



PRESS RELEASE

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Arctic Paper S.A. Q4/full year 2018:

Growth despite challenges in the graphic paper market

- Sales revenue Q4 amounted to PLN 780,7m (EUR¹ 181,6m).
For the whole of 2018, sales revenue amounted to PLN 3158,2m (EUR¹ 741,1m).
- EBITDA Q4 was PLN 3,0m (EUR¹ 0,7m). EBITDA for 2018 was PLN 223,5m (EUR¹ 52,4m).
- EBIT Q4 was PLN -21,4m (EUR¹ -5,0m). For 2018, EBIT was PLN 130,7m (EUR¹ 30,7m).
- The Management Board proposes no dividend for 2018.
- Decision to close one paper machine (PM7) in Grycksbo, provisions of PLN 8 m made in Q4.
- Michal Jarczyński was appointed CEO of Arctic Paper S.A.
- Launch of G-snow in early 2019 – a new, ultra-white, high-quality coated paper.
- In March 2019, Arctic Paper signed a 15-year contract with Adven AB, which will design, own and operate a biomass boiler with a capacity of 30 MW at Arctic Paper Munkedals. This ensures lower, stable and predictable energy costs and reduces CO2-emissions.

“The average paper sales revenue per ton grew by 12.2 percent in Q4 2018 compared to Q4 2017, which is the result of the combination of better product mix and price increases.”

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

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

PLN (million)	Q4, 2018	Q4, 2017	YTD, 2018	YTD, 2017
Sales revenue, Arctic Paper Group	780,7	740,0	3 158,2	2 952,8
Sales revenue Arctic Paper (paper segment)	539,1	543,0	2 263,3	2 173,5
EBITDA, Arctic Paper Group	3,0	33,6	223,5	244,4
EBITDA Arctic Paper (paper segment)	-12,3	26,3	66,0	131,0
EBIT, Arctic Paper Group	-21,4	-6,1	130,7	109,7
EBIT Arctic Paper (paper segment)	-27,8	-18,0	4,9	26,3
Net profit, Arctic Paper Group ²	-32,6	-4,9	60,5	70,8
Net profit, Arctic Paper (paper segment) ²	-38,0	-12,9	-26,4	26,0
Net profit per share ²	-0.51	0.37	0.18	0.61

Arctic Paper Group consists of the Arctic Paper S.A. (mother company), Arctic Paper mills (paper segment) and pulp producer Rottneros AB in which Arctic Paper S.A. holds a 51 percent stake.

¹Arctic Paper 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 2018 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.

“The development during 2018 clearly shows that market related actions are not enough to restore our margins, we need to put even greater emphasis on cost reductions, productivity gains and development of new products.”

Michal Jarczyński, CEO of Arctic Paper S.A.

For the fourth quarter for 2018, Arctic Paper Group increased its revenue to PLN 780,7m (compared to 740,0m Q4, 2017) with an EBITDA of PLN 3,0m (33,6m). For the full year 2018, the Group reached a turnover of PLN 3158,2m (2952,8m) with an EBITDA of PLN 223,5m (244,4m).

For the paper segment, the production for Q4 dropped to 150 000 tonnes (compared to 165 000 in 2017) due to a temporary decline in market demand during November and December that affected both coated and uncoated paper. The Q4 paper revenue amounted to PLN 539,1m (543,0m) with an EBITDA of PLN -12,3m (26,3m). For the full year 2018, the paper revenue was PLN 2263,3m (2173,5m) with an EBITDA of PLN 66,0m (131,0m). Pulp prices have decreased since its peak in Q3 2018, but were still 10-30 percent higher on average in Q4 2018 compared to Q4 2017.

The average paper sales revenue per ton grew by 12.2 percent in Q4 2018 compared to Q4 2017, which is the result of the combination of better product mix and price increases. We continue to gain market shares in selected segments with the help of our strong brands, while the market for graphic paper in general continue to shrink. At the end of the year, speciality and premium papers accounted for 22 (20) percent of the volume in tonnes and 27 (26) per cent of the sales value. We continue to invest in sustainable energy. In 2018 the decision was taken to expand the hydro power at Arctic Paper Munkedals. In March 2019 Arctic Paper signed a 15-year contract with Adven AB, which will design, own and operate a biomass boiler with a capacity of 30 MW at Arctic Paper Munkedals. This ensures lower, stable and predictable energy costs and reduces CO2-emissions.

Our strategy for the paper business will continue to guide our efforts to achieve sustainably higher profitability. The development during 2018 clearly shows that market related actions are not enough to restore our margins, we need to put even greater emphasis on cost reductions, productivity gains and development of products. During Q4, the plan to close of one of three paper machines in Grycksbo was announced, for which we have made provisions of PLN 8m in Q4.

For Rottneros AB, of which Arctic Paper Group owns 51 percent, net turnover in Q4 rose by 17 percent to SEK 580 million (compared to SEK 496 million in 2017). Turnover for 2018 rose by 18 percent to SEK 2260 million (1912).

The road to sustainably higher efficiency is not only about cost savings but about building a strong performance-oriented culture. We need to be better at recruiting, engaging, involving and motivating all employees in the company's development and in the necessary change. I look with confidence on the future, and look forward to leading Arctic Paper in a time of major changes.

Michal Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2019

Q1 2019: May 9th, 2019 * Q2 2019: August 20th, 2019 * Q3 2019: November 8th, 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

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