



GOOD FINANCIAL RESULTS ACHIEVED BY ARCTIC PAPER GROUP IN 1ST HALF OF 2017

In the 1st half of 2017 the Arctic Paper Group generated sales revenue of PLN 1.48bn. EBITDA was PLN 140m (an increase of 4.2% compared to H1 2016) and operating profit was PLN 77.1m (up 2.8%). The Group's net profit on continuing operations in the 1st half of 2017 grew by 36.1% y/y, to PLN 49.9m.

Arctic Paper in the paper segment delivered good results although pulp prices continued to increase. This was due in part to the effects of an improved cost and financing structure, increasing the Group's operating flexibility and competitiveness. A vital role in generating good results in the paper segment was also played by expansion of the product line and an appropriate product mix in this segment.

Results in the paper segment (excluding Rottneros)

The Group achieved good operating results in the paper segment, with EBITDA in H1 2017 growing to PLN 65.8m, up 9.3% year-on-year. Operating profit rose by 27.6%, to almost PLN 25.7m. The Group's net profit on continuing operations during the period reached nearly PLN 26m, i.e. 96.3% higher than the same period of the prior year. Sales revenue was nearly PLN 1.09bn, 3.6% lower than in the same period of 2016.

The average use of production capacity was 98%.

Per Skoglund, CEO of Arctic Paper, commented: *"The results of our work for the first half-year, as for 2017, are inspiring. We are penetrating new segments of the paper market with designed high-end products and continuing to meet customer demands for new, innovative products. Combined with our efficiency in cost reduction and improvement of the financing structure, we are more resilient to external factors."*

Results in the pulp segment (Rottneros)

The Group's results in the pulp segment in the 1st half of 2017 continued to be very solid, with profit and margins remaining at a good level. The good results of Rottneros were achieved despite an unscheduled shutdown of production at the Vallvik pulp plant in April of this year. Price development for the pulp produced by Rottneros (NBSK) was favourable for the company. Investments implemented in the Agenda 500 programme are also paying off in higher volumes.

Per Skoglund added: "Our results for the first half of 2017 are strong and stable. They prove that determined work is essential – not least in the still difficult current market environment. Our long-term devotion to developing new and innovative products, together with the successful restructuring of our debts, were the main factors contributing to the solid half-year results."

Selected financial results of the Arctic Paper Group (including results of Rottneros AB) in H1 2017

PLN '000	1H 2017	1H 2016	CHANGE (%)	2Q 2017
SALES REVENUE	1,476,989	1,499,825	-1.5%	703,087
EBITDA	140,059	134,364	+4.2%	64,561
EBIT	77,147	75,081	+2.8%	33,026
NET PROFIT*	49,899	36,672	+36.1%	14,818
NET PROFIT	45,897	30,332	+51.3%	12,963

Selected financial results of the Arctic Paper Group (excluding results of Rottneros AB) in H1 2017

PLN '000	1H 2017	1H 2016	CHANGE (%)	2Q 2017
SALES REVENUE	1,088,224	1,129,401	-3.6%	513,168
EBITDA	65,804	60,181	+9.3%	26,753
EBIT	25,678	20,129	+27.6%	6,900
NET PROFIT*	25,993	13,239	+96.3%	8,952
NET PROFIT	21,990	6,899	+218.7%	7,098

*From 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.

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 for demanding clients such as printers, book publishers, newspaper publishers, advertising agencies, paper distributors and packaging producers. The product portfolio includes well-known brands such as Amber, Arctic, G-Print and Munken.

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

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

The total production capacity of the company is over 700,000 tonnes of paper per year.

Arctic Paper Kostrzyn has a production capacity of 285,000 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 magazines, direct mail, books, posters and maps.

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 S.A. is the main shareholder, owning 51% 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, Sweden, which has a production capacity of 240,000 tonnes per year, produces two types of long-fibre sulphate-pulp. The pulp mill in Rottneros, which has a production capacity of 160,000 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, which market and manage the delivery of the company's products. Arctic Paper S.A. currently has 14 sales offices throughout Europe, which provide access to all European markets.

The company has about 1,250 employees, excluding Rottneros AB, and its' headquarters are in Poland.

The largest shareholder of Arctic Paper S.A. is the Swedish company Nemus Holding AB. Arctic Paper S.A. has been listed on the Warsaw Stock Exchange since October 2009, and additionally since December 2012 on the NASDAQ in Stockholm.

More information to be found at www.arcticpaper.com

