



PRESS RELEASE

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Arctic Paper S.A. Q3 2019:

Stable result in a challenging market

- Q3 sales revenue amounted to PLN 794.4m (EUR¹ 184.6m).
- Q3 EBITDA was PLN 71.5m (EUR¹ 16.6m).
- Q3 EBIT was PLN 50.6m (EUR¹ 11.8m).
- New factoring agreement of PLN 30m and extension of revolving credit facility worth EUR 19.8m and PLN 20m concluded with interest rate and terms unchanged.
- High capacity utilization and profit improvements for the paper segment.
- NCRD grant of PLN 16.4m for co-financing an innovation project aimed at developing new types of paper at the Kostrzyn mill.

“Although the market conditions remain challenging, we are doing a good job and have gained market share in the paper segment.” Michal Jarczyński, CEO (see CEO letter on page 2)

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

PLN (million)	Q3 2019	Q3 2018	Changes	Q1–Q3 2019	Q1–Q3 2018
Sales revenue, Arctic Paper Group	794.4	816.5	-22.2	2,377.5	2,389.6
Sales revenue, Arctic Paper (paper segment)	563.8	591.8	-28.0	1,674.8	1,724.2
EBITDA, Arctic Paper Group	71.5	82.0	-10.5	243.1	218.4
EBITDA, Arctic Paper (paper segment)	43.2	27.5	+15.7	94.8	78.3
EBIT, Arctic Paper Group	50.6	59.0	-8.4	178.3	150.2
EBIT, Arctic Paper (paper segment)	30.9	12.4	+18.5	56.0	32.7
Net profit, Arctic Paper Group	34.6	42.8	-8.2	119.2	91.2
Net profit, Arctic Paper (paper segment)	17.6	7.0	+10.7	44.7	9.3
Net profit per share ² (PLN/share)	0.38	0.37	0.01	1.04	0.66

The 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

² Net profit per share: net profit for the paper segment plus 51% of the net profit for Rottneros divided by the number of shares.

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*“We clearly see that our efforts are starting to show results.
We will continue on the road towards better margins!”*

Michał Jarczyński, CEO of Arctic Paper S.A.

During the third quarter of 2019, the Arctic Paper Group reached a turnover of PLN 794.4 million (compared to PLN 816.5 million in Q3 2018) with an EBITDA of PLN 71.5 million (vs PLN 82.0 million). On the consolidated level, the result remains relatively stable: while pulp prices fell during the period, market conditions for paper improved. The combination stabilizes our results as the fluctuations offset each other.

A new factoring agreement of PLN 30 million was concluded for the Kostrzyn mill. Since the end of the period, we have agreed to an extension of a revolving credit facility worth EUR 19.8 million and PLN 20 million with interest rate and other provisions unchanged. Stable finances, and the fact that we received an additional dividend of PLN 21.8 million from Rottneros in November, improve our financial situation.

The paper segment generated a turnover of PLN 563.8 million (vs PLN 591.8 million) with an EBITDA of PLN 43.2 million (vs PLN 27.5 million). Although the market conditions remain challenging, we are doing a good job and have gained market share. The changes in the sales organization have resulted in a more agile way of working, with greater focus on maximizing output from production. During Q3, we reached a capacity utilization of 96 percent (vs 95 percent), production amounted to 154,000 tonnes (vs 161,000) and sales 156,000 tonnes (vs 162,000).

The profit improvement program is being implemented according to plan, and we are relentlessly striving for additional business opportunities within premium and speciality paper as well as in the packaging sector. The modernized PM1 in Kostrzyn provides greater flexibility, and we now have a dedicated sales resource to grow our packaging business. During the period, the Kostrzyn mill received a grant of PLN 16.4 million from the National Centre for Research and Development (NCRD) for co-financing an innovation project aimed at developing new types of paper, which will increase efficiency, expand our product portfolio and improve our margins.

For Rottneros AB, of which the Arctic Paper Group owns 51 percent, net turnover increased by 9 percent to SEK 617 million (vs SEK 567 million) while EBITDA fell to SEK 81 million (vs SEK 136 million) due to lower pulp prices and continued high wood costs. The volume was affected by the annual maintenance shutdown at the Rottneros mill, which went according to plan. The full report is available at <http://www.rottneros.com/investors/financial-reports/>

During the period we saw a change in market conditions, which again illustrates the advantages of combining pulp and paper. At the same time, we also clearly see that our efforts are starting to show results. We will continue on our way towards better margins!

Michał Jarczyński, CEO of Arctic Paper S.A.

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