PRESS RELEASE

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Arctic Paper plans to close the smallest of three paper machines in Grycksbo

The management board of Arctic Paper S.A. has decided to open negotiations with union representatives for the closure of the smallest of the company's three paper machines at the Grycksbo Paper Mill in Sweden. 25 positions may be affected, and the plan is expected to be implemented during the first quarter of 2019.

The paper machine slated for closure (PM7) produces coated paper and has a capacity of 45,000 tonnes out of a total capacity of 265,000 tonnes in Grycksbo. Capacity utilization on PM7 has been low in recent years, and PM7 is less efficient and more expensive to operate than the other two paper machines in Grycksbo, PM9 and PM10. The mill currently employs 340 people.

"We are optimistic about the future of graphic paper and have a clear strategy for developing our business in Grycksbo," said Per Skoglund, CEO of Arctic Paper S.A. "We regret that the plan brings redundancies, but closing PM7 and concentrating production on the two more-efficient paper machines is necessary to strengthen Arctic Paper Grycksbo's competitiveness."

The lower staffing will result in a lower cost structure, which will have an impact in the second half of 2019.

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