



PRESS RELEASE

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Arctic Paper S.A. Q1, 2018:

A satisfactory result in a challenging market environment

- Q1 sales revenue amounted to PLN 789,7mn (EUR¹ 188,9mn).
- EBITDA Q1 amounted to PLN 71,2mn (EUR¹ 17,0mn).
- EBIT Q1 was PLN 47,2mn (EUR¹ 11,3mn).
- Continued high pulp prices affected the result of the period.
- Decision was taken to invest PLN 29m (EUR 7m) in an expansion of the hydro power plant at the Munkedal mill.
- New strategy for the paper segment being implemented to reach the financial goal of EBIT 10 percent by 2022.

"The past quarter demonstrates the benefits of combining our paper operations with our ownership in the pulp producer Rottneros AB."

Per Skoglund, CEO (see letter from the CEO on page 2)

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

PLN (million)	Q1, 2018	Q1, 2017	Change %	Q4, 2017
Sales revenue, Arctic Paper Group	789,7	773,9	2.0%	740,0
Sales revenue Arctic Paper (paper segment)	573,6	575,1	-0.2%	543,0
EBITDA, Arctic Paper Group	71,2	75,5	-5.7%	33,6
EBITDA Arctic Paper (paper segment)	31,1	39,1	-20.4%	26,3
EBIT, Arctic Paper Group	47,2	49,1	-3.9%	-23,0
EBIT Arctic Paper (paper segment)	14,3	18,8	-23.7%	-18,0
Net profit, Arctic Paper Group ²	28,5	36,8	-22.6%	-16,3
Net profit, Arctic Paper (paper segment) ²	3,4	17,0	-80.0%	-12,9
Net profit per share ²	0.24	0.41	-40.8%	-0.13

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.

“Continuing increases in pulp prices are putting pressure on the margins. However, during the quarter we have implemented price increases that partially compensate for the rising cost and we are planning to increase prices further.”

Per Skoglund, CEO of Arctic Paper S.A.

During the first quarter of 2018, Arctic Paper Group had a turnover of PLN 789,7 million (compared to PLN 773,9 million in Q1, 2017) with an EBITDA of PLN 71,2 million (75,5 million). The paper segment generated a turnover of PLN 573,6 million (575,1 million) with an EBITDA of PLN 31,1 million (39,1 million).

The continued rise in pulp prices is putting pressure on the margins. However, during the period price increases have been implemented that partially compensate for the increase in costs, and we are planning for further price increases. Developments in the exchange rate between the euro, dollar and Swedish krona has mainly been positive for the paper segment.

The result of the period was affected by production disturbances at the mill in Grycksbo, occurred during the commissioning of paper machine PM10 after a planned maintenance and investment stoppage. This year Easter fell in the first quarter, which also contributed to reduced sales in this period.

Production amounted to 169,000 tonnes (176,000), with a more favourable product mix increasing the sales volume of our premium brand Munken during the period. A decision has been taken to invest EUR 7 million in the hydropower plant at Munkedal, which strengthens our sustainability profile and competitiveness.

For Rottneros AB, of which the Arctic Paper Group owns 51 percent, net turnover increased by 15 percent to SEK 541 million (472 million) and EBITDA by 31 percent to SEK 101 million (77mn). The full report is available at <http://www.rottneros.com/investors/financial-reports/>

The past quarter demonstrates again the benefits of combining our paper operations with our ownership in the pulp producer Rottneros AB. The result of this quarter confirms that we are on the right track. It is now important that we continue in line with our strategy to strengthen the profitability of our paper segment.

Per Skoglund, CEO of Arctic Paper S.A.

Financial calendar for 2018

Q2 2018: August 27th, 2018 * Q3 2018: November 12th, 2018

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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



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