

Per Skoglund – CEO Arctic Paper

Göran Eklund – CFO Arctic Paper

Arctic Paper S.A. Q3 2018

A Future in paper



ARCTIC PAPER

Disclaimer

Please read the information below carefully

This presentation (the 'Presentation') was prepared by Arctic Paper S.A. (the 'Company') for information purposes only for use by investors, banks and the Company's customers as well as market analysts and under no circumstances may it be treated as a part of an invitation or offer to purchase securities, an invitation to make investments or conduct transactions regarding securities, an inducement to make purchase offers or a recommendation to conclude any transactions, in particular transactions regarding the Company's securities.

The information contained in the Presentation was taken from publicly available sources which the Company believes to be reliable. However, the Company cannot guarantee its reliability or completeness, except for the information on the Company and its Group. The Company shall not be held liable for the consequences of decisions made on the basis of or in reliance on the information contained in this Presentation. The information contained in the Presentation has not been independently verified and may be subject to change at any time. The publication of the data contained in the Presentation by the Company does not constitute a breach of the provisions of the law which apply to companies whose shares are listed on the regulated market, in particular the regulated market operated by the Warsaw Stock Exchange in Poland and NASDAQ OMX Stockholm in Sweden. The information contained herein has been published by the Company in its current and periodic reports, or constitutes a supplement thereto which is not required to be published by the Company in order to comply with the Company's reporting requirements as a listed company.

Under no circumstances should information contained in this Presentation be construed as the explicit or implicit submission of a representation or warranty of any type by the Company or by persons acting on its behalf. Furthermore, neither the Company nor any person acting on its behalf shall be held liable in any respect for any damage which may arise as a result of negligence or for any other cause as a result of the use of this Presentation or any information contained in it, or for damage which may otherwise arise in connection with information constituting a part of this Presentation.

The Company is not obliged to publish updates and amendments to the information, data and representations contained in this Presentation as a result of a change of the Company's strategy or intentions or the appearance of unexpected facts or circumstances which affect such strategy or intentions of the Company, unless such an obligation arises from the provisions of law.

This Presentation contains information on the paper industry. With the exception of information indicated as originating from a specified source, the market information referred to above has been prepared on the basis of data received from third parties who are named in this Presentation and contains estimates, assessments, corrections and opinions based on the Company's experience and knowledge of the sector in which it conducts business. Because the market information referred to above may have been partially prepared with the use of estimates, assessments, corrections and opinions and has not been verified by independent entities, to a certain extent, this information is of a subjective nature, with the exception of the information which has been indicated as information originating from third parties from a specified source. It is presumed that estimates, assessments, corrections and opinions are based on reasonable grounds and that the market information which has been prepared duly reflects the situation of the industry on the markets on which the Company conducts business. However, there is no certainty that the estimates, assessments, corrections and opinions are the most appropriate basis for drawing conclusions on the market information or that market information taken from other sources may not differ significantly from the market information contained in this Presentation.

The Company would like to point out to the readers of this Presentation that the only reliable source of data on Arctic Paper's financial results, forecasts and events, as well as the Company's indicators, is the current and periodic reports submitted by the Company in compliance with reporting requirements under Polish and Swedish law.

This Presentation should be read together with the consolidated and standalone report for the Q3 of 2018.

Content

1. Summary of Q3 2018
2. Market environment
3. Operations and financial results

Summary of Q3 2018

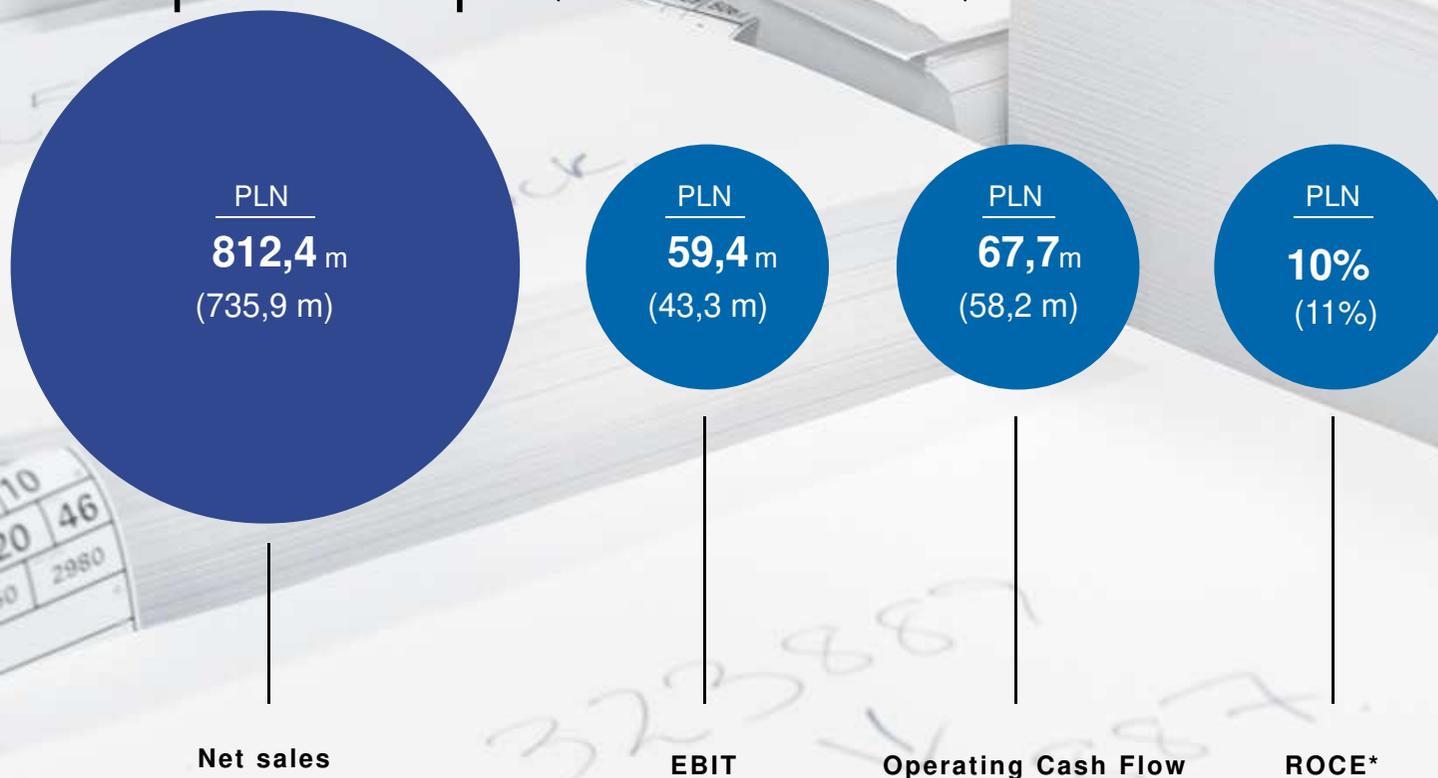
Q3 2018 in brief

Arctic Paper Group

- Pulp prices have stabilised during the period on a very high level.
- A better product mix and paper price increases partially compensate, further price increases ahead.
- Strong performance of Rottneros have contributed to a good result.
- Increased market share and North American sales compensate drop in European paper demand.
- Further price increases are being implemented during Q4.
- Paper production amounted to 162,000 tonnes.
- Paper segment, EBITDA fell to PLN 27,5 million (PLN 38,9 million in Q3, 2017).

Financial Summary Q3 2018: Strong Group results with continued high pulp prices

Arctic Paper Group Q3 2018 vs. Q3 2017



* Rolling 12 months

Market Environment

Fine paper prices partially compensate

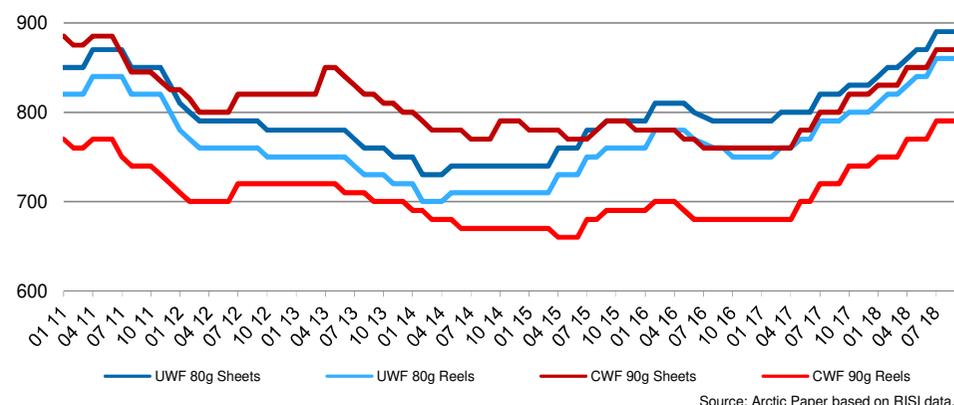
SEP 2018 compared to JUN 2018

- UWF segment average price change +2.4%
- CWF segment average price change +2.2%

SEP 2018 compared to SEP 2017

- UWF segment average price change +10.0%
- CWF segment average price change +9.6%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

	09 18 vs. 06 18			09 18 vs. 09 17		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	2,5%	2,4%	2,4%	10,7%	10,0%	9,4%
CWF	2,3%	2,2%	2,2%	10,0%	9,6%	9,4%

Source: Arctic Paper based on RISI data.

Stabilised pulp prices but on high level

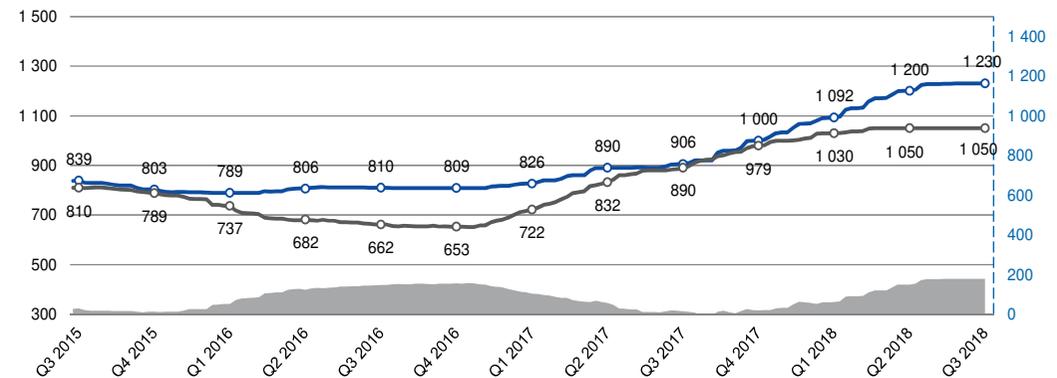
Average price Q3 2018 compared to Q3 2017

- NBSK (long fibre): 37.2% higher
- BHKP (short fibre): 20.2% higher

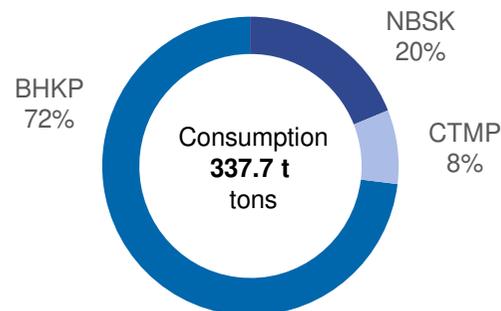
Average price Q3 2018 compared to Q2 2018

- NBSK (long fibre): 5.8% higher
- BHKP (short fibre): 0.5% higher

Pulp PIX Indexes Europe



Arctic Paper YTD SEP 2018 Structure of pulp consumption



Currency exchange rates

Average exchange rate Q3 2018 compared to Q3 2017

- EUR/PLN +1.1%
- EUR/SEK +8.9%
- EUR/USD -1.0%

Average exchange rate Q3 2018 compared to Q2 2018

- EUR/PLN +1.0%
- EUR/SEK +0.7%
- EUR/USD -2.4%

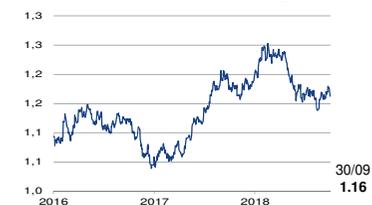
EUR/PLN changes



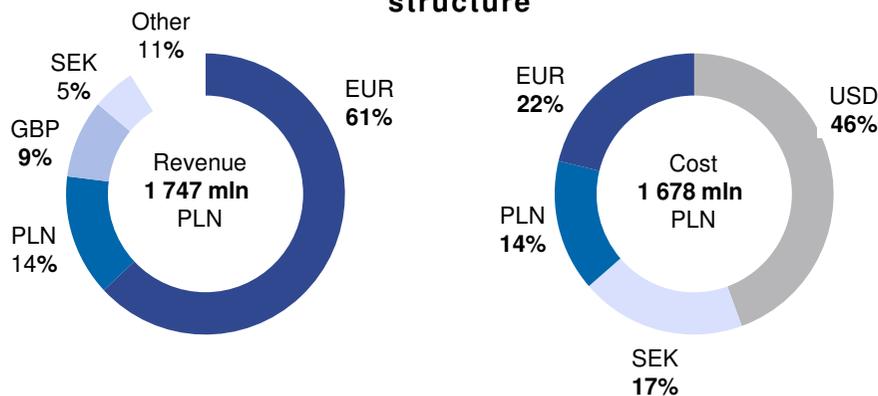
EUR/SEK changes



EUR/USD changes



Arctic Paper YTD SEP 2019 Revenue and costs structure



Operations and financial results

Stable output from production

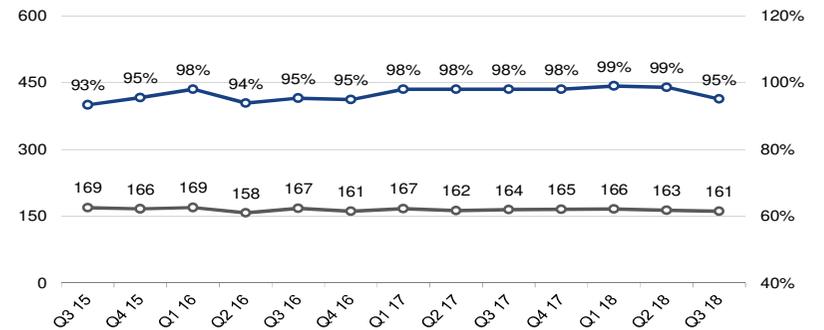
Average Q3 2018 use of budget production capacity: 95%

- 2.9% lower than in Q3 2017 due to investment stop at Kostrzyn

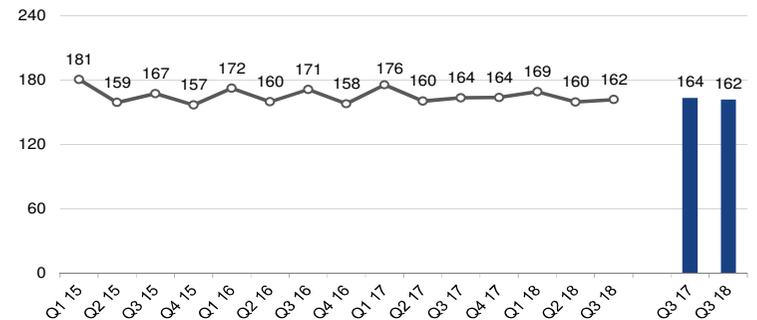
Q3 2018 total production volume: 161k tonne

- 1.1% lower than in Q3 2017

Production and use of production capacity for all paper mills



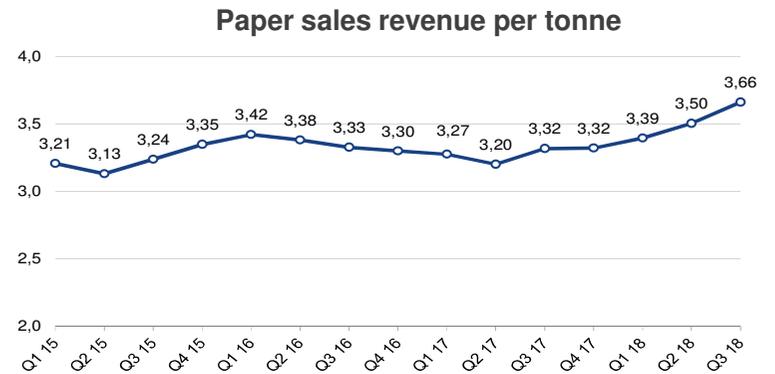
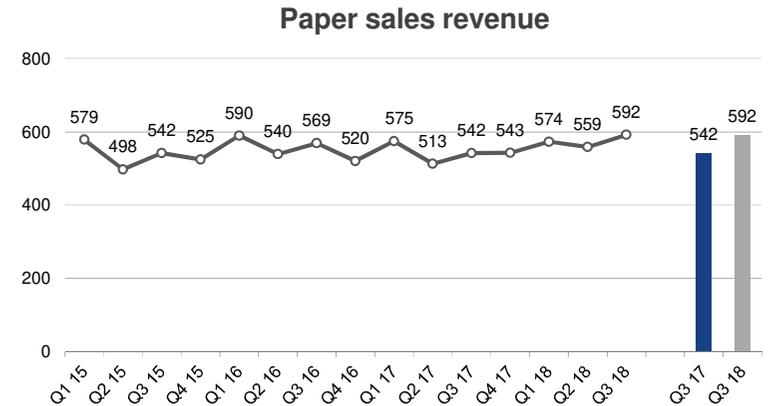
Paper sales volume



Paper sales revenue and revenue per tonne

Total Q3 2018 (PLN 592m) up 9.1% compared to Q3 2017

Average Q3 2018 (PLN 3.66k) increased by 10.3% compared to average in Q3 2017



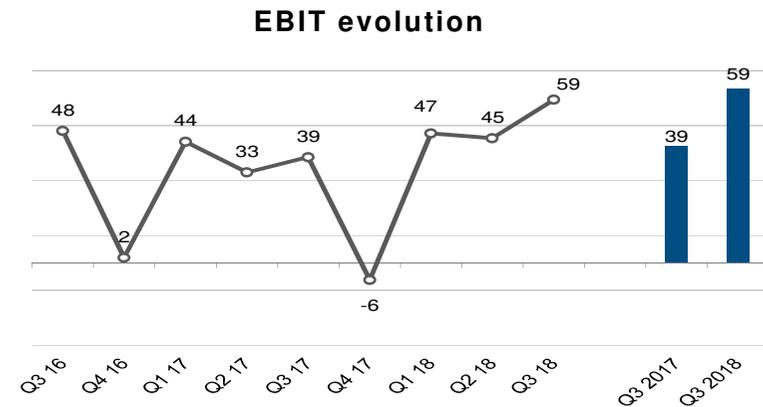
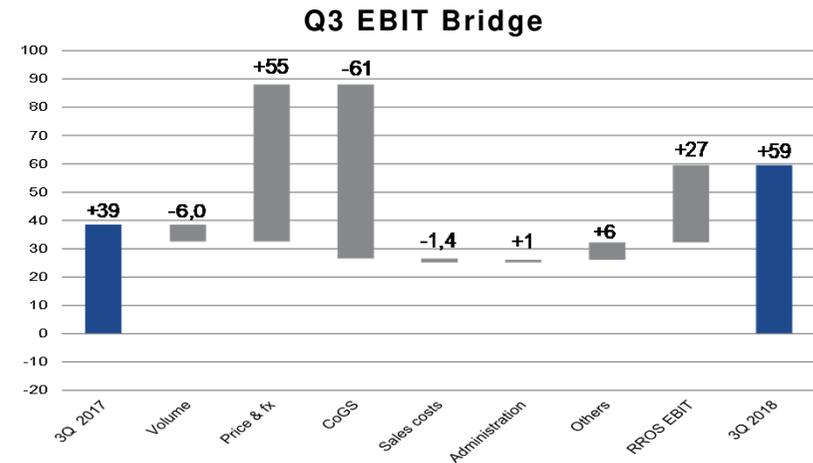
Key consolidated figures

- Q3 2018 total revenues up +10.4% compared to Q3 2017 (+9.1% paper segment, +14.0% Rottneros AB revenue)
- Q3 2018 EBITDA up by 11,7m PLN compared to Q3 2017 (27,5m PLN paper segment: -11,4m PLN; 55,0m PLN Rottneros AB: +23,1m PLN)
- Q3 2018 Net result from continuing operations: +13,8m PLN compared to Q3 2017 (7,4m PLN paper segment: -5,5m PLN, 35,7m PLN Rottneros AB: +19,3m PLN)
- YTD SEP 2018 CAPEX on the level of 105,2m PLN (47,0m PLN paper segment: -13,8m PLN; 58,3m PLN Rottneros AB: -8,1m PLN)
- Cash on the level of 180,8m PLN (74,1m PLN paper segment: +4,1m PLN; 106,6m PLN Rottneros AB: -46,1m PLN)
- Net debt on the level of 307,5m PLN vs. 253,6 PLN in SEP 2017

Q3 2018 EBIT Arctic Paper Group – total

Q3 2018 EBIT 59,4m PLN

- +14,0m PLN more than Q2 2018
- +15,2m PLN more than Q3 2017

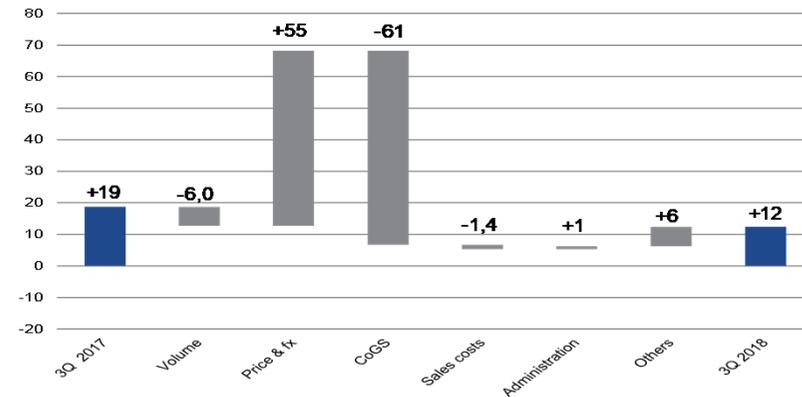


Q3 2018 EBIT Arctic Paper (excluding Rottneros AB)

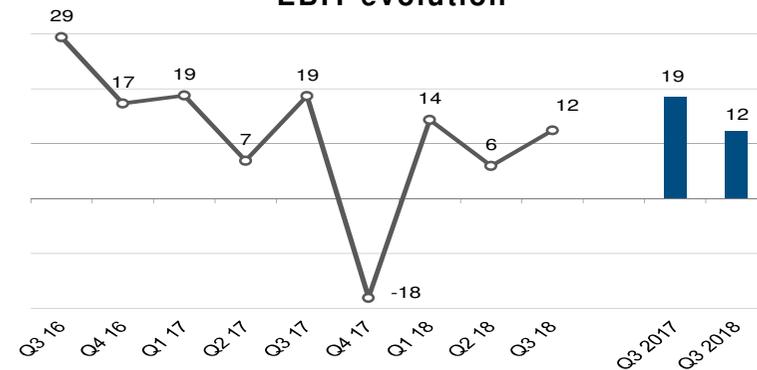
Q3 2018 operating result 12,4m PLN

- +6,4m PLN more than Q2 2018
- -6,3m PLN less than Q3 2017

Q3 operating result Bridge



EBIT evolution



Summing-up

Summing-up Q3 2018

Arctic Paper Group

- Paper segment, turnover rose to PLN 591,8 million (PLN 542,3 million in Q3, 2017).
- A better product mix and paper price increases partially compensate.
- Further price increases are being implemented during Q4.
- Paper segment, EBITDA fell to PLN 27,5 million (PLN 38,9 million in Q3, 2017).
- Strong performance of Rottneros have contributed to a good result.

Market environment

- Drop in European paper demand.
- Fine paper prices continued increases.
- Pulp prices have stabilised during the period on a very high level.
- Favourable EUR/SEK exchange rates.

Arctic Paper Vision:

Turning ideas into experiences.

