group held no pulp price hedging contracts on 30 June 2016 or 2015.

Electricity

All electricity for the mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. The amount of electricity hedged at the end of the second quarter 2016 was equal to the proportion of forecast consumption shown in the table. The table shows

the hedged proportion of estimated total consumption and the average price in SEK/kWh.

Around 20 per cent of electricity hedges for the remainder of 2016 are denominated in EUR. For these hedges, currency hedges are in place at an average rate of SEK 9.02/EUR. All other electricity hedges are denominated in SEK.

Electricity hedges as of 30 June 2016

Year	Proportion hedged	EUR/MWh	SEK/kWh
2016 Jul-Dec	80%	37.0	0.267
2017	72%		0.235
2018	64%		0.223
2019	64%		0.229
2020	16%		0.225

The average price for electricity on Nord Pool was SEK 22 (23) per kWh for first half-year 2016.

See pages 39-43 of the Annual Report for 2015 for further information on risks.

ANNUAL GENERAL MEETING

At the Annual General Meeting held on 30 May 2016, the Meeting resolved to pay shareholders SEK 76 million in dividends; an ordinary dividend of SEK 0.30 plus an extra dividend of SEK 0.20 per share, totalling SEK 0.50 per share.

In addition, the following were elected to the Board of Directors:

Marie S. Arwidson	Re-elected
Ulf Carlson	Elected
Rune Ingvarsson	Re-elected
Per Lundeen	Elected
Roger Mattsson	Elected
Per Skoglund	Re-elected

Rune Ingvarsson was elected as Chairman of the Board.

More information can be found on the Company's website under Corporate Governance.

Additionally, the employees have elected Dan Karlsson and Thomas Wasberg as Board members, and Gun-Marie Nilsson and Mika Palmu as their deputies.

SUBSEQUENT EVENTS

No significant events occurred after the close of the financial year that would impact the Group's financial position and results of operations.

FORTHCOMING FINANCIAL INFORMATION

10 November 2016 Interim Report July–September

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

The Board of Directors and the CEO certify that the six-month report gives a true and fair summary of the Group's and parent company's operations, financial position and results and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, 26 August 2016

Rune Ingvarsson
Chairman of the Board

Marie S. Arwidson
Board Member

Ulf Carlson
Board Member

Roger Mattsson
Board Member

Per Skoglund
Board Member

Dan Karlsson
*Board Member,
employee representative*

Tomas Wasberg
*Board Member,
employee representative*

Per Lundeen
*Board Member,
President and CEO*

This information is information that Rottneros AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8.00 a.m. on 29 August 2016. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two.

For more information, please contact:
Krister Lindgren, acting CFO of Rottneros AB, +46 72 715 06 50

Rottneros AB (publ)
Corp. ID no. 556013-5872
Box 144, SE-826 23 Söderhamn, Sweden
Tel: +46 (0)270-622 00, Fax: +46 (0)270-622 20
www.rottneros.com



Review report

Rottneros AB (publ), corporate identity number 556013-5872

Introduction

We have reviewed the condensed interim report for Rottneros AB (publ) as at June 30, 2016 and for the six months period then ended. The Board of Directors and the Managing Director 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.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements 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 International Standards on Auditing 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.

Conclusion

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 in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, August 26, 2016

Ernst & Young AB

Erik Sandström
Authorized Public Accountant

CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 months	Full-year 2015
NET TURNOVER	413	456	845	910	1,730	1,795
Change in inventories, finished goods	21	6	29	11	28	10
Other operating income	24	7	40	34	60	54
	458	469	914	955	1,818	1,859
Raw materials and consumables	-227	-230	-447	-462	-884	-899
Other expenses	-100	-93	-196	-177	-439	-420
Employee benefit expenses	-58	-56	-112	-109	-222	-219
Depreciation/amortisation & impairment	-16	-14	-31	-28	-61	-58
	-401	-393	-786	-776	-1,606	-1,596
OPERATING PROFIT	57	76	128	179	212	263
Financial income	1	0	1	0	2	1
Financial expenses	-2	-1	-4	-2	-7	-5
Total financial items	-1	-1	-3	-2	-5	-4
PROFIT AFTER FINANCIAL ITEMS	56	75	125	177	207	259
Tax on income for the period	-10	6	-25	-16	-45	-36
NET INCOME	46	81	100	161	162	223
Average number of shares (thousand) ¹	152,572	152,572	152,572	152,572	152,572	152,572
Earnings per share (SEK) ¹	0.30	0.53	0.65	1.06	1.05	1.46

¹ No share-based programmes exist that would result in dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 months	Full-year 2015
NET INCOME	46	81	100	161	162	223
Other comprehensive income						
Items that have been or may be transferred to profit for the period						
Cash-flow hedges, before tax effect	16	-7	9	-8	-6	-23
Cash-flow hedges, tax effect	-4	2	-2	2	1	5
Translation differences	0	-1	0	-1	1	0
TOTAL OTHER COMPREHENSIVE INCOME	12	-6	7	-7	-4	-18
COMPREHENSIVE INCOME FOR THE PERIOD ²	58	75	107	154	158	205

² The entire comprehensive income is attributable to the shareholders of the parent company.

CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	30 Jun 2016	30 Jun 2015	31 Dec 2015
Intangible fixed assets	12	6	7
Property, plant and equipment	718	600	659
Deferred tax assets	10	54	38
Financial assets	12	2	2
Total fixed assets	752	662	706
Inventories	309	272	267
Current receivables	263	260	244
Cash and cash equivalents	79	165	169
Total current assets	651	697	680
TOTAL ASSETS	1,403	1,359	1,386
Shareholders' equity	1,089	1,068	1,058
Long-term liabilities			
Interest-bearing	-	-	-
Non interest-bearing	23	10	18
Total non-current liabilities	23	10	18
Current liabilities			
Interest-bearing	-	-	-
Non interest-bearing	291	281	310
Total current liabilities	291	281	310
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,403	1,359	1,386

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

Amounts in SEK m	Share capital	Other contributed capital	Treasury shares	Other reserves		Retained earnings, incl. profit for the year	Total shareholders' equity
				Hedging reserve	Translation difference		
Opening balance, 1 January 2015	153	730	-69	-8	-8	177	975
Net income Jan-June						161	161
Other comprehensive income Jan-June				-6	-1		-7
Total comprehensive income, Jan-June				-6	-1	161	154
Dividends to shareholders, Jan-June						-61	-61
Closing balance, 30 June 2015	153	730	-69	-14	-9	277	1,068
Net income Jul-Dec						62	62
Other comprehensive income Jul-Dec				-12	1		-11
Total comprehensive income Jul-Dec				-12	1	62	51
Dividends to shareholders, Jul-Dec						-61	-61
Closing balance, 31 December 2015	153	730	-69	-26	-8	278	1,058
Net income Jan-June						100	100
Other comprehensive income Jan-June				7	0		7
Total comprehensive income, Jan-June				7	0	100	107
Dividends to shareholders, Jan-June						-76	-76
Closing balance, 30 June 2016	153	730	-69	-19	-8	302	1,089

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

Amounts in SEK m	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 months	Full-year 2015
Operating profit	128	179	212	263
Adjustment for non-cash flow items				
Depreciation/amortisation/impairment losses	31	28	61	58
Other items not affecting cash flow	-13	0	-13	0
	146	207	260	321
Received/paid financial items	-1	-1	-3	-3
Received/paid taxes	0	0	-1	-1
Cash flow from operating activities before changes in working capital	145	206	256	317
Change in working capital	-64	-26	-20	18
Cash flow from operating activities	81	180	236	335
Investments in fixed assets	-95	-13	-185	-103
Sale of fixed assets	0	0	0	0
Cash used in investing activities	-95	-13	-185	-103
Amortisation of loan	-	-30	0	-30
Dividend paid	-76	-61	-137	-122
Cash used in financing activities	-76	-91	-137	-152
Net cash flow for the period	-90	76	-86	80
Cash and cash equivalents at start of period	169	89	165	89
Net cash flow for the period	-90	76	-86	80
Closing cash and cash equivalents	79	165	79	169

PARENT COMPANY INCOME STATEMENTS

PARENT COMPANY INCOME STATEMENT

Amounts in SEK m	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
NET TURNOVER	3	3	6
Other operating income	4	12	11
	7	15	17
Other expenses	-7	-11	-10
Employee benefit expenses	-7	-6	-13
	-14	-17	-23
OPERATING PROFIT	-7	-2	-6
Profit from participations in Group companies	-	-	234
Financial expenses	-1	0	-2
Total financial items	-1	0	232
PROFIT AFTER FINANCIAL ITEMS	-8	-2	226
Tax on income for the period	2	0	-10
NET INCOME	-6	-2	216

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
NET INCOME	-6	-2	216
Other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-6	-2	216

PARENT COMPANY BALANCE SHEET, SUMMARY

PARENT COMPANY BALANCE SHEET

Amounts in SEK m	30 Jun 2016	30 Jun 2015	31 Dec 2015
Intangible fixed assets	11	6	6
Property, plant and equipment	0	1	1
Financial assets	311	272	309
Total fixed assets	322	279	316
Current receivables ¹	659	499	655
Cash and cash equivalents	71	150	166
Total current assets	730	649	821
TOTAL ASSETS	1,052	928	1,137
Shareholders' equity	926	853	1,010
Long-term liabilities			
Non interest-bearing	4	2	3
Total non-current liabilities	4	2	3
Current liabilities			
Non interest-bearing ²	122	73	124
Total current liabilities	122	73	124
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,052	928	1,137

¹ Including receivables of SEK 659 million (498) from subsidiaries.

² Including liabilities of SEK 115 (56) million to subsidiaries.

SUPPLEMENTARY DISCLOSURES AND NOTES, SUMMARY

ACCOUNTING POLICIES

This 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 'Supplementary Accounting Rules for Groups' together with RFR 2 'Accounting for Legal Entities', in respect of the parent company.

The accounting policies, definitions of key ratios and calculation methods are the same as those used in the last annual report.

All amounts in this report are in SEK m, unless stated otherwise. Rounding-off differences may occur.

FINANCIAL INSTRUMENTS

DERIVATIVE INSTRUMENTS, 30 JUNE 2016

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward sell	EUR 2.0 m	2016	9.36 SEK/EUR	0
Currency EUR, forward buy	EUR 0.8 m	2016	9.02 SEK/EUR	0
Currency USD, forward sell	USD 3.0 m	2016	8.38 SEK/USD	0
Electricity, forward buy	701,790 MWh	2016-2020	0.235 SEK/kWh	-25
Total fair value				-25

DERIVATIVE INSTRUMENTS, 31 DECEMBER 2015

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Currency EUR, forward buy	EUR 1.6 m	2016	9.00 SEK/EUR	1
Currency USD, forward sell	USD 4.5 m	2016	8.68 SEK/USD	1
Electricity, forward buy	657,480 MWh	2016-2019	0.245 SEK/kWh	-34
Total fair value				-32

The valuation is based on directly observable price quotations on 30 June that are classified at level 2 in the fair value hierarchy described in IFRS 13.

The full fair value of a derivative instrument that constitutes a hedging instrument is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item exceeds 12 months, and as a current asset or current liability if the remaining maturity of the hedged item is less than 12 months. The ineffective portion, which is recognised in the income statement, was SEK 0 (0) million in respect of cash flow hedges. The maximum exposure for credit risk on the reporting date is the fair value of the derivative instruments recognised as assets in the balance sheet.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2015. The carrying amounts are deemed to be equal to fair values, which was also the case at the end of 2015, since the effect of discounting is not of material significance. Accounts receivable are covered by credit insurance, which recovers most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

GROUP PERFORMANCE IN SUMMARY

	Jan-Jun 2016	Jan-Jun 2015	Rolling 12 months	Full-year 2015	2014	2013	2012	2011
Income statement (SEK m)								
Net turnover	845	910	1,730	1,795	1,547	1,389	1,437	1,513
Operating profit before depreciation/amortisation and impairment losses	159	207	273	321	177	-11	61	4
Depreciation/amortisation and impairment losses	-31	-28	-61	-58	-59	-142	-55	-120
Operating profit	128	179	212	263	118	-154	6	-117
Financial items (net)	-3	-2	-5	-4	-4	-4	0	-3
Profit after financial items	125	177	207	259	114	-158	6	-120
Taxes on income for the period	-25	-16	-45	-36	19	0	-19	-24
Net income	100	161	162	223	133	-158	-13	-144
Statement of cash flows (SEK m)								
Cash flow from operating activities	81	180	236	335	104	62	41	35
Investments in fixed assets	-95	-13	-185	-103	-59	-37	-51	-157
Cash flow after investments	-14	167	51	232	45	25	-10	-122
Sale of fixed assets	0	0	0	0	39	2	1	9
Cash flow used in/from financing activities	-76	-91	-137	-152	-30	-18	14	-21
Net cash flow	-90	76	-86	80	54	9	5	-134
Balance sheet items (SEK m)								
Fixed assets	752	662	752	706	691	706	809	841
Inventories	309	272	309	267	255	246	240	276
Current receivables	263	260	263	244	226	175	219	209
Cash and cash equivalents	79	165	79	169	89	35	26	21
Net cash/debt	79	165	79	169	59	-25	-52	-26
Shareholders' equity	1,089	1,068	1,089	1,058	975	825	993	1,014
Long-term interest-bearing liabilities	-	-	-	-	30	0	0	5
Long-term non-interest-bearing liabilities	23	10	23	18	9	13	15	11
Current interest-bearing liabilities	-	-	-	-	0	60	78	42
Current non-interest-bearing liabilities	291	281	291	310	247	264	208	275
Capital employed	1,089	1,068	1,089	1,058	1,005	884	1,071	1,061
Balance sheet total	1,403	1,359	1,403	1,386	1,261	1,161	1,294	1,347
Key ratios								
Operating margin, %	15.1	19.7	12.3	14.7	7.6	-11.1	0.4	-7.8
Profit margin, %	14.8	19.5	12.0	14.4	7.3	-11.4	0.4	-8.0
Return on equity, %	9.3	15.7	15.0	21.9	13.6	Neg.	Neg.	Neg.
Return on capital employed, %	12.0	17.3	19.8	25.5	12.4	Neg.	0.1	Neg.
Equity/assets ratio, %	78	79	78	76	77	71	77	75
Debt/equity ratio, %	-7	-15	-7	-16	-6	3	5	3
Interest cover, times	30	76	29	53	29	Neg.	2	Neg.
Other								
Average no. of employees	275	265	270	264	251	256	275	298
Pulp production, 1,000 tonnes	195.1	189.5	378.9	373.3	345.0	333.4	330.4	324.1
Pulp deliveries, 1,000 tonnes	185.7	186.2	371.7	372.2	344.2	332.1	331.4	311.4
List price of NBSK pulp, USD per tonne ¹	794	881	823	857	925	857	814	960
SEK/USD ²	8.33	8.38	8.41	8.44	6.86	6.51	6.78	6.50
List price of NBSK pulp, SEK per tonne	6,619	7,380	6,923	7,285	6,345	5,582	5,519	6,229

¹ Source: PIX quotation once a week. Average for each period.

² Source: Riksbanken's daily listings. Average for each period.

QUARTERLY DATA, GROUP

	2016		2015				2014			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement, SEK M										
Net turnover	413	432	429	455	456	454	370	404	394	380
Operating profit before depreciation/amortisation and impairment losses	73	86	18	95	90	118	28	67	45	35
Depreciation/amortisation and impairment losses	-16	-15	-15	-14	-14	-14	-15	-14	-14	-14
Operating profit	57	71	3	81	76	104	12	53	31	21
Financial items (net)	-1	-2	-2	-1	-1	-1	1	-1	0	-1
Profit after financial items	56	69	1	80	75	103	13	52	31	20
Taxes on income for the period	-10	-15	0	-18	6	-23	41	-11	-7	-4
Net income	46	54	1	62	81	80	55	41	24	16
Per share										
Earnings per share, SEK	0.30	0.35	0.01	0.41	0.53	0.52	0.36	0.26	0.16	0.10
Other										
Pulp production, 1,000 tonnes	100.0	95.1	88.5	95.3	95.8	93.7	82.9	89.0	88.1	85.0
Pulp deliveries, 1,000 tonnes	92.8	92.9	91.3	94.7	95.3	90.9	78.3	89.2	89.5	87.2
List price of NBSK pulp, SEK per tonne	6,541	6,699	6,970	7,173	7,199	7,560	6,916	6,452	6,035	5,919

SHARE DATA ¹

		Jan-Jun 2016	Jan-Jun 2015	Rolling 12 months	Full-year 2015	2014	2013	2012	2011
Shares, opening ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Shares, closing ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares ²	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Treasury shares ²	Number	822	822	822	822	822	822	822	822
Earnings per share	SEK	0.65	1.06	1.05	1.46	0.87	-1.04	-0.09	-0.95
Cash flow after investments/share ³	SEK	-0.09	1.09	0.34	1.52	0.29	0.16	-0.07	-0.80
Equity per share	SEK	7.14	7.00	7.14	6.93	6.39	5.41	6.51	6.65
Dividend	SEK	-	-	0.50	0.50	0.80	-	-	0.10
Dividend/equity per share	%	-	-	7.0	7.2	12.5	-	-	1.5
Share price at end of period	SEK	6.15	5.75	6.15	8.15	3.74	1.99	2.00	2.11
Market price/equity/share	times	0.9	0.8	0.9	1.2	0.6	0.4	0.3	0.3
P/E ratio per share	times	4.7	2.7	5.9	5.6	4.3	Neg.	Neg.	Neg.
Direct yield ⁴	%	-	-	8.1	6.1	21.4	-	-	4.7

¹ None of the key ratios are affected by any dilution effect.

² The number of shares is in thousands, excluding Rottneros' treasury shares.

³ Cash flow from operating activities less investments in fixed assets, divided by the number of shares.

⁴ The calculation of dividend yield is based on the share price at period-end.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are financial measures that are not defined by IFRS and that are presented outside the financial statements. Rottneros uses the alternative performance measures Cash flow after investments, Net cash/debt, Capital employed, Return on capital employed, Return on equity, Equity/assets ratio, Debt/equity ratio, and Interest coverage ratio. The Company believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures when assessing the financial position and profitability of the Rottneros Group. In addition, Rottneros uses the alternative performance measures P/E ratio and Direct yield, which the Company considers to be relevant for investors and other readers. Alternative performance measures may be defined differently by other companies and are therefore not always comparable with similar measures used by other companies.

DEFINITIONS OF KEY RATIOS

Operating margin

Operating profit as a percentage of net turnover.

Profit margin

Profit/loss after financial items as a percentage of net turnover.

Earnings per share

Net income divided by the average number of shares.

Equity per share

Shareholders' equity divided by the number of shares.

Cash flow after investments

Cash flow from operating activities, less investments in fixed assets.

Net cash/debt

Cash and cash equivalents less interest-bearing liabilities.

Capital employed

Shareholders' equity plus interest-bearing liabilities.

Return on capital employed

Profit after financial items plus financial expenses, divided by the average capital employed for the period.

Return on equity

Net income as a percentage of average equity for the period.

Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

Debt/equity ratio

Net debt/cash as a percentage of shareholders' equity.

Interest coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

P/E ratio

Share price at end of the period in relation to earnings per share.

Direct yield

Dividend as a percentage of the share price at the end of the period.

GLOSSARY

Market pulp	Pulp sold on the market and transported to the customer. Market pulp accounts for about one third of pulp production worldwide. The remaining two thirds are produced at integrated paper and board mills, or used internally within a group.	Long-fibre pulp	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
BCTMP	Bleached Chemi-Thermo-Mechanical Pulp: bleached mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is common in North America and Asia (see CTMP).	Mechanical pulp	Pulp produced using a mechanical process for fibre separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, TMP and CTMP/BCTMP are types of mechanical pulp.
BEK	Bleached Eucalyptus Kraft pulp.	NBSK	Northern Bleached Softwood Kraft Pulp: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
CTMP	Chemi-Thermo-Mechanical Pulp. Development of TMP, where the mechanical pulp is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.	PIX	Price index published by FOEX.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, instead of chlorine gas.	Groundwood pulp (SGP)	Mechanical pulp based on roundwood as a raw material.
High-yield pulp	Groundwood pulp, TMP and CTMP/BCTMP	TMP	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.
Chemical pulp	Paper pulp produced by boiling raw timber with chemicals. The pulp can be bleached to a higher brightness and a higher strength than mechanical pulp. Chemical pulp is usually sulphate pulp, but can also be sulphite pulp.	UKP	Unbleached Kraft Pulp, unbleached sulphate pulp.
Short-fibre pulp	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.		

ROTTNEROS IN SUMMARY

Rottneros produces customised pulp for the open market.

ROTTNEROS

Rottneros had just over 260 employees and a turnover of approximately SEK 1.8 billion in 2015. The Group produced 373,300 tonnes of pulp in total.

ROTTNEROS IN FIGURES

SEK m	2015	2014	2013	2012	2011
Net turnover	1,795	1,547	1,389	1,437	1,513
Income after net financial items	259	114	-158	6	-120
Investments in fixed assets	103	59	37	51	157
Average number of employees	264	251	256	275	298
Production per employee (Ktonnes)	1.4	1.4	1.3	1.2	1.1

Ratios, %

Equity/assets ratio	76	77	71	77	75
Return on capital employed	25.5	12.4	Neg	0.1	Neg
Return on equity	21.9	13.6	Neg	Neg	Neg
Operating margin	14.7	7.6	-11.1	0.4	-7.8

SEK/share

Share price 31 Dec	8.15	3.74	1.99	2.00	2.11
Equity per share	6.93	6.39	5.41	6.51	6.65
Earnings per share	1.46	0.87	-1.04	-0.09	-0.95
Cash flow after investments/share	1.52	0.29	0.16	-0.07	-0.80
Dividend	0.50	0.80	-	-	0.10

THE GROUP'S PRODUCTS, DELIVERY VOLUME DISTRIBUTION



41% Bleached sulphate pulp
18% Unbleached sulphate pulp
23% CTMP
18% Groundwood pulp

GEOGRAPHICAL DISTRIBUTION OF TURNOVER



19% Germany
18% Italy
16% Sweden
10% U.S.A.
5% Other Nordic countries
22% Rest of Europe
10% Rest of world

THE WAY FORWARD

In order to achieve sustainable profitability Rottneros will offer products and services of the highest quality. Production at the mills is another key parameter in generating profitability. In February 2015, the Board decided on a strategic action plan to strengthen and develop Rottneros long term, Agenda 500. The focus on selected niches will continue under the plan. A planned capacity expansion will eliminate bottlenecks at the mills over the next few years.

OBJECTIVE

THE GROUP WILL ACHIEVE SUSTAINABLE PROFITABILITY OVER A BUSINESS CYCLE.

This will be accomplished through a **FOCUS ON SELECTED NICHES** where Rottneros has the capacity to achieve competitive advantages and become the market leader. Sales will be concentrated to those market segments where the Group is able to offer customers clear added value through high-quality and customised products.

→ INCREASED PRODUCTIVITY

Productivity is vital for sustainable profitability. The objective is to increase long-term productivity by continually developing our processes and carrying out well-planned and effective preventive maintenance work.

→ INCREASED PRODUCTION VOLUME

The company will increase pulp production volume by improving accessibility and expanding capacity.

→ IMPROVED SAFETY

Good order will prevail at Rottneros. Our objective is to have no sick days on account of work-related incidents.

→ SKILLS DEVELOPMENT

We will develop our skills and competence with the objective of having a workforce that is committed and safety-conscious.

→ THE LEADER IN SERVICE

Customers should perceive Rottneros as the leader in service. We will provide know-how on how the Group's products can be used to improve customers' end products within our chosen segments.

ROTTNEROS' MILL



GROUND-WOOD PULP

Spruce

Bleached/unbleached

Board Printing and writing paper Tissue paper

Production (tonnes)

2015	68,900
2014	52,800

+30%

CTMP

Spruce/pine

Bleached/unbleached

Board Tissue paper Printing and writing paper Filters

Production (tonnes)

2015	85,700
2014	80,800

+6%

CTMP

Aspen/birch

Bleached

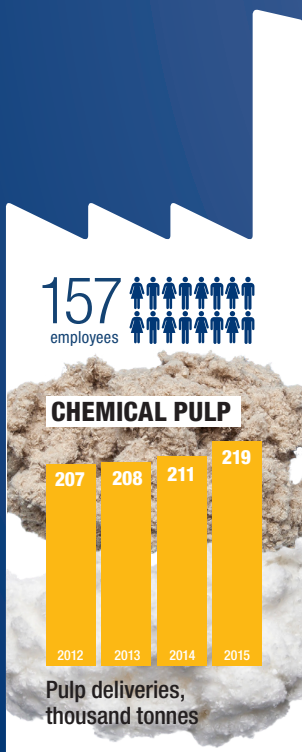
Printing and writing paper Fine paper

Production (tonnes)

2015	85,700
2014	80,800

+6%

VALLVIK'S MILL



LONG-FIBRE SULPHATE

Spruce/pine

Bleached

Printing and writing paper Tissue paper

Production (tonnes)

2015	153,300
2014	123,300

+24%

Board Filters

Unbleached

Kraft paper Filters Electrical insulating material

Production (tonnes)

2015	65,300
2014	88,000

-26%



Rottneros AB (publ)
Box 144, SE-826 23 Söderhamn, Sweden
Visiting address: Vallviks Bruk, SE-820 21 Vallvik, Sweden
Telephone +46 270-620 00
info@rottneros.com
www.rottneros.com