

**Michał Jarczyński** – CEO Arctic Paper

**Göran Eklund** – CFO Arctic Paper

# Arctic Paper S.A.

## Financial results Q3 2019



ARCTIC PAPER

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This Presentation should be read together with the Q3 2019 consolidated and standalone report.

## Content

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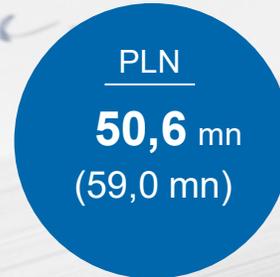
# Summary of Q3 2019

# Financial Summary Q3 2019

## Arctic Paper Group Q3 2019 vs. Q3 2018



**Net sales**



**EBIT**



**Operating Cash Flow**



**ROCE\***

\* Rolling 12 months

# Financial Summary YTDSEP 2019

## Arctic Paper Group YTDSEP 2019 vs. YTDSEP 2018



**Net sales**



**EBIT**



**Operating Cash Flow**



**ROCE\***

\* Rolling 12 months

# Market Environment & Operation

# Paper segment - fine paper prices

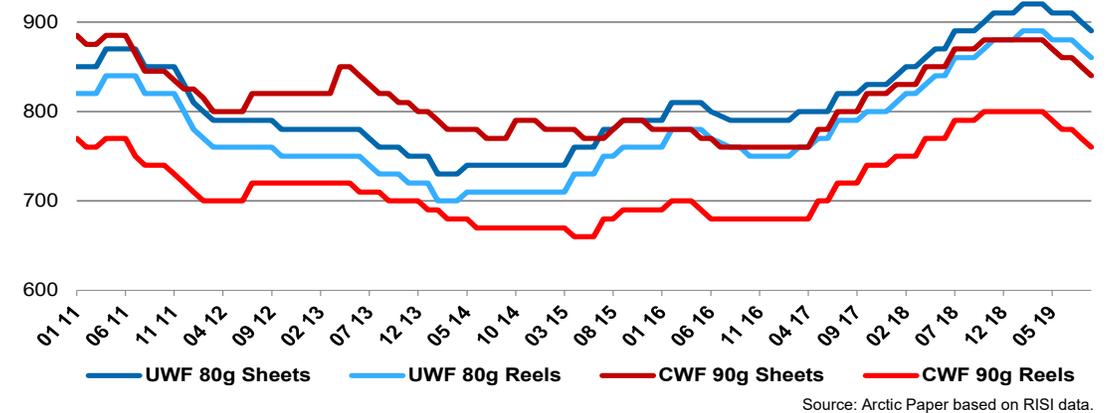
## SEP 2019 compared to JUN 2019

- UWF segment average price change -2.2%
- CWF segment average price change -4.1%

## SEP 2019 compared to SEP 2018

- UWF segment average price change -0.2%
- CWF segment average price change -3.8%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

	09 19 vs. 06 19			09 19 vs. 09 18		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	-2,2%	-2,2%	-2,6%	0,1%	-0,2%	-0,5%
CWF	-6,1%	-4,1%	-5,1%	-4,7%	-3,8%	-4,0%

Source: Arctic Paper based on RISI data.

# Pulp segment - pulp prices

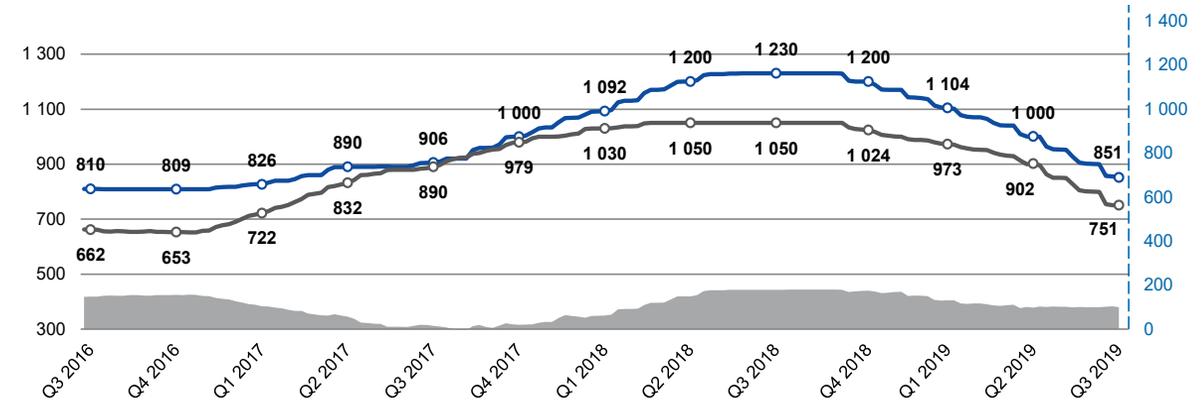
## Average price Q3 2019 compared to Q3 2018

- NBSK (long fibre): 23.5% lower
- BHKP (short fibre): 21.8% lower

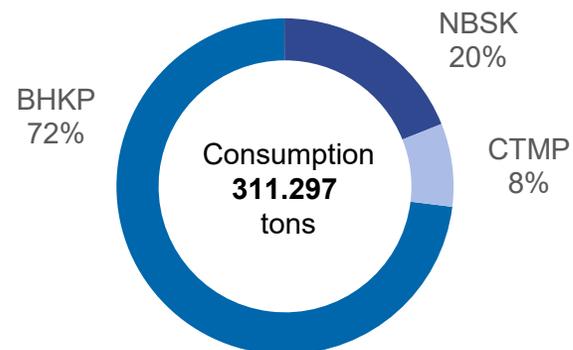
## Average price Q3 2019 compared to Q2 2019

- NBSK (long fibre): 12.6% lower
- BHKP (short fibre): 11.7% lower

Pulp PIX Indexes Europe



Arctic Paper YTD SEP 2019 Structure of pulp consumption



# Output from paper mills

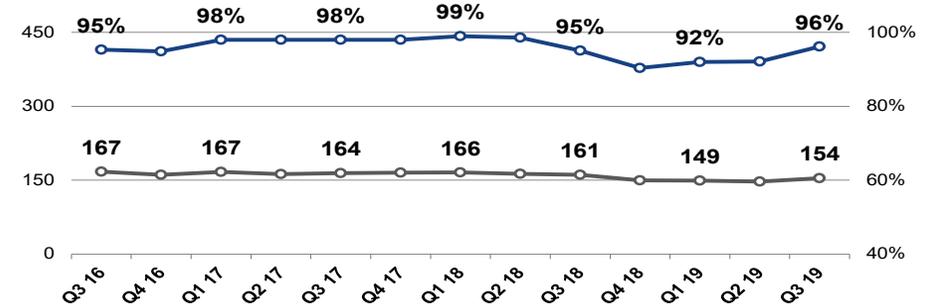
**Average Q3 2019 use of production capacity: 96%**

- 4.0% higher than in Q2 2019

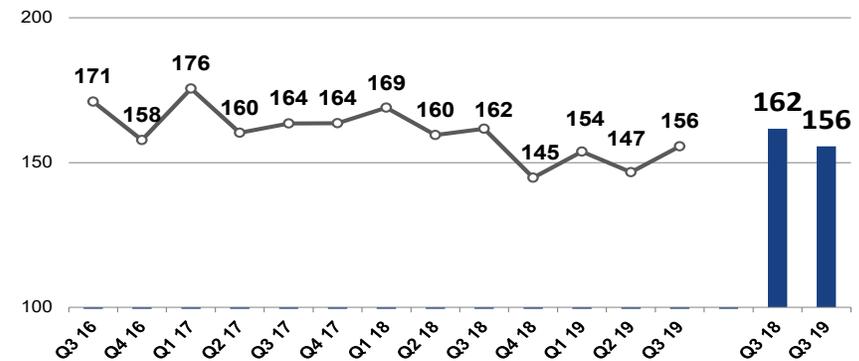
**Q3 2019 total production volume: 154k tonne**

- 4.9% higher than in Q2 2019

Production and use of production capacity for all paper mills



Paper sales volume

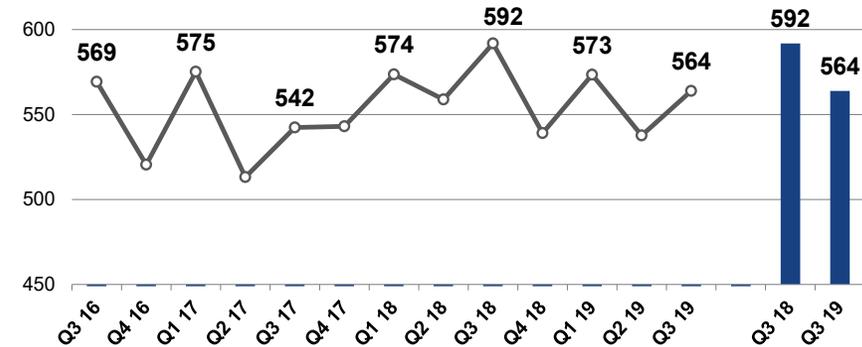


# Paper segment - revenue and revenue per tonne

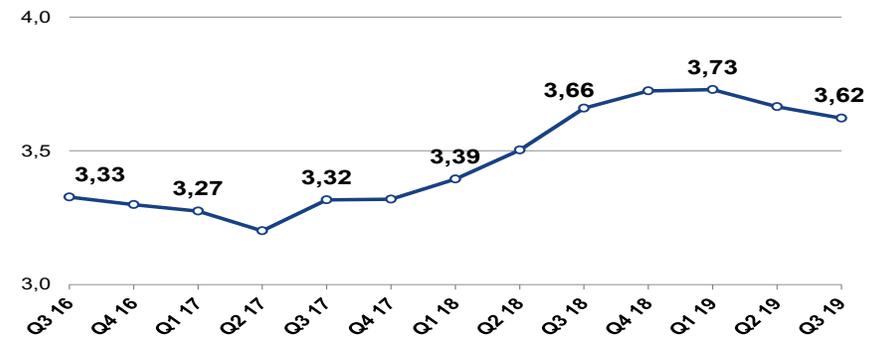
**Total Q3 2019 (PLN 564mn) down 4.7% compared to Q3 2018**

**Average Q3 2019 (PLN 3.62k) decreased by 1.0% compared to average in Q3 2018**

Paper sales revenue



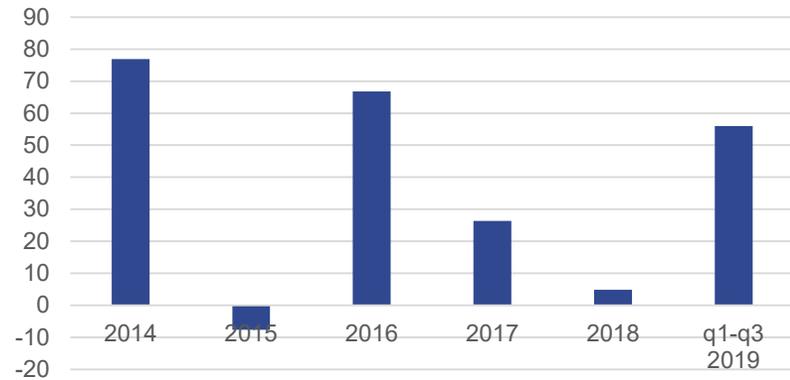
Paper sales revenue per tonne



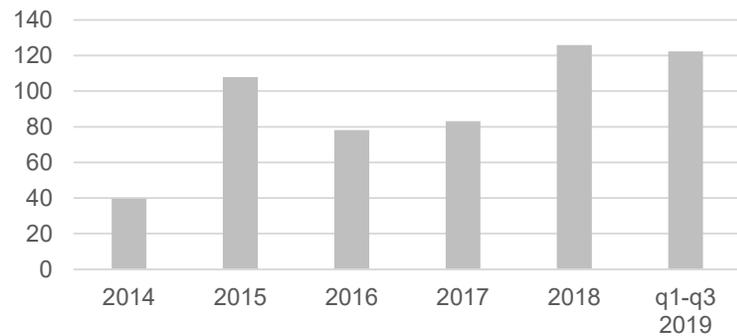
# Financial results

# Arctic Paper Group – EBIT evolution 2014-2019 (PLN mn)

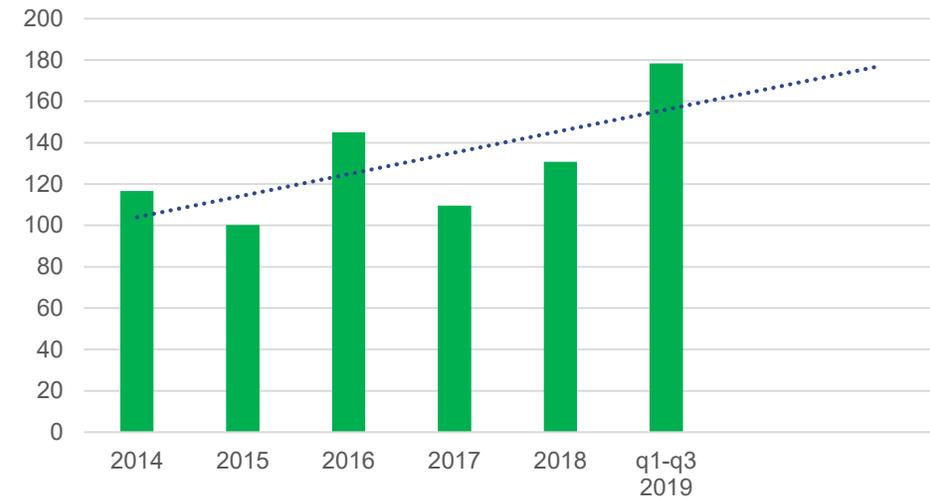
Paper segment



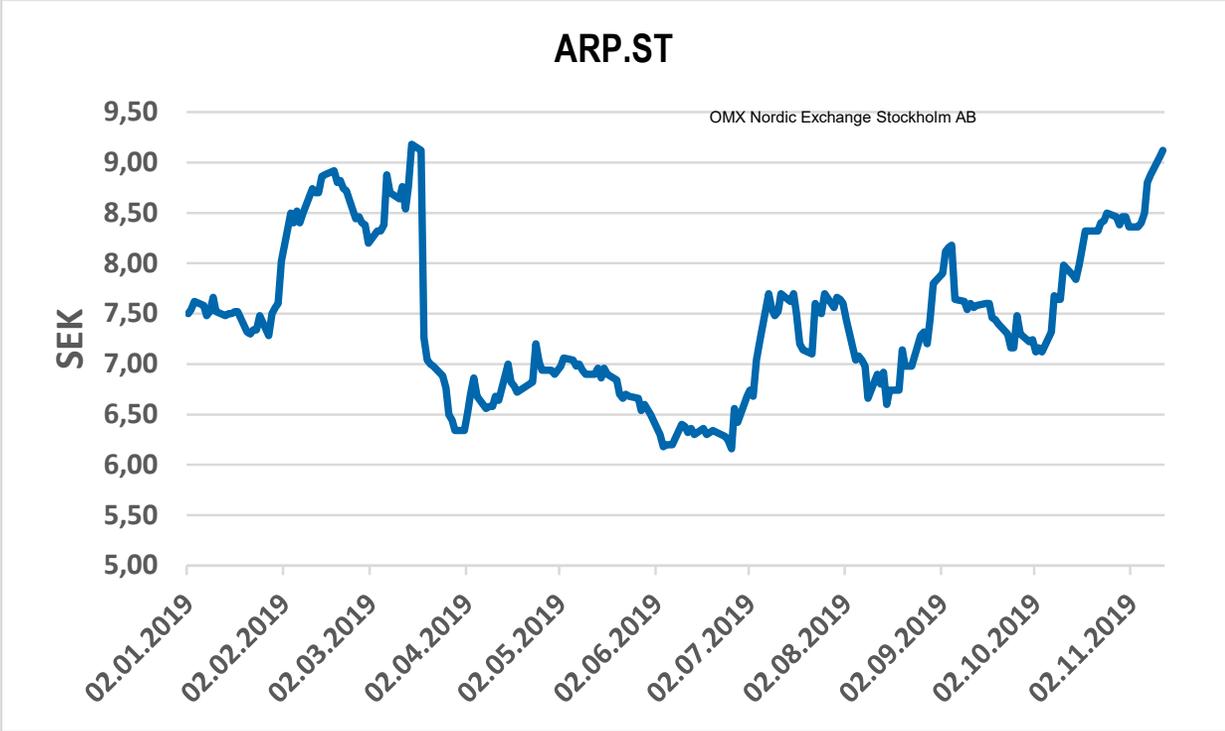
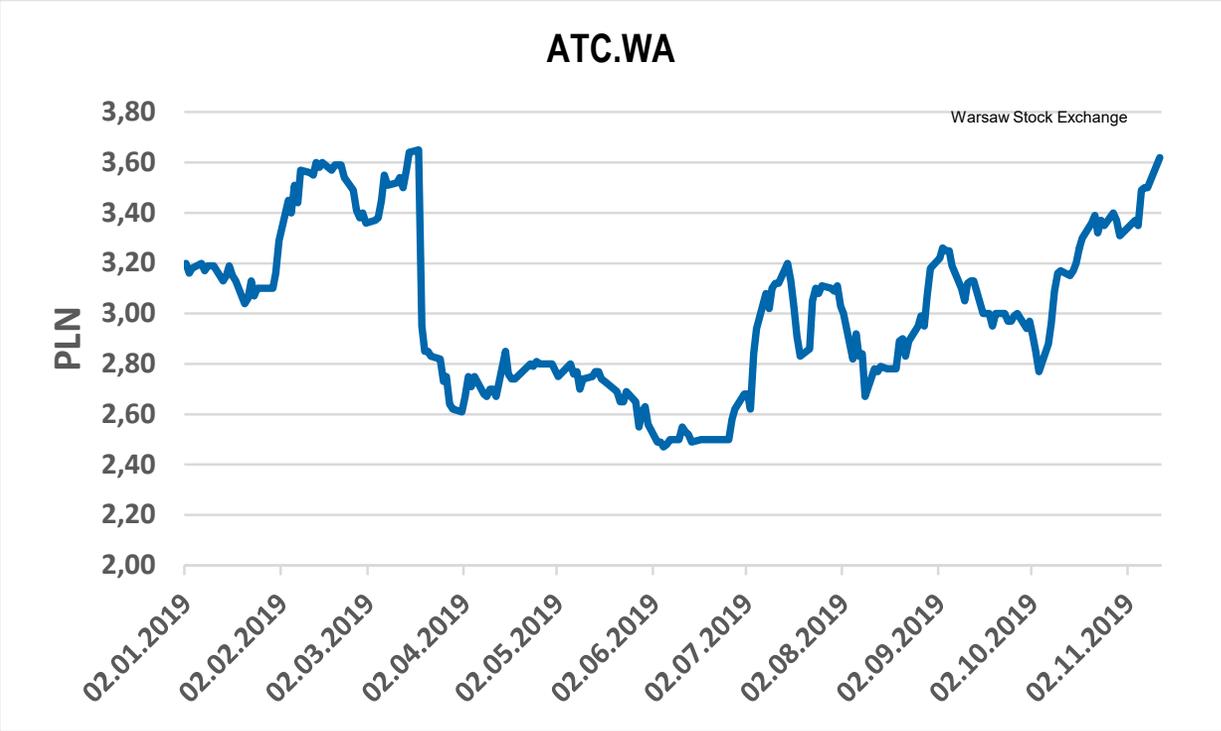
Pulp segment



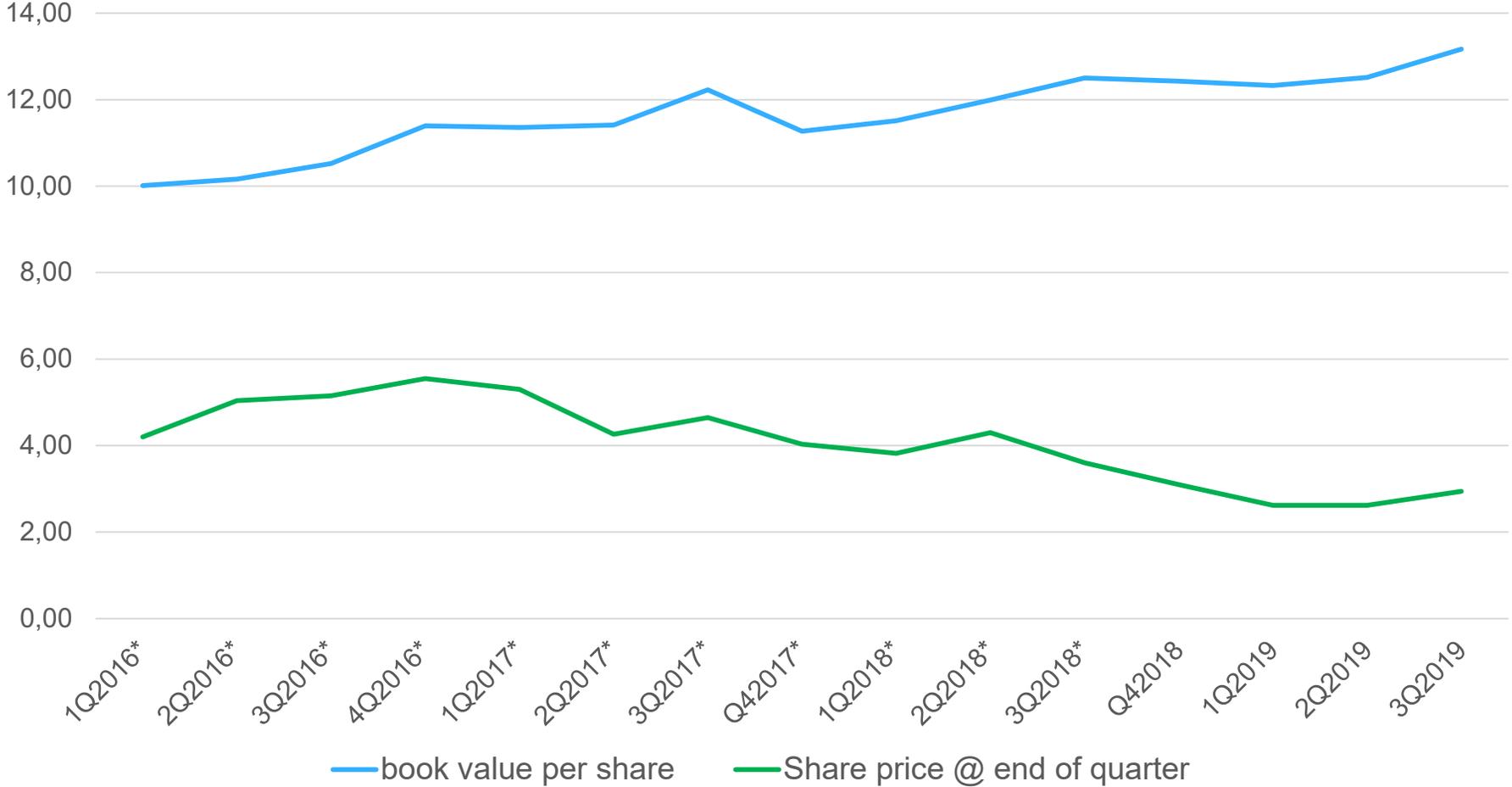
Pulp & paper



# Arctic Paper Group – share price evolution 2019



# Arctic Paper Group – book value per share and share price evolution (PLN/share) 2016-2019



# Key consolidated figures

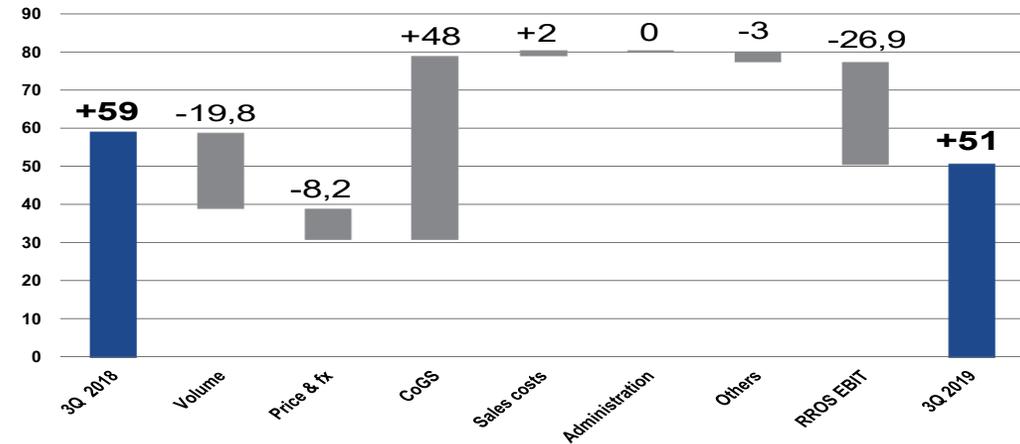
- YTD SEP 2019 total revenues down -0.5% compared to SEP 2018 (-2.9% paper segment, +5.6% pulp segment revenue);
- YTD SEP 2019 EBITDA up by PLN 24,7mn compared to YTD SEP 2018 (PLN 94,8mn paper segment: PLN +16,5mn; PLN 148,3mn pulp segment: PLN +8,2mn);
- YTD SEP 2019 Net result: PLN +28,0mn compared to YTD SEP 2018 (PLN 44,7mn paper segment: PLN +35,4mn, PLN 74,5mn pulp segment: PLN -7,4mn);
- CAPEX on the level of PLN 91,4mn (PLN 67,9mn paper segment: PLN +21,0mn; PLN 23,5mn pulp segment: PLN -34,7mn);
- Cash on the level of PLN 254,6mn (PLN 94,0mn paper segment: PLN +19,8mn; PLN 160,6mn pulp segment: PLN +54,0mn);
- Net debt on the level of PLN 199,6mn vs PLN 307,5mn in SEP 2018;

# Q3 2019 EBIT Arctic Paper Group – total

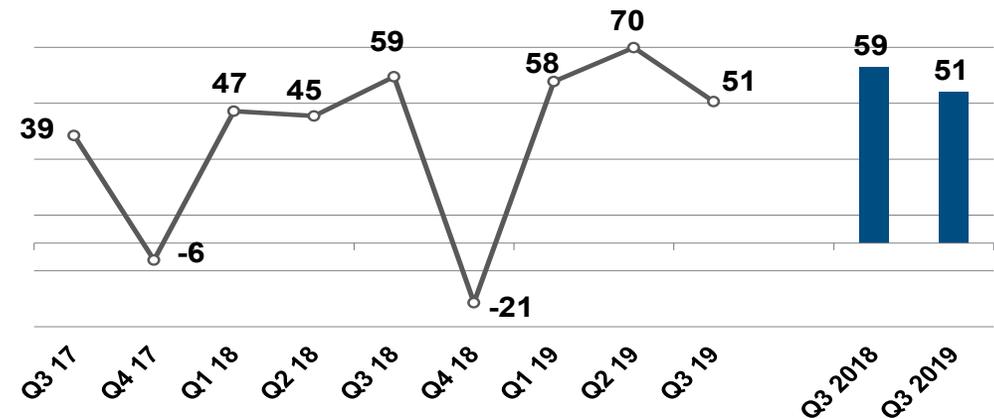
## Q3 2019 EBIT PLN 50,6mn

- PLN 19,3mn lower than Q2 2019
- PLN 8,4mn lower than Q3 2018

Q32019 EBIT Bridge



EBIT evolution



# Summing-up

# Arctic Paper Group summing-up Q3 2019

- Arctic Paper Group, EBITDA on the level of PLN 71,5 mn (PLN 82,0 mn in Q3 2018).
- Paper segment, EBITDA on the level of PLN 43,2 mn (PLN 27,5 mn in Q3 2018).
- High capacity utilization and profit improvements for the paper segment.
- NCRD-grant of PLN 16,4 million for co-financing an innovation project aiming at developing new types of papers at Kostrzyn mill.
- The modernized PM1 in Kostrzyn provides greater flexibility, dedicated sales resource to grow our packaging business.
- Focus on packaging products (pulp & paper) development.
- Focus on energy generation development (biomass, hydro and solar) – to secure internal usage and external supply.

Arctic Paper Vision:

Turning ideas into experiences.

