

# TRICORONA

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**PRESS RELEASE**

**13 February 2009**

## **Year-end report 2008**

- Profit before tax amounted to SEK 225.5 (loss: 38.5) million.
- Net sales amounted to SEK 698.3 (216.8) million.
- The operating loss for discontinued operations amounted to SEK 7.7 (loss: 14.9) million.
- Profit after tax amounted to SEK 194.9 (loss: 53.4) million.
- Basic earnings per share for continuing operations amounted to SEK 1.41 (loss: 0.27) and diluted earnings per share to SEK 1.38 (loss: 0.27).
- The portfolio of carbon credits for delivery in the EU's second trading period 2008–2012 amounted to 64.2 million CERs at the end of the period.

## **OPERATIONS**

Deliveries of CERs from the portfolio continued during the period. The delivered volume was 3.7 million CERs for all of 2008, which is lower than previously expected. Approximately 1.1 million CERs that should have been delivered at the end of the year were delayed and will be delivered during the first quarter of 2009. The process for verification of CERs still constitutes a bottleneck, and their issuance is surrounded by involved processes that have taken more time than predicted. Despite a lower volume than expected, the company's profit before tax amounted to SEK 225.5 million, which is the best profit the company has ever posted.

The prevailing economic slump will result in lower greenhouse gas emissions in the short term, which will in turn depress the price of carbon credits. Furthermore, due to the credit crunch, large volumes of European carbon credits, called EUAs (EU allowances), have been sold by companies in need of cash, further depressing CER prices. The price of CERs for delivery in December 2009 fell to 13 Euros during the quarter, and price have since continued to drop down to 8 Euros. If price levels continue to be low, the company may choose to reduce the number of verifications and issuances of CERs during 2009.

Tricorona has increased its cooperation with clean technology suppliers in order to gain greater access to potential CDM projects. An integrated offering of both CDM projects and clean technology can facilitate the financing of technology exports.

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Promotional efforts aimed at the voluntary market via Tricorona Climate Partner (TCP) have been successful and the business has grown during the year. TCP is now an established player in the market.

2008 was a very good year for Svensk Kraftmäkling (SKM), and power brokerage took new market shares. Demand for knowledge concerning electricity certificates and a functioning market for electricity certificates have further strengthened SKM's position in the market.

## **EMISSIONS TRADING**

Considerably fewer projects were added to the portfolio during the fourth quarter than in previous quarters. The low prices of CERs in Europe make it more difficult to find profitable projects in the primary CDM market. Uncertainty regarding what a future global climate treaty will look like is making it more difficult to find financing for investments in climate projects.

The portfolio up to 2012 amounted to 64.2 million CERs at the end of the period. A total of 2.6 million CERs were delivered during the fourth quarter, while 3.7 million CERs were delivered to customers during 2008. A net of 8.2 million CERs were taken out of the portfolio during the fourth quarter. An important explanation is that a number of projects have run into financing problems. We have therefore chosen to exclude these projects until financing has been secured.

Due to the current market situation with low prices, planned deliveries in 2009 will probably change. The estimated possible volume that can be delivered during 2009 is about 8 million CERs. Of these, 2.4 million CERs are already sold and will be delivered to customers during the year. Another 0.4 million CERs have been sold and delivered after the end of the reporting period. In addition, the company is planning to delay verification and issuance of CERs in order to postpone deliveries into 2010 and 2011. In the current market situation the company plans to issue between 3 and 5 million CERs during 2009. The current market assessment is that the price of carbon credits will remain low for most of 2009.

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Carbon credits, millions *	Contracted volume	Contracted volume	Portfolio	Portfolio	Portfolio
	2009	2010	2009-2012	2013-2020	2021-
Contracted volume	8.0	14.4	64.2	68.4	46.5
-of which operational	7.7	9.8	41.3	38.0	28.1
CDM-status					
-PDD under development	-	2.1	11.8	15.0	9.2
-Under validation	0.6	5.1	20.6	27.9	20.4
-Applied for reg.	0.6	1.7	6.5	7.5	3.2
-Registered	6.8	5.5	25.3	17.9	13.7
Contracted volume	8.0	14.4	64.2	68.4	46.5
Sold volume	2.4	1.8	7.0	-	-
Net position**	5.6	12.6	57.2	68.4	46.5

\*Contracted volume refers to agreements entered into for the purchase of emissions credits for future delivery. The specified contracted volume is not guaranteed, but rather estimated on the basis of what each individual project is expected to generate. The actual delivered volume from an individual project may deviate significantly from the contracted volume. Sold volume refers to agreements entered into for the sale of carbon credits for guaranteed future delivery.

\*\* The net position may change depending on the number of verifications and issued CER volume in 2009.

The current year will be dominated by negotiations for a new international climate treaty after 2012, when the first period of the Kyoto Protocol expires. Crucial factors will be China's and India's attitude towards domestic reductions and how far-reaching reductions the USA is willing to accept. New research findings were presented in 2008 suggesting that climate change is proceeding even faster than previously shown by the UN IPCC (Intergovernmental Panel on Climate Change). It is in this light, and in the light of the prevailing economic slump, that world leaders will try to agree on a new global climate treaty. The deadline is set for the climate meeting in Copenhagen in December, but will probably be postponed until 2010.

The link between the UN and EU registries, the International Transaction Log (ITL), has now gone live and there are no technical obstacles to delivering CERs to the EU.

## BROKERAGE

The brokerage of electricity and electricity certificates within Svensk Kraftmäkling (SKM) has developed positively during the period. Both profit and market share have improved, particularly within power brokerage. SKM's increased focus on more services surrounding green energy has been a success. The brokerage of electricity supplied with certificates of origin, such as electricity produced by wind and hydroelectric power, has increased as a consequence of the increased urgency of the climate issue and the law requiring certificates of origin for electricity. SKM also has the only public price quotation for electricity certificates.

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## OTHER OPERATIONS

Tricorona's other operations include the Parent Company and those companies that were previously included in the Minerals division. These operations are of a non-strategic nature for Tricorona. During the year the company was charged with additional costs of SEK 7.6 million for the divestment of the operations in the previous Metals division that occurred in 2007.

## FINANCIAL INFORMATION

### October–December 2008

Net sales amounted to SEK 484.4 (53.2) million. Operating profit for the period amounted to SEK 183.1 (loss: 45.1) million, and profit after tax to SEK 169.4 (loss: 43.3) million. Earnings per share amounted to SEK 1.18 (loss: 0.30) million. Diluted earnings per share amounted to SEK 1.16 (loss: 0.30) million. The increase in net sales and profit is due to the increased volume of deliveries of CERs.

### January–December 2008

Net sales amounted to SEK 698.3 (216.8) million. Operating profit for the period amounted to SEK 217.9 (loss: 43.2) million, and profit after tax to SEK 202.6 (loss: 38.5) million. Earnings per share amounted to SEK 1.41 (loss: 0.27) million. Diluted earnings per share amounted to SEK 1.38 (loss: 0.27) million. Included in other operating income/expenses are exchange profits of SEK 25.4 (3.5) million. Earnings were charged with profit sharing costs of SEK 38.5 (1.5) million.

### Financial position

The equity/assets ratio at the end of the period amounted to 67 (85) percent. Cash and cash equivalents amounted to SEK 525.8 (194.1) million, of which funds in blocked accounts amounted to SEK 232.2 (28.3) million. The increase in blocked accounts consists of collateral for bank guarantees. Consolidated equity amounted to SEK 515.2 (318.0) million.

Cash flow before investments for the period amounted to SEK 82.9 (39.8) million. Cash flow from discontinued operations amounted to SEK 47.4 (loss: 16.0) million. Investments in property, plant and equipment for the period amounted to SEK 1.2 (1.2) million.

Interest-bearing liabilities amounted to approximately SEK 13.4 (13.4) million, consisting of a convertible subordinated loan with 2 percent interest, a conversion price of SEK 4.00 and a maturity date of 31 December 2009.

### Tax

Tax expense for the period amounted to SEK -22.9 (-) million. The period's tax expense has been adjusted with utilized deductible deficiencies.

### Share information

The total number of outstanding shares at the end of the period was 143.4 (143.4) million. The share price at the end of the period was SEK 7.25 (11.00).

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# TRICORONA

## Parent Company

Tricorona AB is the Parent Company of the Tricorona Group. Net sales for the period October–December 2008 amounted to SEK 473.8 (55.0) million and for the period January–December to SEK 722.8 (168.7) million. Operating profit for the period October–December 2008 amounted to SEK 64.8 (loss: 33.8) million and for the period January–December to SEK 77.1 (loss: 47.5) million. Capital expenditure amounted to SEK 0.2 (1.1) million. Cash and cash equivalents in the Parent Company amounted to SEK 496.0 (174.0) million, of which funds in blocked accounts amounted to SEK 232.2 (28.3) million.

## Risks and uncertainties

The Group's significant risk and uncertainty factors include risks in the form of high exposure to individual markets. In addition to this there are also financial risks, primarily volume, price, currency and interest rate risks. No significant risks are deemed to have emerged in addition to the risks described on page 24 of Tricorona's 2007 Annual Report, however market volatility has increased. Continued low market price levels may result in the Company choosing to reduce the number of verifications and issuances of CERs in 2009 and push them into 2010 and 2011. If market prices for longer period of time should stay on current levels, it would have a negative impact on the Company profitability.

## Outlook for 2009

The company is not submitting an earnings forecast for this year.

## Annual General Meeting and annual report

The Chairman of the Board, in consultation with the company's major shareholders, was authorised by the 2008 AGM to appoint a Nominating Committee in preparation for the 2009 AGM. The Nominating Committee should consist of at least four members, two of whom are independent of the company while one is the company's Chairman. The Nominating Committee consists of the following persons:

-Karl Perlhagen (representing Volati Ltd)	not independent
-Annika Andersson (representing Fourth AP Fund)	independent
-Magnus Östberg (representing Stena Metall Finans)	independent
-Pär Ceder (Chairman of the Board)	independent

Karl Perlhagen has been appointed Chairman of the Nominating Committee.

The Board of Tricorona will propose to the AGM that a dividend be paid to the shareholders of SEK 0,70 (-) for financial year 2008.

The AGM will be held at 4 p.m. on Tuesday 28 April 2009 at Hotel Anglais, Humlegårdsgatan 23, Stockholm. The company's annual report will be available at the company's office and on its website in early April.

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# TRICORONA

## AUDIT

This report has not been subject to special examination by the company's auditors.

## REPORTING DATES

Interim report January–March 2009	28 April 2009
Annual General Meeting	28 April 2009
Interim report January–June 2009	23 July 2009
Interim report January–September 2009	29 October 2009

Stockholm, 13 February 2009  
Board of Directors

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This report contains information which Tricorona AB (publ) is obliged to disclose in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 13 February 2009 at 9:00 a.m. CET.

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INCOME STATEMENT IN SUMMARY(SEK MILLIONS)	October–December 2008	October–December 2007	January–December 2008	January–December 2007
<b>Net sales</b>	<b>484.4</b>	<b>53.2</b>	<b>698.3</b>	<b>216.8</b>
Cost of goods sold	-271.4	-31.8	-395.8	-158.7
Other operating income/expenses	25.9	1.9	30.2	2.9
Other external expenses	-8.4	-14.1	-31.6	-29.6
Personnel costs	-43.9	-6.6	-78.8	-26.5
Depreciation and impairment of non-current assets	-3.4	-47.6	-4.1	-47.9
<b>Operating expenses</b>	<b>-301.3</b>	<b>-98.2</b>	<b>-480.1</b>	<b>-259.8*</b>
Share in profit/loss of associated companies	-	-0.1	-0.2	-0.1
<b>Operating profit/loss</b>	<b>183.1</b>	<b>-45.1</b>	<b>218.0</b>	<b>-43.2</b>
Net financial items	1.3	1.8	7.5	4.7
<b>Profit/loss after financial items</b>	<b>184.4</b>	<b>-43.3</b>	<b>225.5</b>	<b>-38.5</b>
Tax	-14.9	-	-22.9	-
<b>Profit/loss for the period from continuing operations</b>	<b>169.4</b>	<b>-43.3</b>	<b>202.6</b>	<b>-38.5</b>
Loss from discontinued operations	-1.3	-14.4	-7.7	-14.9
<b>Profit/loss for the period</b>	<b>168.2</b>	<b>-57.7</b>	<b>194.9</b>	<b>-53.4</b>
<b>Basic earnings/loss per share, SEK</b>	<b>1.17</b>	<b>-0.40</b>	<b>1.36</b>	<b>-0.37</b>
<b>Diluted earnings/loss per share, SEK</b>	<b>1.15</b>	<b>-0.40</b>	<b>1.33</b>	<b>-0.37</b>
<b>Basic earnings/loss per share from continuing operations, SEK</b>	<b>1.18</b>	<b>-0.30</b>	<b>1.41</b>	<b>-0.27</b>
<b>Diluted earnings/loss per share from continuing operations, SEK</b>	<b>1.16</b>	<b>-0.30</b>	<b>1.38</b>	<b>-0.27</b>

\*Operating expenses include costs and asset impairment losses of a non-recurring nature totalling SEK 48.2 million.

\*\* Discontinued operations includes operations from former Business Area Metals.

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<b>BALANCE SHEET IN SUMMARY (SEK MILLIONS)</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Intangible assets	20.9	21.3
Property, plant and equipment	12.2	14.9
Deferred tax asset	9.5	2.8
Blocked bank deposits	11.3	10.0
Interest in associated company	4.0	2.9
Accrued income	7.2	4.2
<b>Total non-current assets</b>	<b>65.1</b>	<b>56.1</b>
Inventories	46.7	17.5
Blocked bank deposits	220.8	18.3
Current receivables	137.9	55.1
Cash and cash equivalents	293.7	165.8
Assets attributable to discontinued operations	1.2	59.1
<b>Total current assets</b>	<b>700.2</b>	<b>315.9</b>
<b>TOTAL ASSETS</b>	<b>765.3</b>	<b>372.0</b>
Equity	515.2	318.0
Interest-bearing non-current liabilities	-	13.4
Non-interest-bearing non-current liabilities	12.4	9.0
Interest-bearing current liabilities	13.4	-
Non-interest-bearing current liabilities	224.4	28.8
Liabilities attributable to discontinued operations	-	2.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>765.3</b>	<b>372.0</b>
<b>CASH FLOW STATEMENT IN SUMMARY (SEK MILLIONS)</b>	<b>January-December 2008</b>	<b>January-December 2007</b>
Operating activities before change in working capital	212.7	13.5
Changes in working capital	-129.8	26.3
<b>Cash flow from operating activities</b>	<b>82.9</b>	<b>39.8</b>
Investing activities	-2.4	-4.2
<b>Cash flow after investments</b>	<b>80.5</b>	<b>35.6</b>
Financing activities	-	-0.5
<b>Cash flow for the period from continuing operations</b>	<b>80.5</b>	<b>35.1</b>
Cash flow from operating activities	47.4	-15.3
Cash flow from investing activities	-	-0.7
<b>Cash flow from discontinued operations</b>	<b>47.4</b>	<b>-16.0</b>
<b>Cash flow for the period</b>	<b>127.9</b>	<b>19.1</b>
Cash and cash equivalents at start of period	165.8	146.6
Cash and cash equivalents at end of period	293.7	165.8

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<b>CHANGE IN EQUITY (SEK MILLIONS)</b>	<b>January-December 2008</b>	<b>January-December 2007</b>
At start of year	318.0	357.8
New issue	-	13.5
Hedge accounting	2.0	-
Translation differences	0.3	-
Profit/loss for the period	194.9	-53.4
<b>At end of period</b>	<b>515.2</b>	<b>318.0</b>

<b>NET SALES PER BUSINESS AREA (SEK MILLIONS)</b>	<b>January-December 2008</b>	<b>January-December 2007</b>
Emissions trading	676.5	200.8
Brokerage	21.3	14.2
Other operations	0.5	0.9
<b>Total</b>	<b>698.3</b>	<b>215.9</b>

<b>OPERATING PROFIT/LOSS PER BUSINESS AREA (SEK MILLIONS)</b>	<b>January-December 2008</b>	<b>January-December 2007</b>
Emissions trading	202.5	24.0
Brokerage	9.2	2.5
Other operations	6.3	-70.5
Discontinued operations	-8.6	-14.4
<b>Total</b>	<b>209.4</b>	<b>-58.4</b>

<b>CHANGE IN PORTFOLIO OF CARBON CREDITS (MILLIONS OF CERS, 2008-12 PERIOD)</b>	<b>January- December 2008</b>	<b>January- December 2007</b>
Opening portfolio for the period	68.3	12.6
Signed contracts, net	-0.4	56.8
Delivered volume	-3.7	-1.3
Closing portfolio for the period	64.2	68.3

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# TRICORONA

## PARENT COMPANY

INCOME STATEMENT IN SUMMARY (SEK MILLIONS)	January-December 2008	January-December 2007
<b>Net sales</b>	<b>722.8</b>	<b>168.7</b>
Cost of goods sold	-613.2	-173.0
Other external expenses	-12.0	-18.9
Personnel costs	-21.5	-7.1
Depreciation and impairment of non-current assets	-0.5	-0.1
Other operating expenses	1.5	2.7
<b>Operating expenses</b>	<b>-645.7</b>	<b>-196.5</b>
<b>Operating profit/loss</b>	<b>77.1</b>	<b>-27.8</b>
Net financial items	6.6	-17.2
<b>Profit/loss after financial items</b>	<b>83.7</b>	<b>-44.9</b>
Tax	5.0	3.5
<b>Profit/loss for the period</b>	<b>88.8</b>	<b>-41.5</b>
<b>BALANCE SHEET IN SUMMARY (SEK MILLIONS)</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Property, plant and equipment	1.5	1.8
Deferred tax asset	7.8	2.8
Accrued income	5.4	2.2
Blocked bank deposits	11.3	10.0
Interests in Group companies	46.3	45.9
Receivables from Group companies	93.3	38.7
Interest in associated company	3.7	2.4
<i>Total non-current assets</i>	<i>169.4</i>	<i>103.8</i>
Inventories	1.0	59.1
Current receivables	160.8	25.1
Blocked bank deposits	220.8	18.3
Cash and cash equivalents	263.8	145.7
<i>Total current assets</i>	<i>646.5</i>	<i>248.1</i>
<b>TOTAL ASSETS</b>	<b>815.9</b>	<b>352.0</b>
Equity	404.4	315.6
Interest-bearing non-current liabilities	-	13.4
Interest-bearing current liabilities	13.4	-
Non-interest-bearing current liabilities	398.1	23.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>815.9</b>	<b>352.0</b>

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KEY FIGURES AND RATIOS	1/08	1/07	1/06	1/05	1/04
	-12/08	-12/07	-12/06	-12/05	12/04
Net sales, SEK million	698.3	216.8	278.2	165.1	39.0
Operating profit/loss, SEK million	218.0	-43.2	1.7	9.0	-2.2
Profit/loss after tax, SEK million	194.9	-53.4	-2.4	7.5	1.6
Profit margin, percent	29.0	Neg.	Neg.	4.5	4.1
Total assets, SEK million	765.3	372.0	464.7	215.3	112.4
Equity, SEK million	515.2	318.0	357.7	114.0	51.3
Equity/assets ratio, percent	67	85	77	53	46
Debt/equity ratio, percent	1.7	3.6	4.7	24.8	29.2
Earnings/loss per share, SEK	1.41	-0.27	-0.02	0.15	0.06
Diluted earnings/loss per share, SEK*	1.38	-0.27	-0.02	0.14	0.06
Investing activities, SEK million	-2.4	-4.2	20.0	-27.2	0.3
Number of shares at end of period, thousands	143,403	143,403	137,877	61,830	26,700
Average number of shares during the period, thousands	143,403	141,359	107,978	49,519	26,700
Share price, closing price for the period, SEK	7.25	11.00	4.98	3.06	3.22
Number of employees at end of period	72	53	47	32	24

\* Adjusted for full conversion of outstanding convertibles equivalent to approximately 3.3 million shares, which at full subscription increases equity by SEK 13.4 million. The key figures and ratios include discontinued operation for 2004–2005.

## DEFINITIONS OF KEY RATIOS

### Equity/assets ratio

Equity as a percentage of the balance sheet total (total assets).

### Profit margin

Profit after tax as a percentage of operating income.

### Debt/equity ratio

Interest-bearing liabilities as a percentage of the balance sheet total (total assets).

### Earnings per share

Net profit/loss for the year in relation to the number of shares.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Reports Act with regard to the Group and in accordance with the Swedish Annual Reports Act with regard to the Parent Company. The same accounting principles and calculation methods are applied as in the most recent annual report.

The segment "Other operations" includes the Parent Company and operations in the former Minerals division.

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