



## PRESS RELEASE

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Arctic Paper S.A. Q3, 2018:

**Strong Group results with continued high pulp prices**

- Q3 sales revenue amounted to PLN 812,4mn (EUR<sup>1</sup> 191,2mn).
- EBITDA Q3 amounted to PLN 82,5mn (EUR<sup>1</sup> 19,4mn).
- EBIT Q3 was PLN 59,5mn (EUR<sup>1</sup> 14,0mn).
- Pulp prices have stabilised during the period.
- For the paper segment a better product mix and paper price increases partially compensate, further price increases ahead.
- Increased market share and North American sales compensate drop in European paper demand.

*“The strong performance of Rottneros and the combination of a better product mix and price increases in our paper segment, have contributed to a good result given the challenging market environment.”* Per Skoglund, CEO (see CEO letter on page 2)

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

PLN (million)	Q3, 2018	Q3, 2017	Change %	Q1-Q3, 2018	Q1-Q3, 2017	Change %
Sales revenue, Arctic Paper Group	812,4	735,9	10.4%	2377,5	2212,9	7.4%
Sales revenue Arctic Paper (paper segment)	591,8	542,3	9.1%	1724,2	1630,6	5.7%
EBITDA, Arctic Paper Group	82,5	70,8	16.6%	220,5	210,8	4.6%
EBITDA Arctic Paper (paper segment)	27,5	38,9	-29.3%	78,3	104,7	-25.2%
EBIT, Arctic Paper Group	59,5	43,3	37.4%	152,1	130,0	17.0%
EBIT Arctic Paper (paper segment)	12,4	18,7	-33.5%	32,7	44,4	-26.2%
Net profit, Arctic Paper Group <sup>2</sup>	43,2	29,4	47.1%	93,2	86,7	7.4%
Net profit, Arctic Paper (paper segment) <sup>2</sup>	7,4	12,9	-42.5%	11,6	38,9	-70.3%
Net profit per share Arctic Paper Group <sup>2</sup>	0.37	0.31	20.7%	0.69	0.82	-16.5%

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.

<sup>1</sup>Arctic 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](http://www.arcticpaper.com)

<sup>2</sup>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 paper price increases are being implemented during Q4 and we are working hard to recover our margins.”*

*Per Skoglund, CEO of Arctic Paper S.A.*

For the third quarter, Arctic Paper Group reached a turnover of PLN 812,4 million (compared to PLN 735,9 million in Q3, 2017). EBITDA rose by 16,6 percent to PLN 82,5 million (70,8 million), making the quarter the second best on consolidated level in the Group’s history. The paper segment increased its revenue to PLN 591,8 million (542,3 million) while EBITDA decreased to PLN 27,5 million (38,9 million).

For the paper segment, our efforts are starting to show results. The combination of a better product mix and price increases have partially, but still not fully, compensated for the increased pulp costs. Further price increases are being implemented during Q4 and we are working hard to recover our margins. Since summer, pulp prices have stabilised on a very high level.

Our paper production amounted in Q3 to 161,000 tonnes, comparable to last year. With pulp prices on a record high, and the subsequent need to raise graphical paper prices, the European graphical paper market demand/volume has dropped significantly during the second and third quarters. However, this has been compensated by increased market share and sales in the North American market.

The challenging market conditions once again stresses the value of combining our paper operations with our 51 percent ownership in the pulp producer Rottneros AB, which reached in Q3 2018 a turnover of SEK 601 million (SEK 472 million in Q3 2017) and a record EBITDA of SEK 136 million (66 million). The full report is available at <http://www.rottneros.com/investors/financial-reports/>

We are still in the process of implementing our new strategy – A Future in Paper. We feel confident that the actions we are undertaking leads us in the right direction towards our long term financial goal.

Per Skoglund, CEO of Arctic Paper S.A.

Financial calendar for 2019

Full year report 2018: March 18<sup>th</sup>, 2019 \* Q1 2019: May 9<sup>th</sup>, 2019 \* Q2 2019: August 20<sup>th</sup>, 2019

\* Q3 2019: November 8<sup>th</sup>, 2019

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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](http://arcticpaper.com)



ARCTIC PAPER