



PRESS RELEASE

Poznań / Gothenburg, September 3rd, 2019

Arctic Paper S.A., Q2/H1 2019:

Greater flexibility in production opens for new business

- Q2 consolidated sales revenue was PLN 762.5m (EUR¹ 177.6m).
- EBITDA in Q2 was PLN 90.5m (EUR¹ 21.1m).
- EBIT in Q2 was PLN 69.9m (EUR¹ 16.3m) and net profit PLN 47.7m (EUR¹ 11.1m).
- The Arctic Paper Kostrzyn investment in increased capacity and greater flexibility for PM1 is finalized and fully operational, opening for a wider range of graphic and kraft paper products.
- The paper profit improvement program is running as planned, and the shared services centre opened in Kostrzyn during the summer.
- Sale of the Mochenwangen mill land resulted in one-off revenue of PLN 18m.
- Rottneros AB reached record-high pulp production with 9 percent net profit growth.

“On the consolidated level, the result continues to be strong. The combination of pulp and paper stabilizes our results, as fluctuations in the two segments offset each other.”

Michał Jarczyński, CEO (see letter from the CEO on page 2)

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

PLN (million)	Q2 2019	Q2 2018	Change	H1 2019	H1 2018
Sales revenue, Arctic Paper Group	762.5	784.1	-21.6	1,583.1	1,572.2
Sales revenue, Arctic Paper (paper segment)	537.6	558.8	-21.2	1,111.0	1,132.4
EBITDA, Arctic Paper Group	90.5	65.9	+24.6	171.6	136.4
EBITDA Arctic Paper (paper segment)	35.4	19.7	+15.7	51.7	50.8
EBIT, Arctic Paper Group	69.9	44.6	+25.3	127.7	91.2
EBIT Arctic Paper (paper segment)	23.8	6.0	+17.8	25.1	20.3
Net profit, Arctic Paper Group	47.7	19.7	+28.0	84.6	48.4
Net profit, Arctic Paper (paper segment)	36.6	-0.2	+36.8	27.0	2.3
Net profit per share	PLN 0.46	PLN 0.06	+ PLN 0.40	PLN 0.66	PLN 0.29

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 respectively. The complete quarterly report is available at www.arcticpaper.com

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“Our growing business in kraft paper has resulted in 3,000 tonnes of new volume during the first half of 2019.”

Michal Jarczyński, CEO of Arctic Paper S.A.

During the second quarter of 2019, Arctic Paper Group reached a turnover of PLN 762.5 million (compared to PLN 784.1 million in Q2 2018) with an EBITDA of PLN 90.5 million (vs. PLN 65.9 million). On the consolidated level, the result continues to be strong. The combination of pulp and paper stabilizes our results, as the fluctuations on the two segments offset each other.

The paper segment generated a turnover of PLN 537.6 million (vs. PLN 558.8 million in Q2 2018) with an EBITDA of PLN 35.4 million (vs. PLN 19.7 million), of which PLN 18 million is non-recurring revenue attributable to the sale of the land at the Mochenwangen mill. Production during Q2 was 147,000 tonnes (vs. 160,000) and during the first half of 2019 production was 296,000 tonnes (vs. 326,000 in H1 2018).

Our paper business is still operating in a challenging and highly competitive environment, even though we have seen a tendency towards more favourable market conditions during the second quarter. Pulp prices have decreased by 10 percent on average, while our revenue per tonne, due to price adjustments and a better product mix, has increased by 4.6 percent compared to Q2 2018. Our biggest challenge now is to compensate for the lower demand for graphical paper by introducing new products in other segments and maximizing the output from our mills. Our growing business in kraft paper has resulted in 3,000 tonnes of new volume during the first half of 2019. The investment in expanded capacity at Arctic Paper Kostrzyn was finalized during Q2 and the modernized PM1 is now in production. The investment of EUR 10m opens up a wider range of products and qualities to be produced, both graphical and kraft paper, thus making the mill much more flexible. The share of premium and speciality products represented 28 percent of total sales during the first half of 2019 (vs 26 percent in H1 2018).

The profit improvement program, with the ambition to generate annual cost savings of approximately PLN 40 million from 2020, is on-track and running as planned. During the summer our new shared services centre for Group supporting functions opened in Kostrzyn.

For Rottneros AB, of which the Arctic Paper Group owns 51 percent, net turnover increased by 1 percent to SEK 582 million (vs SEK 576 million in Q2 2018) and EBITDA by 11 percent to SEK 131 million (vs SEK 118 million in Q2 2018). The full report is available at <http://www.rottneros.com/investors/financial-reports/>

We are persistent in defending and restoring our margins. We are therefore working hard to lower our costs, increase productivity and accelerate the reshaping of our product portfolio. The necessary changes will take time to implement, but during the second quarter we started to see some early effects of our efforts.

Michal Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2019: Q3 2019: November 28th, 2019

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, Munken and the new coated brand G. 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