



ARCTIC PAPER

## PRESS RELEASE

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### **ARCTIC PAPER GROUP SHOW FAVOURABLE RESULTS IN Q3 AND FOR THE FIRST THREE QUARTERS 2014.**

**The financial results of Arctic Paper Group for the 3<sup>rd</sup> quarter of 2014 kept the pace established during 2014, with a net result of PLN 34,4 m, EBITDA of PLN 82,6 m and revenues of PLN 785,2 m.**

**Through the year to date Arctic Paper Group has generated a total net profit of PLN 56,8 m compared to a loss of PLN -113,2 m for the same period in 2013\*. The Group's YTD EBITDA of PLN 183,8 m was an increase of PLN 124,5 m (+ 210 %) compared to the figures of the first three first quarters of 2013. The total sales revenues for the year to date reached PLN 2,343,6 m which compares to the 2013 YTD revenues of PLN 2,370,0 m.**

**The steady, constructive and daily internal improvements made by the Group continue to show effects. Besides these, external factors such as pulp prices and exchange rates have had continued impact on the result of the third quarter.**

Excluding Rottneros, Arctic Paper continued to show profitable and growing figures such as EBITDA of PLN 51,6 m during the third quarter compared to PLN 19,9 m for the same period of 2013. Net profit for the third quarter amounted to PLN 16,3 m (compared to a loss of PLN -8,5 m 3Q 2013). The sales revenue for the third quarter of 2014 reached PLN 591,7 m compared to PLN 603,1 m in the same period of 2013. The revenues YTD accumulated to PLN 1,772,8 m.

*"Our objective of reaching a more secure financial base has taken a small step forward during the third quarter. The profitability of the first three quarters of 2014 is inspiring but a seasonally frail fourth quarter, combined with a continuously stronger US dollar, calls for cautiousness and careful expectations."*  
Wolfgang Lübbert, CEO of Arctic Paper said.

The market decline in paper prices continued – but at a slower rate – during the third quarter 2014. End of September 2014 saw the average prices down -0,9% for coated and no change for uncoated paper compared to end of June of 2014. Compared to end of September 2013 the prices declined by -4,3% and -2,8% respectively (all data based on RISI).



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Arctic Paper grew its total deliveries of paper with 3,9% compared to Q2, while the total market saw a decline of - 2,2%. Compared to Q3 2013 Arctic Paper was up 2,5% while the total market was down by - 0,4% (all market data based on EuroGraph).

Arctic Paper shows a raise to 94% in the utilization of its production capacity for the third quarter of 2014.

The accumulated pulp prices were stable, but the third quarter of 2014 showed a decrease (-3,0%) of BHKP, favourable for Arctic Paper S.A., and an increase (+0,5%) of NBSK, favourable for Rottneros, compared to 2Q 2014. Together with the more advantageous exchange rates during 2014 the effect was favourable for the result of Arctic Paper Group (all data based on FOEX).

Wolfgang Lübbert, CEO of Arctic Paper added, *"Our two strategic pillars – Stability and Mobility – continue to guide our decisions. Creating a secure base combined with prompt market actions is top of our agenda. The process has only just begun and every day everyone at Arctic Paper contributes to the steady improvement of our operation."*

The restructuring process is running as planned, with a unified Scandinavian sales operation and concentrated logistics as main milestones of the Q3. Reduction of costs remains a primary target and progress was achieved during the quarter.

Wolfgang Lübbert, CEO of Arctic Paper concluded *"Even though we see some positive and inspiring figures our work is in no way finished – actually it has just started. We are all very well aware of the basic dynamics of a defiant market environment – and its volatile nature. It demands our outmost attention and the necessity to be nimble and adaptable – not least during a challenging and seasonally weak forth quarter."*

### **Selected financial results of Arctic Paper Group (including Rottneros) for the third quarter of 2014**

<b>PLN '000</b>	<b>3Q 2014</b>	<b>3Q 2013</b>	<b>CHANGE (%)</b>	<b>YTD 2014</b>	<b>YTD 2013</b>	<b>CHANGE (%)</b>
<b>Sales revenue</b>	<b>785,219</b>	<b>784,000</b>	<b>+0,2%</b>	<b>2,343,594</b>	<b>2,370,007</b>	<b>-1,1%</b>
<b>EBITDA</b>	<b>82,552</b>	<b>23,549</b>	<b>+250,6%</b>	<b>183,761</b>	<b>59,263</b>	<b>+210,1%</b>
<b>Operating profit (loss)</b>	<b>53,708</b>	<b>(7,046)</b>	<b>n/a</b>	<b>97,251</b>	<b>(101,881)</b>	<b>n/a</b>
<b>Net profit (loss)</b>	<b>34,382</b>	<b>(15,291)</b>	<b>n/a</b>	<b>56,765</b>	<b>(113,223)</b>	<b>n/a</b>



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### Selected financial results of the Arctic Paper Group (excluding Rottneros) for the third quarter of 2014

PLN '000	3Q 2014	3Q 2013	CHANGE (%)	YTD 2014	YTD 2013*	CHANGE (%)
<b>Sales revenue</b>	<b>591,673</b>	<b>603,083</b>	<b>-1,9%</b>	<b>1,772,876</b>	<b>1,818,518</b>	<b>-2,5%</b>
<b>EBITDA</b>	<b>51,620</b>	<b>19,900</b>	<b>+159,4%</b>	<b>114,935</b>	<b>51,987</b>	<b>+121,1%</b>
<b>Operating profit (loss)</b>	<b>29,901</b>	<b>(867)</b>	<b>n/a</b>	<b>50,698</b>	<b>(80,159)</b>	<b>n/a</b>
<b>Net profit (loss)</b>	<b>16,323</b>	<b>(8,523)</b>	<b>n/a</b>	<b>21,692</b>	<b>(90,980)</b>	<b>n/a</b>

*\*On 30 June 2013, the company made a write-down for impairment of non-financial assets of Arctic Paper Grycksbo in the amount of PLN 66,6m, which had an impact on EBIT in the amount of -PLN 66,6m, and on the net result of -PLN 54m. The write-downs were of an accounting nature and did not affect the current operations of the group.*

#### Further information for the media provided by:

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**ARCTIC PAPER S.A.** is one of the leading manufacturers of high-quality graphic fine paper in Europe. The Company produces coated and uncoated wood-free paper and uncoated wood-containing paper for demanding clients such as printers, publishers, newspaper publishers, advertising producers, paper distributors and packaging producers. The product portfolio includes well-known brands such as Amber, AP-Tec, Arctic, G-Print, Munken, L-Print and Pamo.

The products are produced at Arctic Paper S.A.'s four paper mills:

- Arctic Paper Munkedals, Sweden
- Arctic Paper Grycksbo, Sweden
- Arctic Paper Kostrzyn, Poland
- Arctic Paper Mochenwangen, Germany

The total production capacity of the company is approximately 800,000 tons of paper per year.

The Kostrzyn mill has a production capacity of 275,000 tons per year and produces uncoated wood-free paper for the printing of brochures, forms, books and envelopes.

Arctic Paper Grycksbo has a production capacity of 260,000 tons per year and produces coated paper used for printing magazines, direct mail, books, posters, maps and packaging purposes.

Arctic Paper Munkedals has a production capacity of 160,000 tons per year and produces mainly uncoated wood-free paper for book, design and advertising purposes.

Arctic Paper Mochenwangen has a production capacity of 95,000 tons of paper and 55,000 tons of ground-wood pulp per year. The mill produces mainly uncoated mechanical paper used for book production and also speciality papers, such as flooring and wallpaper.

Arctic Paper S.A. is the principal owner of Rottneros AB (two pulp-producing mills), with a total production capacity of approximately 400,000 tons pulp per year. The pulp mill in Vallvik, which has a production capacity of 240,000 tons per year, produces two types of long-fibre sulphate-pulp. The pulp mill in Rottneros that has a production capacity of 170,000 tonnes per year, mainly produces two kinds of mechanical pulp: ground-wood pulp and CTMP.

An important and unique part of Arctic Paper is the sales offices and distribution centres, which markets and manages the delivery of the company's products. Arctic Paper S.A. currently has 15 sales offices throughout Europe, which provides access to all European markets.

The company has about 1500 employees, excluding Rottneros AB, and is headquartered in Poland.

Arctic Paper S.A. is listed on the Warsaw Stock Exchange since October 2009, and additionally since December 2012 on the NASDAQ OMX in Stockholm.

**More information to be found at [www.arcticpaper.com](http://www.arcticpaper.com)**