



PRESS RELEASE

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Arctic Paper S.A. Q4/full year 2017:

Stable results in a tough market environment

- Q4 sales revenue amounted to PLN 740,0m (EUR¹ 174,9m).
For the whole of 2017, sales revenue was PLN 2,952,8m (EUR¹ 693,4m).
- Q4 EBITDA was PLN 33,6m (EUR¹ 7,9m). EBITDA for 2017 was PLN 244,4m (EUR¹ 57,4m).
- Q4 EBIT was PLN -6,1m (EUR¹ -1,5m). For 2017, EBIT was PLN 109,6m (EUR¹ 25,7m).
- The Management Board propose a dividend of PLN 0,2 per share.
- Continued high pulp prices affected the results of the period.
- Decisions were taken to invest PLN 42m (EUR 10m) in order to increase capacity at the Kostrzyn Mill and PLN 29m (EUR 7m) to expand the hydropower plant at the Munkedal Mill.
- New Strategy launched with a view to 2022 targeting an EBIT margin of 10 percent.

“Over the past two years, we have laid the foundation for positive development for the Arctic Paper Group. Our efforts are giving results.”

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

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

PLN (million)	Q4, 2017	Q4, 2016	YTD, 2017	YTD, 2016
Sales revenue, Arctic Paper Group	740,0	707,2	2,952,8	2,967,0
Sales revenue Arctic Paper (paper segment)	543,0	520,5	2,173,5	2,219,2
EBITDA, Arctic Paper Group	33,6	38,4	244,4	249,6
EBITDA Arctic Paper (paper segment)	26,4	38,8	131,0	148,1
EBIT, Arctic Paper Group ³	-6,1	21,8	109,6	144,9
EBIT Arctic Paper (paper segment) ³	-18,0	17,3	26,3	66,8
Net profit, Arctic Paper Group ²	-4,7	14,6	65,0	76,6
Net profit, Arctic Paper (paper segment) ²	-12,9	3,0	26,0	34,1
Net profit per share ²	-0.13	0.06	0.61	0.66

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 and the full year 2017 respectively. 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.

³ 2016 figures were revised in reference to the retrospective change of depreciation rates of assets of subsidiary (Rottneros AB) in consolidation (as further described in the Consolidated Annual Report).

"We believe in the future of paper and see great opportunities to grow more profitable by focusing on selected segments and new geographic markets, working with customer-driven innovation and continuing to build strong brands."

Per Skoglund, CEO of Arctic Paper S.A.

Over the past two years, we have laid the foundation for positive development for the Arctic Paper Group. Our efforts are giving results. During Q4 Arctic Paper Group generated sales of PLN 740,0m (compared to 707,2m in Q4, 2016) with an EBITDA of PLN 33,6m (38,4m). For the full year 2017, the Group reached a turnover of PLN 2,952,8m (2,967,0m) with an EBITDA of PLN 244,4m (249,6m).

For the paper business at Arctic Paper, production in Q4 2017 amounted to 164 000 tonnes during the period, generating a revenue of PLN 543,0m (520,5m) with an EBITDA of PLN 26,4m (38,8m) despite tough market conditions. The continued high pulp price in combination with the fact that we operate in a competitive business environment has put pressure on the margins. For the full year 2017, the paper revenue was PLN 2,173,5m (2,219,2m) with an EBITDA of PLN 131,0m (148,1m).

For Rottneros AB, of which Arctic Paper Group owns 51 percent, net turnover in Q4 rose by 12 percent to SEK 496 million (EUR¹ 51m). Turnover for 2017 as a whole rose by 11 percent to SEK 1,912 million (EUR¹ 198m). The full report can be found at <http://www.rottneros.com/investors/financialreports/>

Our paper business remains stable, while the market for graphical paper in general is shrinking. We continue to gain market share in selected segments with the help of our strong brands: Munken, Arctic, G-Print and Amber. As an example, we created 3,000 tonnes of growth within the High Speed Inkjet segment in 2017. At the end of the year, specialty and premium papers accounted for 20 percent of the volume in tonnes and 26 percent of the sales value.

During the year we worked on developing a new strategy for the paper business which is now being implemented in order to achieve sustainably higher profitability. In line with the new strategy, the Management Board took the decision to invest EUR 10m in order to increase the capacity of the Kostrzyn Mill. After the period, a decision was taken to invest EUR 7m to expand the hydropower plant at the Munkedal Mill, strengthening the mill's sustainability profile as well as its competitiveness.

We believe in the future of paper and see great opportunities to grow more profitable by focusing on selected segments and new geographic markets, working with customer-driven innovation and continuing to build strong brands. As we enter 2018, we are stronger than before.

Per Skoglund, CEO of Arctic Paper S.A.

Financial calendar for 2018

Q1 2018: May 14th, 2018 * Q2 2018: August 27th, 2018 * Q3 2018: November 12th, 2018

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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