



PRESS RELEASE

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Arctic Paper S.A., Q3 2020:

Strong results under challenging market conditions

- Q3 consolidated sales revenue was PLN 702.8mn (EUR¹ 153.5mn).
- EBITDA for Q3 was PLN 86.4mn (EUR¹ 18.8mn).
- EBIT for Q3 was PLN 59.1mn (EUR¹ 12.9mn) and net profit PLN 45.4mn (EUR¹ 9.9mn).
- The Group has managed to keep sales prices and volumes of paper for the last three quarters at a stable level despite a challenging market.
- The financial position remains stable with good liquidity, providing the opportunity to repay debt as the Group is currently renegotiating and rebalancing its debt structure.
- The combination of pulp and paper continues to stabilize results as fluctuations offset each other.
- Procedures maintained to minimize the impact of Covid-19 on continued production and sales.

“We have been able to further develop our business and remain financially stable during these uncertain market circumstances.”

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

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

PLN (million)	Q3 2020	Q3 2019	Change	Q1–Q3 2020	Q1–Q3 2019
Sales revenue, Arctic Paper Group	702.8	794.4	-91.6	2,132.8	2,377.5
Sales revenue, Arctic Paper (paper segment)	491.9	563.8	-71.9	1,483.4	1,674.8
EBITDA, Arctic Paper Group	86.4	71.5	+14.9	246.3	243.1
EBITDA, Arctic Paper (paper segment)	69.7	43.2	+26.5	184.4	94.8
EBIT, Arctic Paper Group	59.1	50.6	+8.5	163.0	178.3
EBIT, Arctic Paper (paper segment)	52.0	30.9	+21.1	131.3	56.0
Net profit, Arctic Paper Group	45.4	34.6	+10.8	118.4	119.2
Net profit, Arctic Paper (paper segment)	43.5	17.6	+25.9	100.8	44.7
Net profit per share ²	PLN 0.64	PLN 0.38	+PLN 0.26	PLN 1.59	PLN 1.04
Net debt/EBITDA	0.48	0.82	-0.34	0.48	0.82

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.

Further information provided by:

Michał Jarczyński, CEO, Arctic Paper S.A.
Phone +46 10 451 7005
E-mail: michal.jarczyński@arcticpaper.com

Göran Eklund, CFO, Arctic Paper S.A.
Phone +46 10 451 7054
E-mail: goran.eklund@arcticpaper.com

“We have so far succeeded well in protecting the organization and its employees against infection by Covid-19. As a second wave of the pandemic clearly has hit many European countries, our Group stands well prepared.”

Michał Jarczyński, CEO of Arctic Paper S.A.

During the third quarter of 2020, Arctic Paper Group achieved a turnover of PLN 702.8mn (compared to 794.4mn in Q3 2019) with an EBITDA of PLN 86.4mn (71.5mn). On a consolidated level, the combination of pulp and paper continues to stabilize our results, as the fluctuations offset each other. Arctic Paper's financial position remains strong and has improved during the period. Our liquidity is on a three-year high, providing us the opportunity to repay debt as we are currently renegotiating and rebalancing our debt structure. Net debt at the end of the period was PLN 135.5mn (199.6mn), and net debt/EBITDA was 0.48 (0.82).

The paper segment generated a turnover of PLN 491.9mn (563.8mn) with an EBITDA of PLN 69.7mn (43.2mn). While the market environment remains challenging, Arctic Paper's position on the European paper market strengthened during the period. We have a leading position for example on the market for high-quality uncoated book paper from Arctic Paper Munkedal, as well as on the markets for coated and uncoated design paper, where Munken and Arctic Volume are strong brands. We are working intensively to boost our competitiveness and our profitability.

All our mills are currently running with a full workforce, as we have terminated available short-term allowance measures. During the period, we reached a capacity utilization of 83 percent (96). Paper sales volume reached 143,000 tonnes (156,000). The investment in PM1 at Arctic Paper Kostrzyn has paved the way for an increase in production, with Amber reaching higher volumes than during Q3 last year. After the restructuring, the mill in Grycksbo has been profitable and reports progress with its G-brand.

For Rottneros AB, in which the Arctic Paper Group owns 51 percent, net turnover decreased to SEK 508mn (617mn) with EBIT of SEK 4mn (54mn). The decline is explained by lower sales prices due to the weaker pulp market. Rottneros continued to sell a larger share than normal on short-term contracts, affecting margins negatively. Production reached a new record of 110,200 tonnes (100,300). While the pulp market is still characterized by uncertainty and reduced demand, the pulp price has been relatively stable for over a year.

We have so far succeeded well in protecting the organization and its employees against infection by Covid-19. As a second wave of the pandemic clearly has hit many European countries, our Group stands well prepared. I am confident that we will endure this crisis and emerge stronger.

Michał Jarczyński, CEO of Arctic Paper S.A.