

PRESS RELEASE 25/9/2008

## **Arctic Paper AB restructuring the fine paper industry**

### **Acquiring Grycksbo Paper AB and planning closure of Håfreström**

The Arctic Paper group is the new owner of Grycksbo Paper AB, a fine paper mill in the Dalecarlia region of Sweden. In exchange the seller, investment fund Accent Equity 2003, receives shares in Arctic Paper corresponding to roughly 10 per cent of the share capital. The necessary documentation for approval of the acquisition are being submitted to the relevant competition authorities.

Arctic Paper also announces that the company is beginning negotiations with employee representatives regarding the closure of the mill, Arctic Paper Håfreströms AB. Most of the current production in Håfreström will be moved to Grycksbo.

Arctic Paper also announces that it is planning a stock exchange listing in early 2009, to finance continued expansion within its product segments. The acquisition of Grycksbo Paper AB will be completed in conjunction with the upcoming stock exchange listing.

A few weeks ago the group acquired Mochenwangen Papier GmbH, which is Germany's and one of Europe's leading manufacturers of paper for paperback books. Both Grycksbo's and Mochenwangen's product ranges complement the production at the other Arctic Paper mills.

"As a result of these structural changes we get an even stronger product range of fine papers and an extensive collection of well-known brands. Grycksbo's strong client structure adds further value. We are also experiencing an increased demand in our segments. The deal matches well with our strategy to grow – both organically and through acquisitions – in selected product ranges with distinct customer groups", says Arctic Paper's CEO Olle Grundberg.

#### Grycksbo strengthen in Arctic Paper

The fine paper mill Grycksbo Paper in the Swedish region of Dalecarlia has capacity for 260,000 tonnes per year, and is characterised by high efficiency both in terms of production and energy consumption. With the shift from Håfreström to Grycksbo, the Arctic Paper group increases its total

production capacity by more than 120,000 tonnes per year, and enhances its position as a supplier of coated papers. Grycksbo has a very strong brand in G-Print.

The aim is also to boost the sales of Grycksbo's products, especially in Europe, by using Arctic Paper's strong sales and marketing organisation.

"When Accent acquired Grycksbo Paper the idea was to be part of the restructuring of the fine paper industry, and ensure continued growth for Grycksbo. The mill fits very well into the Arctic Paper family. This deal brings Grycksbo and its employees the best possible structure with which to meet the future", says Jan Ohlsson, CEO of Accent Equity Partners AB.

#### Stock exchange listing, early 2009

Over the years, Arctic Paper has grown organically. The company's growth strategy involves gaining market share – in the first half of 2008 the group's sales value of uncoated fine paper increased by 13 per cent – and strategical purchases of European fine paper mills that match the group's quality and environmental profile.

"To support our growth strategy, we are planning a stock exchange listing, in order to secure the supply of long-term capital and a robust expansion. Our plan is to introduce Arctic Paper on the Warsaw stock exchange in early 2009. The Warsaw stock exchange suits us best. It is considered dynamic and industrially focussed. And Poland is centrally located for us, in the middle of Europe and well positioned for growth to the east. Also we have a mill in Poland, Arctic Paper Kostrzyn S.A.", says Olle Grundberg.

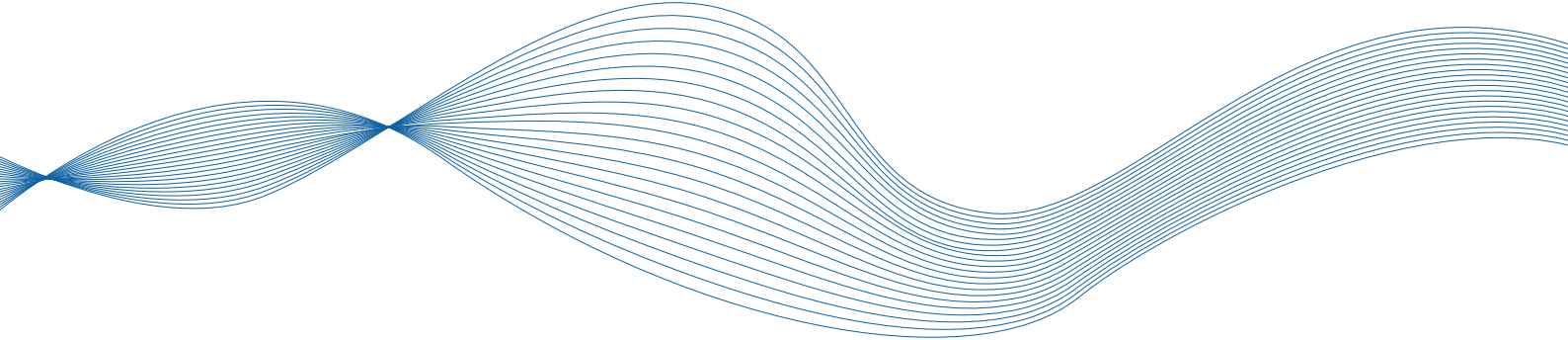
#### Closure of Håfreström

Håfreström has been operating at a loss for several years. Analyses by the Arctic Paper group indicate that the red figures will continue. High energy prices are the direct reason for the closure. This is the background to why Arctic Paper plans to begin negotiations regarding closure.

"Making a decision to close a mill is very difficult. Håfreström is an important part of both our production base and our market strategy. The staff are extremely competent and together we have implemented comprehensive programmes that have enhanced the mill's prospects, and our sales are increasing. Over the past five years we have invested in increased production and updated the product range. But in the end what proved insurmountable was the high and increasing energy costs. For instance the increase in the cost of energy from 2005 to 2008 was equal to the mill's total payments of employee salaries for last year. Just in the last five years, Håfreström has made losses of several hundred million SEK. Unfortunately, neutralising the increased energy prices through rationalisations is not possible", says Olle Grundberg.

"However the products that Håfreström produces – the Arctic range – are popular with the European market. Therefore, when negotiations with trade unions are completed, we plan to move a large portion of the production of the Arctic brand to Grycksbo, and decommission Håfreström in an orderly fashion."

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Arctic Paper manufactures and markets high-quality graphic fine paper. It is one of the leading companies in Europe within its segment. Production takes place at Arctic Paper's Swedish paper mills, Arctic Paper Munkedals and Arctic Paper Håfreström, as well as at Arctic Paper Kostrzyn in Poland. The German fine paper mill Mochenwangen is under acquisition. The product programme includes Amber, Arctic and Munken which are mainly used as design and book papers. Arctic Paper, with its head office in Gothenburg, has 1,250 employees and sales offices in 15 European countries. Sales in 2007 totalled 3.6 billion SEK. [www.arcticpaper.com](http://www.arcticpaper.com)

Grycksbo Paper manufactures G-Print, a unique coated woodfree paper. Customers include wholesalers, printers, publishers and converters. Approximately 93 per cent of production is exported, mainly within Europe. G-Print is a coated paper with a unique surface that ensures excellent printability and it is well known for its high bulk and superior runnability. Main applications are direct mail, illustrated books, manuals, catalogues, maps, posters, magazines and packaging. G-Print is sold in sheets and reels, in grammages from 80 to 250 g/m<sup>2</sup>. Production capacity is approximately 260,000 tonnes per year. The company's sales are 1.7 billion SEK, and it employs some 500 people. [www.grycksbopaper.com](http://www.grycksbopaper.com)

Accent Equity is a leading Nordic private equity company, specialising in corporate buyouts. Since the mid 1990s, Accent has advised six funds and completed some 50 buyouts and 40 exits. Accent Equity Partners is an advisor to funds with a committed capital of approximately 10 billion SEK. Accent invests in well-established Nordic companies with clear potential for value creation via strong growth, operational improvements and strategic development. [www.accentequity.se](http://www.accentequity.se)