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Arctic Paper S.A.

Financial results 2018



ARCTIC PAPER

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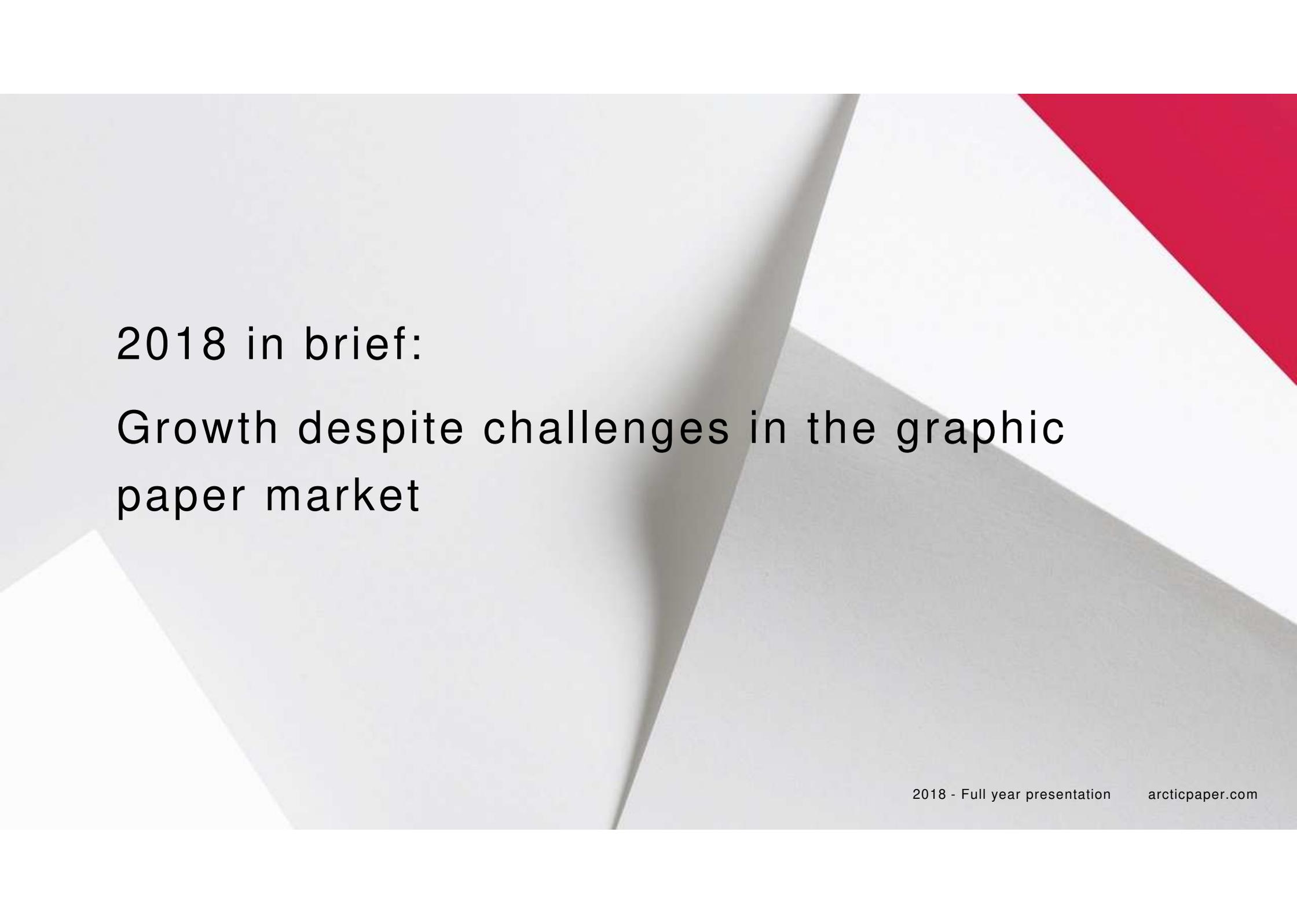
This Presentation contains information on the paper industry. With the exception of information indicated as originating from a specified source, the market information referred to above has been prepared on the basis of data received from third parties who are named in this Presentation and contains 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.

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This Presentation should be read together with the 2018 consolidated and standalone report and report for the Q4 of 2018.

Content

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2018 in brief:

Growth despite challenges in the graphic
paper market

2018 in brief

Arctic Paper Group

- Pulp prices have decreased since its peak in Q3 2018, but were still 10-30% higher on average in Q4 2018 compared to Q4 2017.
- The average paper sales revenue per ton grew by 12.2 percent in Q4 2018 compared to Q4 2017, which is the result of the combination of better product mix and price increases.
- Decision to close one paper machine (PM7) in Grycksbo, provisions of PLN 8 m made in Q4.
- Decision to expand the hydro power at Arctic Paper Munkedal.
- Strong performance of Rottneros have contributed to Group results.
- Paper production amounted to 639,300 tonnes (658,540 tonnes in 2017).
- Paper segment, EBITDA fell to PLN 66,0 million (PLN 131,0 million in 2017).

Financial Summary Q4 2018

Arctic Paper Group Q4 2018 vs. Q4 2017



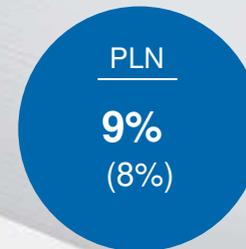
Net sales



EBIT



Operating Cash Flow

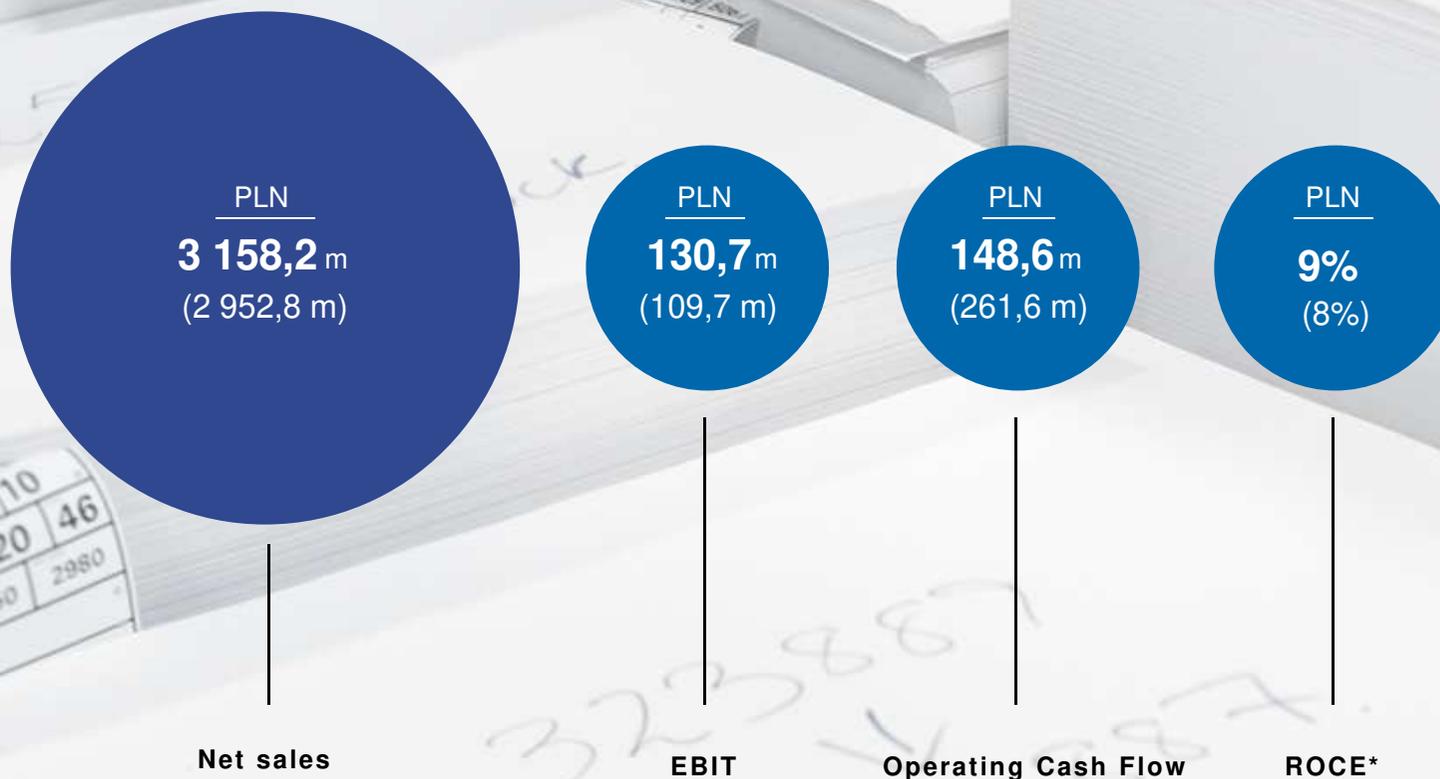


ROCE*

* Rolling 12 months

Financial Summary 2018

Arctic Paper Group FY, 2018 vs. FY, 2017



* Rolling 12 months

Market Environment

Fine paper prices

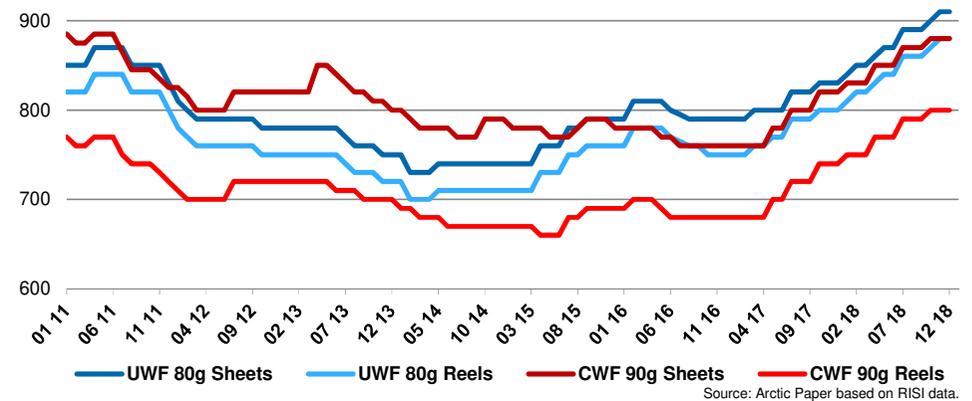
DEC 2018 compared to SEP 2018

- UWF segment average price change +2.3%
- CWF segment average price change +1.4%

DEC 2018 compared to DEC 2017

- UWF segment average price change +10.3%
- CWF segment average price change +8.8%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

| | 12 18 vs. 09 18 | | | 12 18 vs. 12 17 | | |
|-----|-----------------|---------------|---------------|-----------------|---------------|---------------|
| | Minimum price | Average price | Maximum price | Minimum price | Average price | Maximum price |
| UWF | 2,4% | 2,3% | 2,2% | 11,0% | 10,3% | 9,6% |
| CWF | 1,6% | 1,4% | 1,3% | 9,8% | 8,8% | 8,1% |

Source: Arctic Paper based on RISI data.

Stabilised pulp prices but on high level

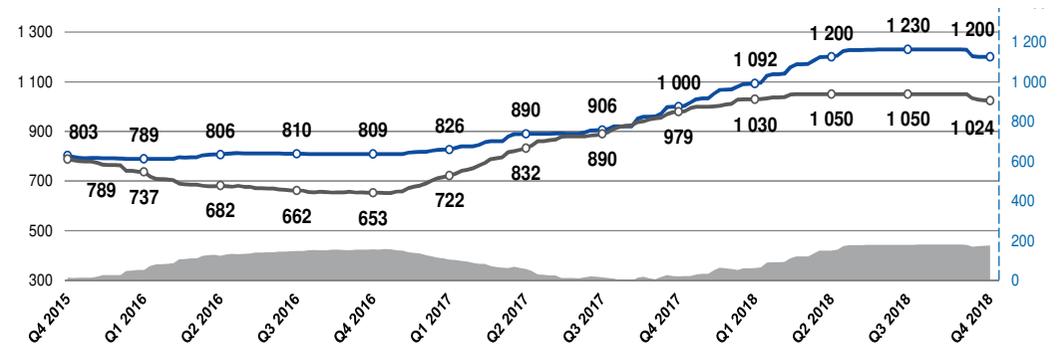
Average price Q4 2018 compared to Q4 2017

- NBSK (long fibre): 28.2% higher
- BHKP (short fibre): 10.9% higher

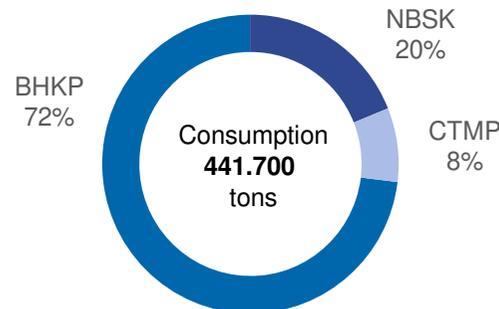
Average price Q4 2018 compared to Q3 2018

- NBSK (long fibre): 0.4% lower
- BHKP (short fibre): 0.6% lower

Pulp PIX Indexes Europe



Arctic Paper YTD DEC 2018 Structure of pulp consumption



Currency exchange rates

Average exchange rate Q4 2018 compared to Q4 2017

- EUR/PLN +1.6%
- EUR/SEK +5.4%
- EUR/USD -3.1%

Average exchange rate Q4 2018 compared to Q3 2018

- EUR/PLN -0.1%
- EUR/SEK -0.8%
- EUR/USD -1.9%

EUR/PLN changes



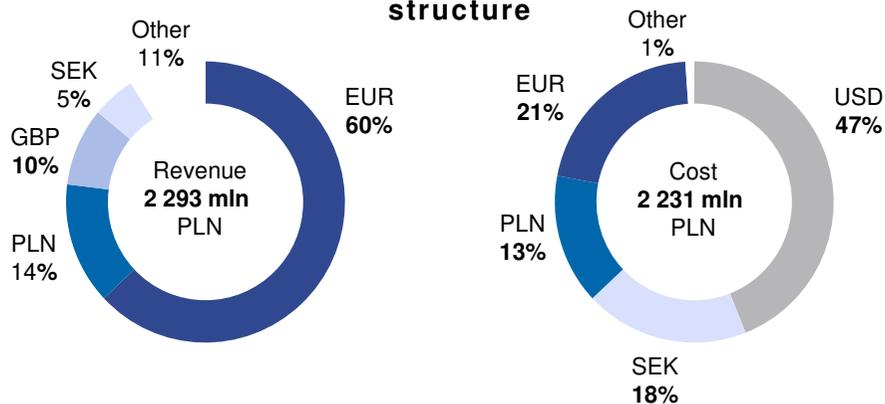
EUR/SEK changes



EUR/USD changes



Arctic Paper YTD DEC 2019 Revenue and costs structure



Operations and financial results

Output from production

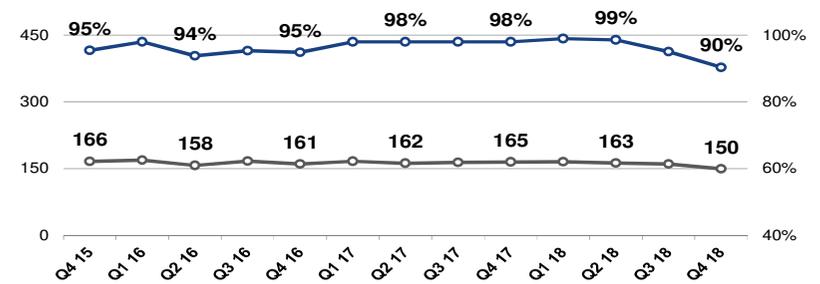
Average Q4 2018 use of budget production capacity: 90%

- 7.6% lower than in Q4 2017

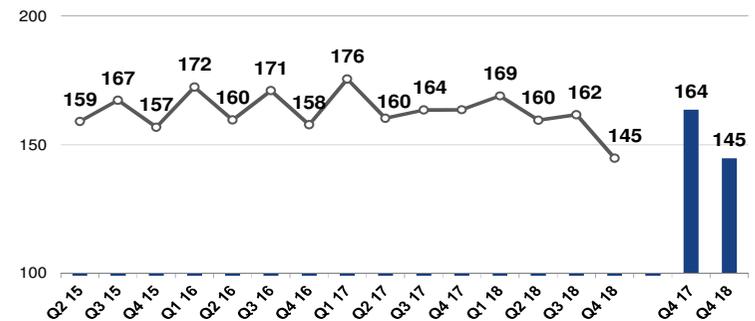
Q4 2018 total production volume: 150k tonne

- 9.4% lower than in Q4 2017

Production and use of production capacity for all paper mills

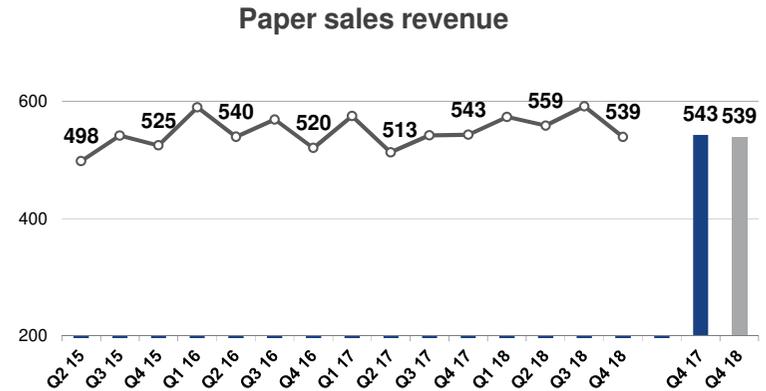


Paper sales volume

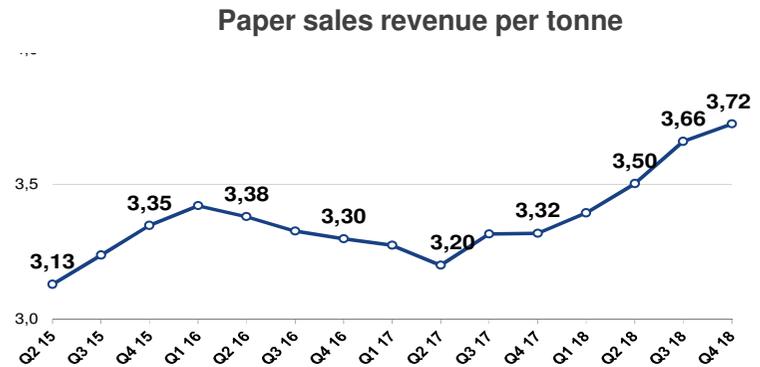


Paper sales revenue and revenue per tonne

Total Q4 2018 (PLN 539m) down 0.7% compared to Q4 2017



Average Q4 2018 (PLN 3.72k) increased by 12.2% compared to average in Q4 2017



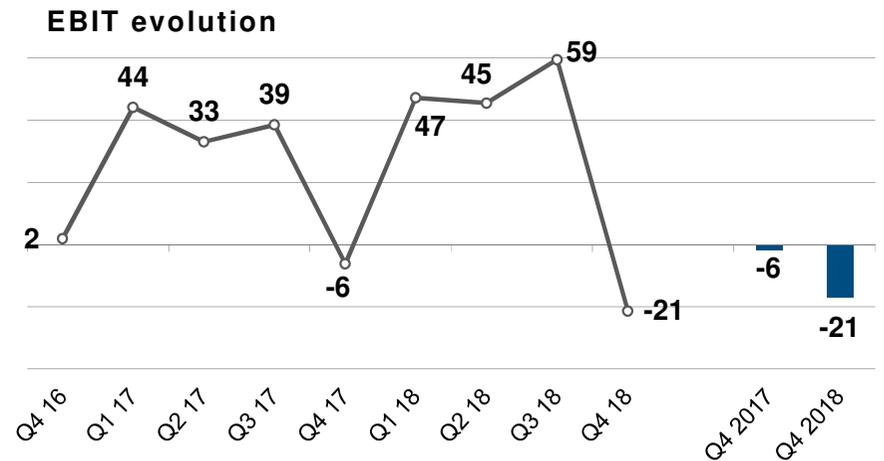
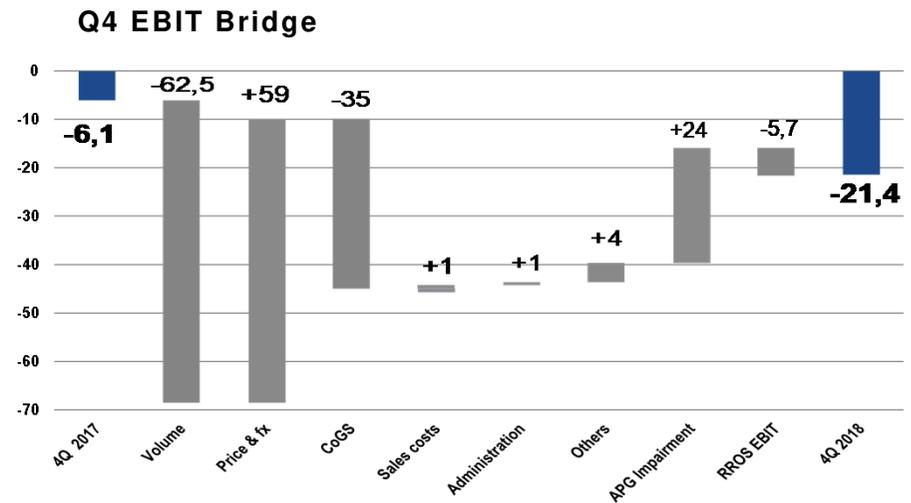
Key consolidated figures

- YTD DEC 2018 total revenues up +7.0% compared to YTD DEC 2017 (+4.1% paper segment, +14.8% pulp segment revenue);
- YTD DEC 2018 EBITDA down by PLN 20,9m compared to YTD DEC 2017 (66m PLN paper segment: -65,0m PLN; 157,5m PLN pulp segment: +44,1m PLN);
- YTD DEC 2018 Net result from continuing operations: -10,2m PLN compared to YTD DEC 2017 (-26,4m PLN paper segment: -52,4m PLN, 86,8m PLN pulp segment: +42,1m PLN);
- CAPEX on the level of 175,3m PLN (69,0m PLN paper segment: -4,7m PLN; 106,2 PLN pulp segment: -1,4m PLN);
- Cash on the level of 201.1m PLN (101m PLN paper segment: -1,9m PLN; 99,9m PLN pulp segment: -38,3m PLN)
- Net debt on the level of 280,7m PLN vs 207,7 PLN in DEC 2017

Q4 2018 EBIT Arctic Paper Group – total

Q4 2018 EBIT -21,4m PLN

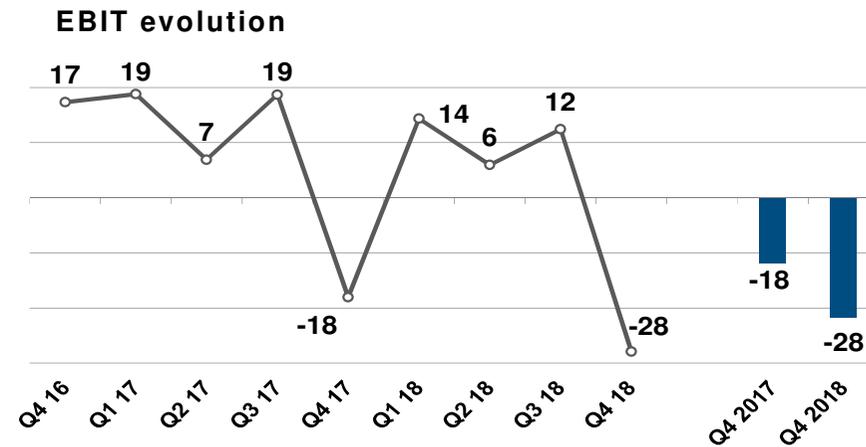
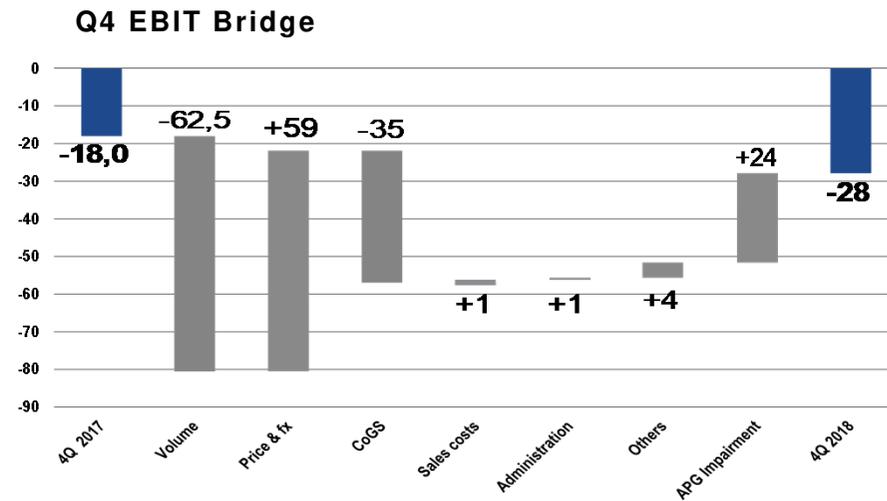
- -80,8m PLN less than Q3 2018
- -15,3m PLN less than Q4 2017



Q4 2018 EBIT Arctic Paper (excluding Rottneros AB)

Q4 2018 operating result -27,8m PLN

- -40,3m PLN less than Q3 2018
- -9,8m PLN less than Q4 2017



Q1 2019, news

Investment in biomass boiler at Arctic Paper Munkedals

- Arctic Paper has signed a 15-year contract with Adven AB, which will design, own and operate a biomass boiler with a capacity of 30 MW at Arctic Paper Munkedals. This ensures lower, stable and predictable energy costs and reduces CO₂-emissions.
- The boiler plant is expected to be operational in two years. The new plant will mainly be operated on recycled wood and well-defined sorted and recycled materials.
- In combination with the previously announced investment in the expansion of hydropower in Munkedals, this means that Arctic Paper Munkedals can phase out the use of natural gas and externally sourced electricity. This will reduce the mill's carbon dioxide emissions by 60 per cent and has significant positive impact on the energy cost.

G-Snow



G-Snow campaign

G-Snow is a wood-free coated paper with an ultra-white surface; colours and contrast pop, and details are highlighted with precision.

- Paneuropean launch of G-Snow in the 'commodity plus' market with extraordinary ultra-whiteness as main sales argument.
- G-Snow work on both small and big editions.
- G-Snow is part of the new coated, woodfree brand - G. Which is a new technical and engineering brand. Standing for runnability, printability, availability and reliability.
- The brand G consists of: G-Snow – G-Print – G-Smooth.

Summary

Summary

Arctic Paper Group

- Paper segment, turnover rose to PLN 2 263,3 million (PLN 2 173,5 million in 2017).
- Paper segment, EBITDA fell to PLN 66,0 million (PLN 131,0 million in 2017).
- Increased market share in selected segments with the help of strong brands, while the market for graphic paper in general continue to shrink.
- Decision to close one of three paper machines in Grycksbo.
- Strong performance of Rottneros have contributed to Group result.
- The Management Board proposes no dividend for 2018.

Market environment

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

Arctic Paper Vision:

Turning ideas into experiences.

