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# Arctic Paper S.A. Q1 2018

## A future in paper



ARCTIC PAPER

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This Presentation should be read together with the consolidated and standalone report for the Q1 of 2018.

## Content

1. Summary of Q1 2018
2. Market environment
3. Operations and financial results

# Summary of Q1 2018

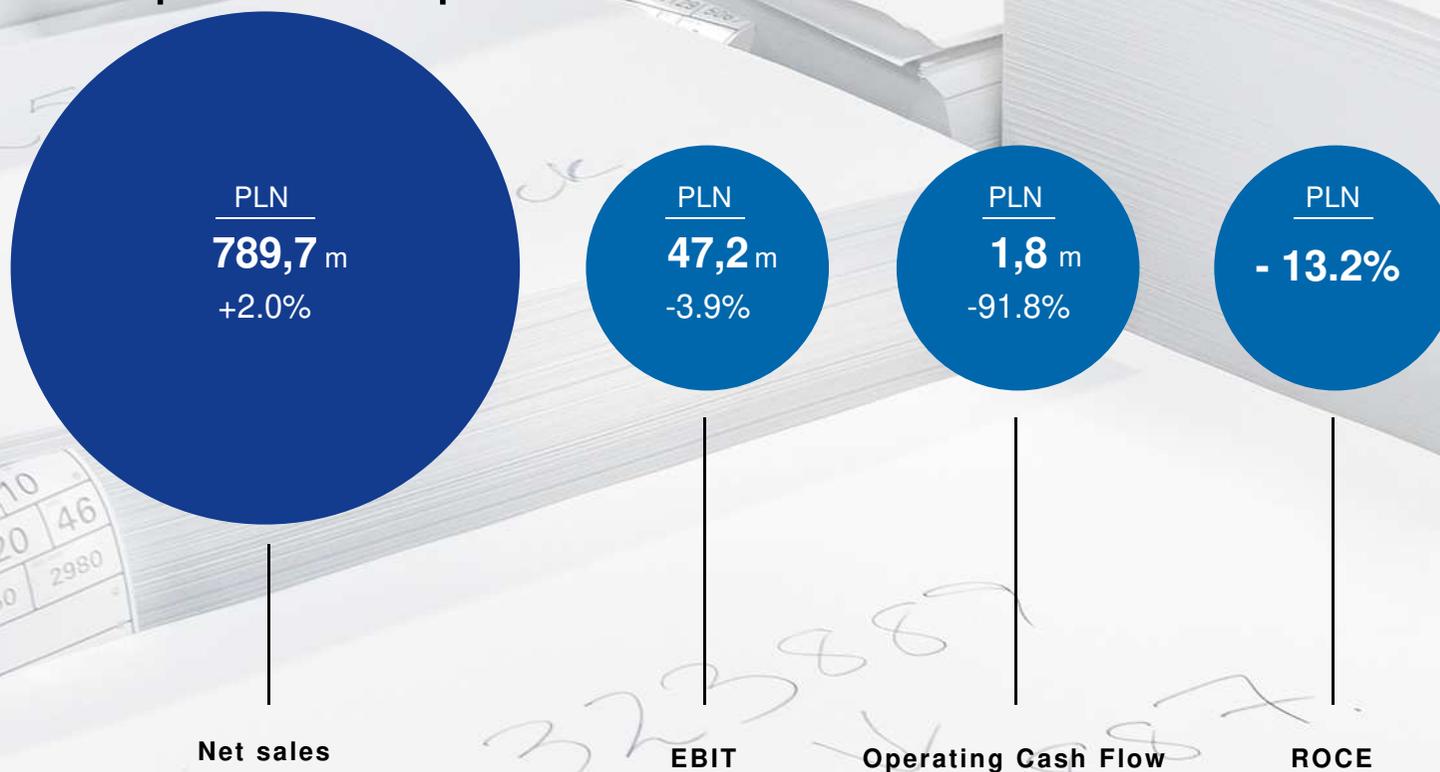
# Q1 2018 in brief

## Arctic Paper Group

- Good results for the speciality papers.
- Stable production at Munkedal and Kostrzyn mill.
- Start up problems after investments at PM10 Grycksbo results in production decreases in Q1.
- Decision to invest in hydro power in Arctic Paper Munkedals.
- EBITDA development -6 %.
- EBIT development +7 %.

# Financial Summary Q1: Satisfactory results in a difficult market

## Arctic Paper Group Q1 2018 vs. Q1 2017



# Market Environment

# Fine paper prices partially compensate

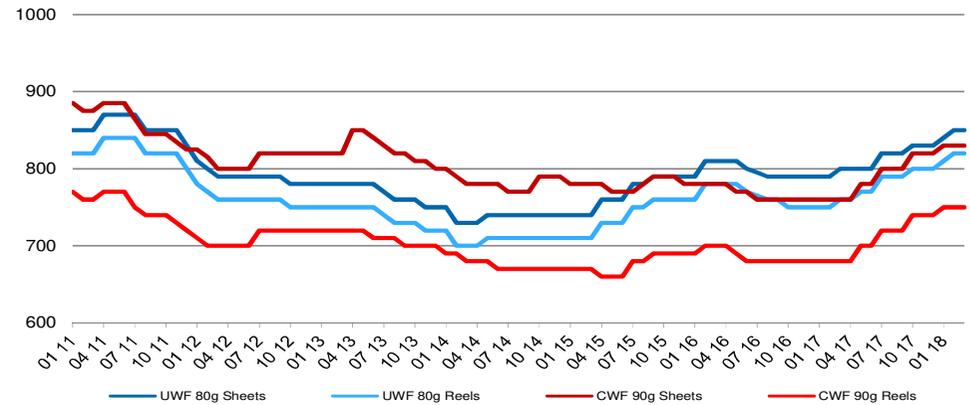
## MARCH 2018 compared to DEC 2017

- UWF segment average price change +2.8%
- CWF segment average price change +2.2%

## MARCH 2018 compared to MARCH 2017

- UWF segment average price change +9.5%
- CWF segment average price change +11%

Graphic fine paper prices – German market



Source: Arctic Paper based on RISI data.

Change in price for graphic paper in EUR – Western Europe

	03 18 vs. 12 17			03 18 vs. 03 17		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	2,9%	2,8%	2,7%	10,5%	9,5%	8,8%
CWF	2,7%	2,2%	1,8%	11,7%	11,0%	10,6%

Source: Arctic Paper based on RISI data.

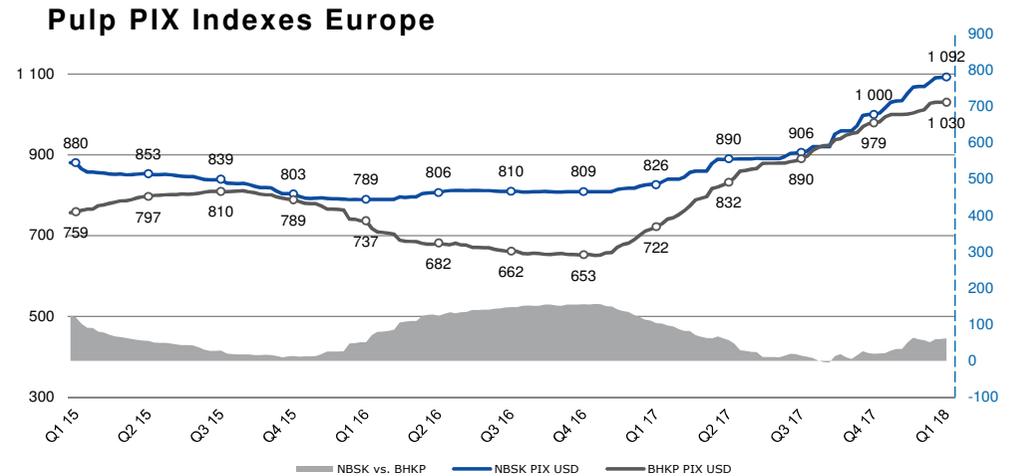
# Continued increase in pulp prices

## Average price Q1 2018 compared to Q1 2017

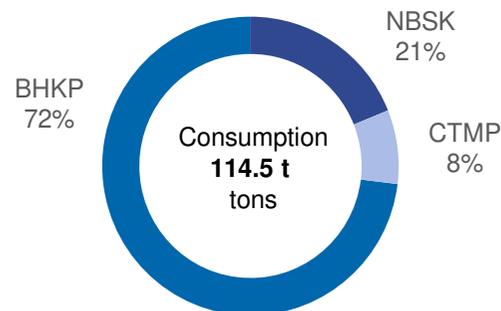
- NBSK (long fibre): 29.4% higher
- BHKP (short fibre): 48.3% higher

## Average price Q1 2018 compared to Q4 2017

- NBSK (long fibre): 10.8% higher
- BHKP (short fibre): 7.2% higher



## Arctic Paper Q1 2018 Structure of pulp consumption



# Currency exchange rates

## Average exchange rate Q1 2018 compared to Q4 2017

- EUR/PLN -1.3%
- EUR/SEK +1.9%
- EUR/USD +4.4%

## Average exchange rate Q1 2018 compared to Q1 2017

- EUR/PLN -3.3%
- EUR/SEK +4.9%
- EUR/USD +15.4%

EUR/PLN changes



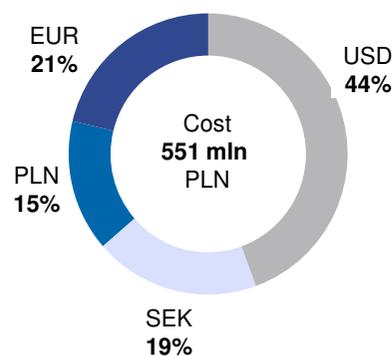
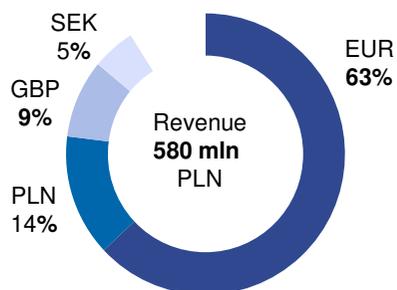
EUR/SEK changes



EUR/USD changes



Arctic Paper Q1 2018 Revenue and costs structure



# Operations and financial results

# Stable output from production

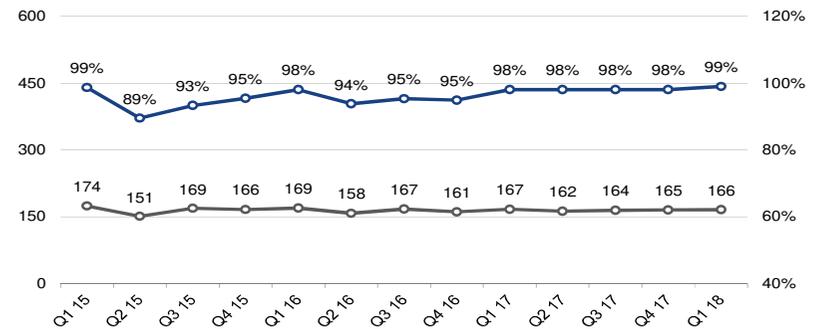
**Average Q1 2018 use of budget production capacity: 99%**

- 1.0% higher than in Q1 2017

**Q1 2018 total production volume: 169k tonne**

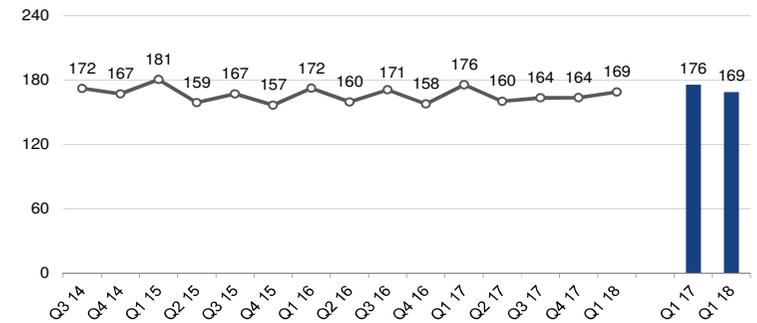
- 3.8% lower than in Q1 2017

**Production and use of production capacity for all paper mills\***



\* AP Mochenwangen excluded from sales revenue

**Paper sales volume\***

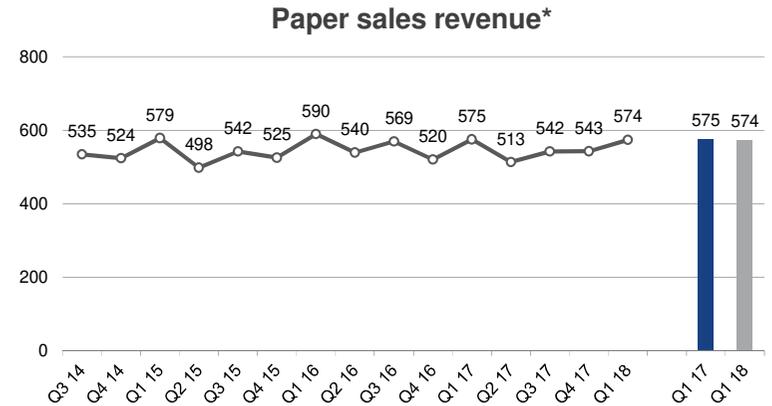


\* AP Mochenwangen excluded from revenue per tonne.

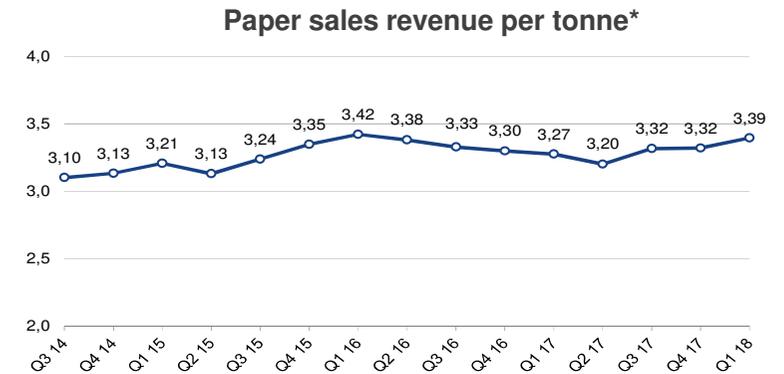
# Paper sales revenue and revenue per tonne

**Total Q1 2018 (PLN 574m) down 0.2% compared to Q1 2017**

**Average Q1 2018 (PLN 3.39k) increased by 3.7% compared to average in Q1 2017**



\* AP Mochenwangen excluded from sales revenue



\* AP Mochenwangen excluded from revenue per tonne.

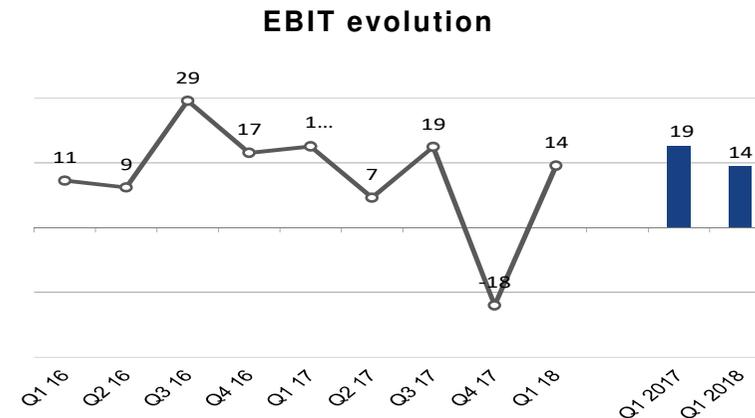
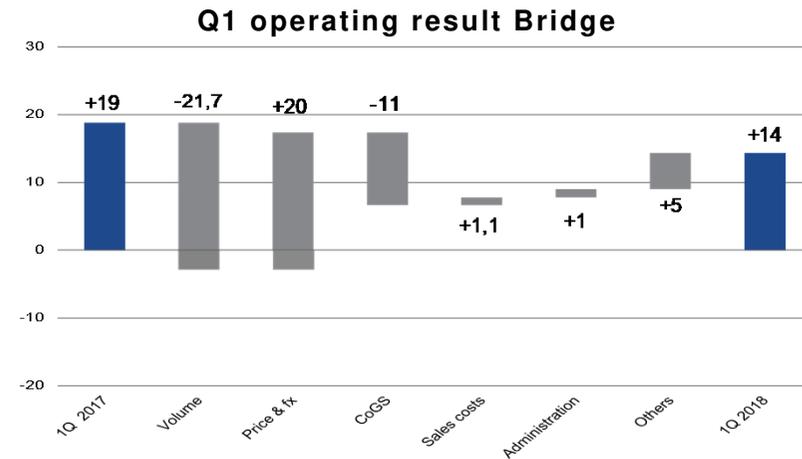
# Key consolidated figures

- Q1 2018 total revenues up +2.0% compared to Q1 2017 (-0.2% paper segment, +8.7% pulp segment revenue)
- Q1 2018 EBITDA down by PLN 4,3m compared to Q1 2017 (31,1m PLN paper segment: -8,0m PLN; 40,0m PLN pulp segment: +3,7m PLN)
- Q1 2018 Net result from continuing operations: -9,6m PLN compared to Q1 2017 (3,4m PLN paper segment: -13,6m PLN, 26,0m PLN pulp segment: +4,1m PLN)
- CAPEX on the level of 33,0m PLN (20,0m PLN paper segment: +8,2m PLN; 13,0 PLN pulp segment: -6,0m PLN)
- Cash on the level of 205,3m PLN (90,6m PLN paper segment: -3,5m PLN; 114,7m PLN pulp segment: +107,2m PLN)
- Net debt on the level of 258,7m PLN vs. 267,5 PLN in March 2017

# Q1 2018 EBIT Arctic Paper (excluding Rottneros)

## Q1 2018 operating result 14m PLN

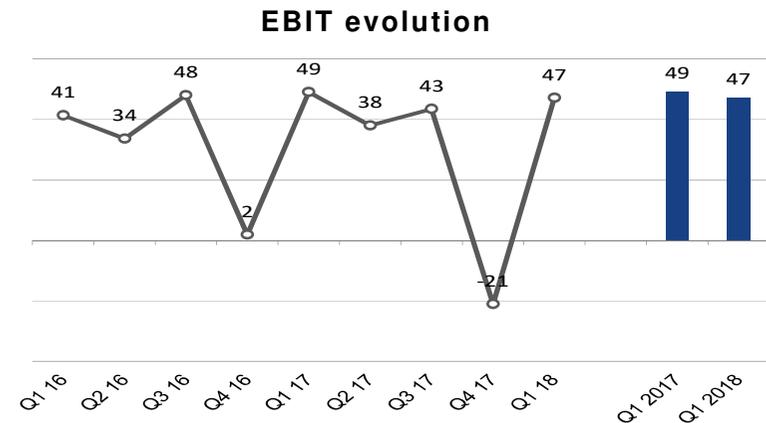
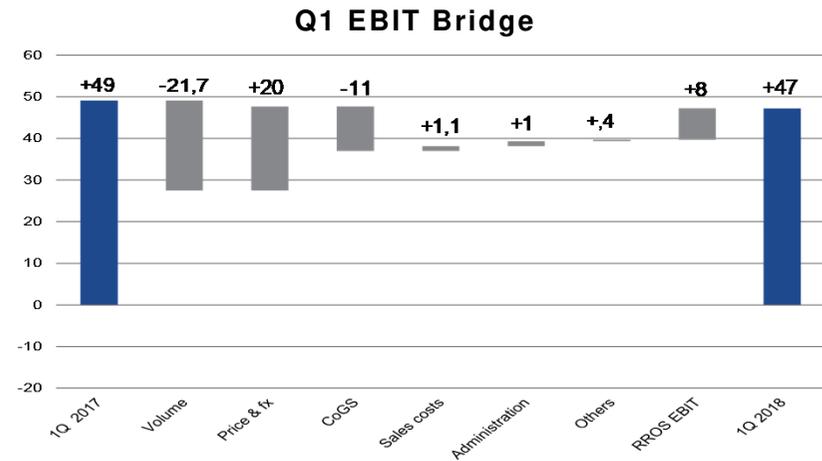
- +32,3m PLN more than Q4 2017
- -4,4m PLN less than Q1 2017



# Q1 2018 EBIT Arctic Paper Group – total

## Q1 2018 EBIT 47m PLN

- +68.2m PLN more than Q4 2017
- -1.9m PLN less than Q1 2017



# Summing-up

# Summing-up Q1 2018

## **Arctic Paper Group**

- Good results for the speciality papers at Munkedal and Kostrzyn mills.
- Stable production at Munkedal and Kostrzyn mill.
- Decision to invest in hydro power in Arctic Paper Munkedals.
- Start up problems after investments at PM10 Grycksbo results in production decreases in Q1.
- EBITDA development – 6 %.
- EBIT development + 7 %.

## **Market environment**

- Continued high pulp prices.
- Fine paper prices continued increases.
- Favourable SEK/EUR exchange rates.
- The EUR/USD exchange rate on decent level.

Arctic Paper Vision:

Przekształcenie pomysłów w doświadczenia.

