



ARCTIC PAPER

PRESS RELEASE

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ARCTIC PAPER GROUP SIGNIFICANTLY IMPROVES FINANCIAL RESULTS IN 2014

The Arctic Paper Group generated significantly sounder financial results for 2014 than in the previous year. EBITDA was PLN 238.5m (growth of over 227%), operating profit exceeded PLN 116.6m (compared to a loss of PLN 151.6m the year before), and net profit was PLN 78.2m (compared to a loss of PLN 152.2m in 2013). Sales revenues in 2014 were PLN 3.1bn, similar to the amount in 2013.

The good financial results of 2014 were generated thanks to the introduction of reorganization measures and organizational efficiencies during the previous year. The results for 2014 were also influenced by favourable external factors such as pulp prices and currency exchange rates. The beginning of 2015 has proven that the volatility of the European currencies is a factor to be more aware of.

Excluding Rottneros, the Arctic Paper Group generated EBITDA in 2014 of PLN 146.1m (growth of 83.7%), an operating result of PLN 57.9m (compared to a loss the previous year) and net profit of PLN 21.3m (compared to a loss in 2013). Sales revenue in 2014 was PLN 2.4bn, or about 1.8% lower than in 2013.

"Financially, all of our actions seek a single goal: stability", said Wolfgang Lübbert, CEO of Arctic Paper. "Entering 2015 we have observed greater variability in exchange rates than in recent years. Such signals always demand our vigilance and care in taking decisions and our aim is to further reduce the ratio of net debt to EBITDA and to optimize working capital. The anticipated positive effects of the changes launched in mid-2013 to cut costs and optimize operations are clearly visible today. Our paper mill in Kostrzyn achieved record results at the level of production and sales, and the sales activity on Scandinavian markets gained a new, more efficient structure. We also centralized our logistics activity to improve the service level and effectiveness of the group."

As expected, the market environment in the 4th quarter of 2014 was volatile. Market prices of paper continued to fall. Similarly to the previous years, December was seasonally the weakest period on the paper market, which influenced the 4th quarter financial results of Arctic Paper.



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As of the end of 2014 prices of high-quality papers in Europe had declined from the price levels at the end of 2013. The fall in average prices from December 2013 to December 2014 was 1.2% for uncoated wood-free papers and 0.5% for coated wood-free papers (all data based on RISI).

Deliveries of high-quality papers on the European market in 2014 remained at a level very similar to 2013. In the segment of uncoated wood-free papers deliveries were up 1.0%, while in the segment of coated wood-free papers they were down 1.2% (all market data based on EuroGraph).

The volume of paper sales by the Arctic Paper Group in 2014 was 0.4% higher than the year before, while the usage of the production capacity of the Arctic Paper mills during this period was 93%.

Compared to 2013, the average price of short-fibre pulp (BHKP) was down 5.8%, which is favourable to Arctic Paper. Meanwhile, the price of long-fibre pulp (NBSK) in 2014 was 7.9% higher than the year before, which in turn is advantageous for the results of Rottneros (data based on FOEX). Together with the more favourable exchange rates during 2014, the effect was positive for the result of the Arctic Paper Group.

Arctic Paper CEO Wolfgang Lübbert concluded: *"The situation on the paper market, although better than forecasted, remains complex. I am confident that our Stability and Mobility strategy, which we adopted in the autumn of 2013 and which delivered measurable effects in 2014, is the right path to follow in the current year as well."*

Selected financial results of the Arctic Paper Group (including Rottneros) of 2014

PLN '000	4Q 2014	4Q 2013*	Change (%)	2014	2013*	Change (%)
Sales revenue	755,770	734,894	+2.8%	3,099,364	3,104,901	-0.2%
EBITDA	54,778	13,599	+302.8%	238,540	72,862	+227.4%
Operating profit /(loss)	19,367	(49,759)	N/A	116,618	(151,641)	N/A
Net profit / (loss)	21,410	(38,930)	N/A	78,175	(152,153)	N/A



Selected financial results of the Arctic Paper Group (excluding Rottneros) of 2014

PLN '000	4Q 2014	4Q 2013*	Change (%)	2014	2013*	Change (%)
Sales revenue	622,447	620,525	+0.3%	2,395,323	2,439,043	-1.8%
EBITDA	31,136	27,537	+13.1%	146,071	79,524	+83.7%
Operating profit /(loss)	7,195	(30,332)	N/A	57,893	(110,491)	N/A
Net profit / (loss)	(429)	(19,231)	N/A	21,263	(110,211)	N/A

*These results reflect write-downs for impairment in value of non-financial assets with respect to Arctic Paper Grycksbo in the amount of PLN 102.98m (of which PLN 36.3m in 4Q2013).

Further information for the media provided by:

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ARCTIC PAPER S.A. is one of the leading manufacturers of high-quality graphical 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 agencies, 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 tonnes of paper per year.

Arctic Paper Kostrzyn has a production capacity of 275,000 tonnes 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 tonnes 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 tonnes 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 tonnes of paper and 55,000 tonnes 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 tonnes pulp per year. The pulp mill in Vallvik, which has a production capacity of 240,000 tonnes 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 14 sales offices throughout Europe, which provides access to all European markets.

The company has about 1450 employees, excluding Rottneros AB, and its ´ headquarters are in Poland.

The largest shareholder in Arctic Paper S.A. is the Swedish company Nemus Holding AB. 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