



ARCTIC PAPER

PRESS RELEASE

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## **ARCTIC PAPER GROUP IN FIRST HALF OF 2016: CONTINUED STABLE RESULTS, WITH IMPROVED EBITDA**

**In the 1<sup>st</sup> half of 2016 the results of Arctic Paper Group confirmed that the chosen strategy continues to deliver. Consistent improvement of the results is proven by, not least, EBITDA being up by 14.9% (from PLN 116.9m to PLN 134.4m), compared to the same period of 2015. For the same period revenues were 2.8% higher and amounted to PLN 1.5bn.**

**During Q2 2016 Arctic Paper Group raised the EBITDA result of the paper business to PLN 29.4m, an improvement of PLN 29.2m compared to Q2 2015. EBITDA for the first half-year improved by PLN 34.0m, to PLN 60.2m, compared to the same period of 2015.**

### **Results excluding Rottneros**

Excluding Rottneros sales revenue was PLN 539.6m for the second quarter, bringing the total for the first half-year of 2016 to PLN 1,129.4m. Both periods were significantly better than the corresponding periods of 2015 (PLN 513.6m and PLN 1,076.7m, respectively). An increase of EBITDA by PLN 34.0m (half-year) and PLN 29.2m (Q2) is further proof of a stable start to 2016.

The market for coated and uncoated fine graphic paper continues to decline, down 5.4% year-on-year and 6.6% in comparison to Q2 2015. Compared to 2015 Arctic Paper kept volumes and prices of its fine paper up to a financially beneficial level and thereby maintained the strong position in its market segment.

Acting CEO of Arctic Paper Group, Per Skoglund, comments: *"Several factors have contributed to the stable result not least the successful activities of the Profit Improvement Program 2015/16. Among these, the hard focus on efficiency and a more flexible organisation are worth mentioning. The results and effects in the Swedish units, yielded by the programmes, are especially valuable."*  
Per Skoglund continued: *"Despite the market environment being troublesome, the first phase of the current period has started in a satisfactory way. Still the unpleasant exchange levels of the USD in relation to European currencies remain a complication."*

The revenues from the sale of paper in Q2 generated an 8.4% increase compared to Q2 2015 and 4.9% for the first half-year of 2016 compared to 2015. In part due to a winning price strategy, per-tonne revenue increased by 8.0% compared to Q2 2015 and 1% for the half-year respectively.

The total production volume of 158,000 tonnes in Q2 2016 was 4.6% higher than in the equivalent period in 2015 and 0.7% higher for the first half of 2016 compared to the first half of 2015.

### **Results including Rottneros**

The Group's results are affected at the consolidated level by pulp prices through its majority ownership of Rottneros AB. The convincing result of Rottneros, in the face of declining pulp prices, is mainly due the development program "Agenda 500" and the increased efficiency it has established. By establishing a new production record, 100,000 tonnes produced during Q2, the programme's quality is proven.

### **New financing**

The evaluation of potential refinancing continues, and is in an intense phase. Reaching a sustainable and stable financial situation is the main aim, thereby also securing an improved cash structure for the Group with a larger degree of flexibility.

*"We are determined to reach a state of financial stability and unite it with the mobility and swiftness of a niche actor," commented acting CEO Per Skoglund. "On this complex market we are convinced that our competitive advantages will substantiate themselves even more and continue to create stable results. The refinancing is a vital measure in our long-term plan for the future of Arctic Paper Group, and we aim to be successful in achieving it during 2016."*

### **Selected financial results of Arctic Paper Group (including Rottneros) in 1H 2016**

<b>PLN '000</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>Change (%)</b>
SALES REVENUE	<b>1,499,825</b>	<b>1,459,352</b>	<b>+2.8%</b>
EBITDA	<b>134,364</b>	<b>116,898</b>	<b>+14.9%</b>
EBIT	<b>75,081</b>	<b>62,825</b>	<b>+19.5%</b>
NET RESULT*	<b>36,672</b>	<b>51,890</b>	<b>-29.3%</b>
NET RESULT	<b>30,332</b>	<b>25,944</b>	<b>+16.9%</b>

**Selected financial results of Arctic Paper Group  
(excluding Rottneros) in 1H 2015**

<b>PLN '000</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>Change (%)</b>
SALES REVENUE	<b>1,129,401</b>	<b>1,076,702</b>	<b>+4.9%</b>
EBITDA	<b>60,181</b>	<b>26,189</b>	<b>+129.7%</b>
EBIT	<b>20,129</b>	<b>-12,254</b>	<b>-</b>
NET RESULT*	<b>13,239</b>	<b>-2,489</b>	<b>-</b>
NET RESULT	<b>6,899</b>	<b>-28,435</b>	<b>-</b>

*\*From continued operations only. The Management Board maintains the intention to sell Arctic Paper Mochenwangen, therefore its results have been excluded from the consolidated income statement and, in compliance with IFRS, are reported separately as discontinued operations.*

**Further information for the media provided by:**

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**ARCTIC PAPER S.A.** is one of the leading manufacturers of high-quality graphical fine paper in Europe. The company produces coated and uncoated wood-free paper for demanding clients such as printers, book publishers, newspaper publishers, advertising agencies, paper distributors and packaging producers. The product portfolio includes well-known brands such as Amber, Arctic, G-Print and Munken.

The products are produced at Arctic Paper S.A.'s three paper mills:

- Arctic Paper Munkedals, Sweden
- Arctic Paper Grycksbo, Sweden
- Arctic Paper Kostrzyn, Poland

The total production capacity of the company is over 700,000 tonnes of paper per year.

Arctic Paper Kostrzyn has a production capacity of 285,000 tonnes per year and produces uncoated wood-free paper for the printing of brochures, forms, books and envelopes.

Arctic Paper Grycksbo has a production capacity of 260,000 tonnes per year and produces coated paper used for magazines, direct mail, books, posters and maps.

Arctic Paper Munkedals has a production capacity of 160,000 tonnes per year and produces mainly uncoated wood-free paper for book, design and advertising purposes.

Arctic Paper S.A. is the main shareholder, owning 51% of Rottneros AB (two pulp-producing mills) with a total production capacity of approximately 400,000 tonnes pulp per year. The pulp mill in Vallvik, Sweden, which has a production capacity of 240,000 tonnes per year, produces two types of long-fibre sulphate-pulp. The pulp mill in Rottneros, which has a production capacity of 160,000 tonnes per year, mainly produces two kinds of mechanical pulp: ground-wood pulp and CTMP.

An important and unique part of Arctic Paper is the sales offices, which market and manage the delivery of the company's products. Arctic Paper S.A. currently has 14 sales offices throughout Europe, which provide access to all European markets.

The company has about 1,250 employees, excluding Rottneros AB, and its' headquarters are in Poland.

The largest shareholder of Arctic Paper S.A. is the Swedish company Nemus Holding AB. Arctic Paper S.A. has been listed on the Warsaw Stock Exchange since October 2009, and additionally since December 2012 on the NASDAQ in Stockholm.

**More information to be found at [www.arcticpaper.com](http://www.arcticpaper.com)**

