



## **ARCTIC PAPER GROUP IN Q1 2017: SATISFYING RESULTS IN THE PAPER SEGMENT**

**In Q1 2017 the Arctic Paper Group generated sales revenue of PLN 773.9m. EBITDA was PLN 75.5m (an increase of 6.8% compared to Q1 2016), and operating profit exceeded PLN 44.1m (up 6.6%). The Group's net profit on continuing operations\* grew by 42% in Q1 2017, to PLN 35.1m.**

**The good results achieved by Arctic Paper in the paper segment should be stressed. The Group generated solid sales volumes, translating into an increased market share. Combined with the effects of the Profit Improvement Program 2015/2016, this led to achievement of robust operating results in this segment in Q1 2017. In the end of Q1 substantial pulp price increases were observed, impacting the financial results in the last month of the quarter.**

### **Results in the paper segment (excluding Rottneros)**

Sales revenues in the paper segment in Q1 2017 were over PLN 575m, down 2.5% compared to the same period of 2016. At the same time, the Group achieved very good operating results in this segment. EBITDA rose to over PLN 39m, a 26.8% increase y/y. Operating profit rose by 73.2% y/y, to almost PLN 18.8m, and the Group earned a net profit on continuing operations\* of over PLN 17m, that is 11 times higher y/y.

In Q1 the market for fine graphical papers developed in two directions: while the uncoated market remained on a stable level (increasing by 0.2%), the coated market continued to decline, by 3.8% (compared to Q1 2016, according to EuroGraph data). During the same period Arctic Paper increased its sales by 1.8%, thus strengthening its position on the market.

The use of production capacity in Q1 2017 was 98%.

Per Skoglund, CEO of Arctic Paper, commented: *"During the first quarter of 2017 the massive improvements of 2015/16 continued to prove their effectiveness. The good results of the period are solid proof of this, and combined with the new management structure this ensures that we are on the right track. The result was influenced by a number of factors, not least the volume of tonnes sold and our improved cost structure."*

## Results including Rottneros

The results of Rottneros continued to be very solid in Q1 2017, in connection with an increase in the prices of the long-fibre pulp produced by Rottneros (NBSK) by 3.2% (compared to Q1 2016). In the historical perspective, profit and margins remained at a similar level.

It should be pointed out that production at Rottneros's Vallvik mill in the beginning of Q2 was affected by an unplanned shutdown. The problem is now resolved and production is back to normal. The shutdown represents an estimated production loss of 4.5% of Rottneros's total planned production for the quarter.

Sales revenue of the Arctic Paper Group in Q1 2017 fell slightly, by 0.6%, compared to Q1 2016. EBITDA was PLN 75.5m (+6.8% y/y), and operating profit was over PLN 44.1m. The operating profit on the Group's continuing operations\* rose by 42% from the previous year, to PLN 35.1m.

Per Skoglund added: *"After a very good Q1, we will pursue efforts to gain continued long-term profitability relentlessly. In a market showing clear signals of cost increases in raw materials, we have to be constantly vigilant. To unceasingly adapt to these uncertain market conditions is our core competence, in production, product development as well as our market approach. The unplanned shutdown at the Rottneros Vallvik mill and its negative impact in the second quarter demonstrates the necessity of constant preparedness for the unexpected."*

### **Selected financial results of the Arctic Paper Group (including results of Rottneros AB) in Q1 2017**

PLN '000	Q1 2017	Q1 2016	Change (%)	Q4 2016
SALES REVENUES	773,902	778,560	-0.6%	707,166
EBITDA	75,498	70,669	+6.8%	38,384
EBIT	44,121	41,376	+6.6%	1,924
NET PROFIT*	35,082	24,707	+42.0%	-10,361
NET PROFIT	32,933	19,628	+67.6%	-950

**Selected financial results of the Arctic Paper Group (excluding Rottneros AB) in Q1 2017**

<b>PLN '000</b>	<b>Q1 2017</b>	<b>Q1 2016</b>	<b>Change (%)</b>	<b>Q4 2016</b>
SALES REVENUES	575,056	589,849	-2.5%	520,465
EBITDA	39,051	30,787	+26.8%	38,816
EBIT	18,779	10,843	+73.2%	17,320
NET PROFIT*	17,041	1,541	+1,005.8%	2,970
NET PROFIT	14,893	-3,538	-	12,381

*\*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 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, 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, which has a production capacity of 240,000 tonnes per year, produces two types of long-fibre sulphate-pulp. The pulp mill in Rottneros that 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 markets and manages the delivery of the company's products. Arctic Paper S.A. currently has 14 sales offices throughout Europe, which provides access to all European markets.

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

The largest shareholder in Arctic Paper S.A. is the Swedish company Nemus Holding AB. Arctic Paper S.A. is 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)**