



PRESS RELEASE

Poznań / Gothenburg August 27th, 2018

Arctic Paper S.A. Q2/H1, 2018:

Growth while pulp price put pressure on paper margins

- Q2 sales revenue amounted to PLN 792,4mn (EUR¹ 187,8mn).
- EBITDA Q2 amounted to PLN 66,8mn (EUR¹ 15,8mn).
- EBIT Q2 was PLN 45,5mn (EUR¹ 10,8mn).
- Price increases have not offset the rising pulp prices during the period.
- Speciality products share of sales have slightly increased, which is in line with the strategy.
- The Annual general meeting decided to pay a dividend of PLN 0.2 per share.

“The price increases we have implemented have not yet fully compensated for the rising pulp cost and we are working hard to defend our margins.” Per Skoglund, CEO (see CEO letter on page 2)

Selected financial results – Arctic Paper Group and Arctic Paper (paper segment)

PLN (million)	Q2, 2018	Q2, 2017	Change %	Q1, 2018	H1, 2018	H1, 2017
Sales revenue, Arctic Paper Group	792,4	703,1	12.7%	789,7	1 582,2	1 477,0
Sales revenue Arctic Paper (paper segment)	558,8	513,2	8.9%	573,6	1 132,4	1 088,2
EBITDA, Arctic Paper Group	66,8	64,6	3.4%	71,2	138,0	140,1
EBITDA Arctic Paper (paper segment)	19,7	26,8	-26.2%	31,1	50,8	65,8
EBIT, Arctic Paper Group	45,5	37,6	20.9%	47,2	92,7	86,7
EBIT Arctic Paper (paper segment)	6,0	6,9	-13.4%	14,3	20,3	25,7
Net profit, Arctic Paper Group ^c	20,6	18,4	11.9%	29,4	50,0	57,3
Net profit, Arctic Paper (paper segment) ²	0,7	9,0	-91.8%	3,4	4,1	26,0
Net profit per share ^c	0.07	0.10	-30.9%	0.24	0.31	0.51

Arctic Paper Group consists of Arctic Paper S.A. (parent company), Arctic Paper mills (paper segment) and pulp producer Rottneros AB in which Arctic Paper S.A. holds a 51 percent stake.

¹Arctic Paper S.A. reports in PLN. In the English press release, the amounts above were converted to EUR at the average rates for the quarter. The complete quarterly report is available at www.arcticpaper.com

²From continued operations only. As the Management Board announced in Current Report No. 10/2015 of 28 July 2015, in particular as a result of the active search for a buyer for Arctic Paper Mochenwangen, its results have been excluded from the consolidated income statement and, in compliance with IFRS, are reported separately as discontinued operations.

“During the period we have advanced the implementation of the new strategy – A Future in Paper. Our efforts are already showing progress: one example is the continued growth of speciality products with a higher revenue per tonne.”

Per Skoglund, CEO of Arctic Paper S.A.

For the second quarter, which typically is the weakest quarter, Arctic Paper Group increased its turnover to PLN 792,4 million (compared to PLN 703,1 million in Q2, 2017) and reached an EBITDA of PLN 66,8 million (64,6 million). For the paper segment, turnover rose to PLN 558,8 million (513,2 million) while EBITDA fell to PLN 19,7 million (26,8 million).

During the period the pulp price reached a record high. According to forecasts, the pulp price will continue to rise in the foreseeable future, thus putting continued pressure on our margins. However, in Q3 we have seen a tendency towards a stabilization in the price for short fibre pulp (BHKP), which accounts for more than two thirds of our pulp consumption. The price increases we have implemented have not yet fully compensated for the rising costs and we are working hard to defend our margins.

The challenging market conditions stresses the value of combining our paper operations with our 51 percent ownership in the pulp producer Rottneros AB, which reached a turnover of SEK 596 million (472 million) and an EBITDA of SEK 118 million (83 million). The full report is available at <http://www.rottneros.com/investors/financial-reports/>

For the second quarter, production amounted to 160,000 tonnes, equal to last year. During the period we have advanced the implementation of the new strategy – A Future in Paper. Our efforts are already showing progress: one example is the continued growth of speciality products with a higher revenue per tonne. We are currently developing new high end products and grades to further increase sales. We are also committed to achieve greater efficiency in our operations in order to strengthen our margins.

All together, we are confident that our efforts will result in stronger future performance for our paper segment.

Per Skoglund, CEO of Arctic Paper S.A.

Financial calendar for 2018
2018 * Q3 2018: November 12th, 2018

Further information provided by:

Per Skoglund, CEO, Arctic Paper S.A.
Tel. (+46) (0) 10 451 7009
E-mail: per.skoglund@arcticpaper.com

Göran Eklund, CFO, Arctic Paper S.A.
Tel. +46 (0) 10 451 7054
E-mail: goran.eklund@arcticpaper.com

Arctic Paper S.A. is one of the leading producers of high-quality graphical fine paper in Europe and consists of three paper mills and four eco-friendly strong brands, Amber, Arctic, G-Print and Munken. Most of the products are sold through the company's 14 sales offices in Europe. Arctic Paper S.A. is listed on the Warsaw Stock Exchange and NASDAQ in Stockholm. The Group is the main owner of the listed Swedish pulp producer Rottneros AB. For more information, visit arcticpaper.com



ARCTIC PAPER