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Arctic Paper S.A.

Q4 2019

preliminary results



ARCTIC PAPER

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This Presentation contains preliminary financial results for Q4 2019 as well as for full FY 2019.

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Summary Q4 2019

Financial Summary **Q4 2019**

Arctic Paper Group Q4 2019 vs. Q4 2018

Preliminary financial figures



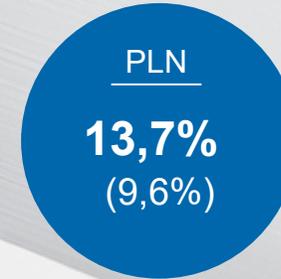
Net sales



EBIT



Operating Cash Flow



ROCE*

* Rolling 12 months

Financial Summary **YTD DEC 2019**

Arctic Paper Group YTD DEC 2019 vs. YTD DEC 2018

Preliminary financial figures



PLN
3 117,1 mn
(3 158,2 mn)

Net sales



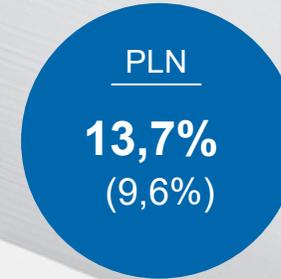
PLN
191,4 mn
(126,0 mn)

EBIT



PLN
342,3 mn
(148,6 mn)

Operating Cash Flow



PLN
13,7%
(9,6%)

ROCE*

* Rolling 12 months

Market Environment & Operation

Paper segment - fine paper prices

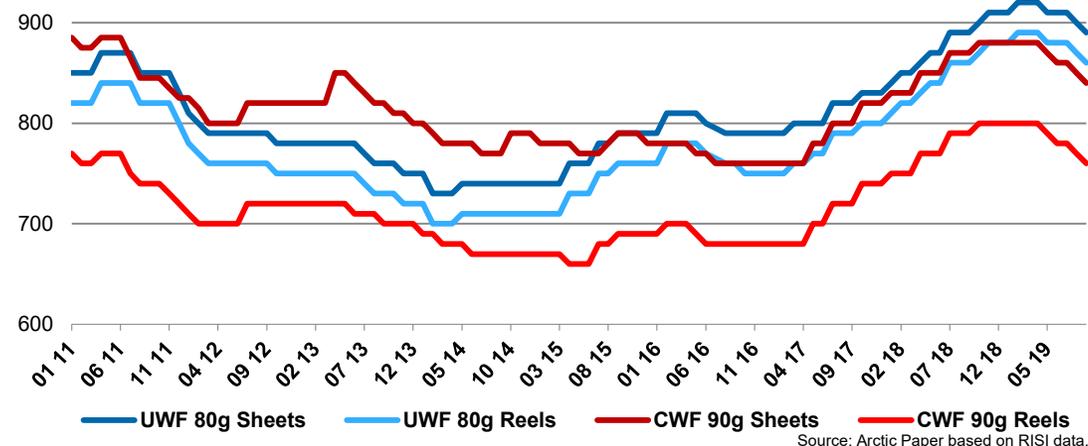
DEC 2019 compared to SEP 2019

- UWF segment average price change +1.1%
- CWF segment average price change +1.6%

DEC 2019 compared to DEC 2018

- UWF segment average price change -1.3%
- CWF segment average price change -4.3%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

	12 19 vs. 09 19			12 19 vs. 12 18		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	1,0%	1,1%	1,0%	-1,2%	-1,3%	-1,5%
CWF	2,4%	1,6%	2,5%	-3,9%	-4,3%	-3,5%

Source: Arctic Paper based on RISI data.

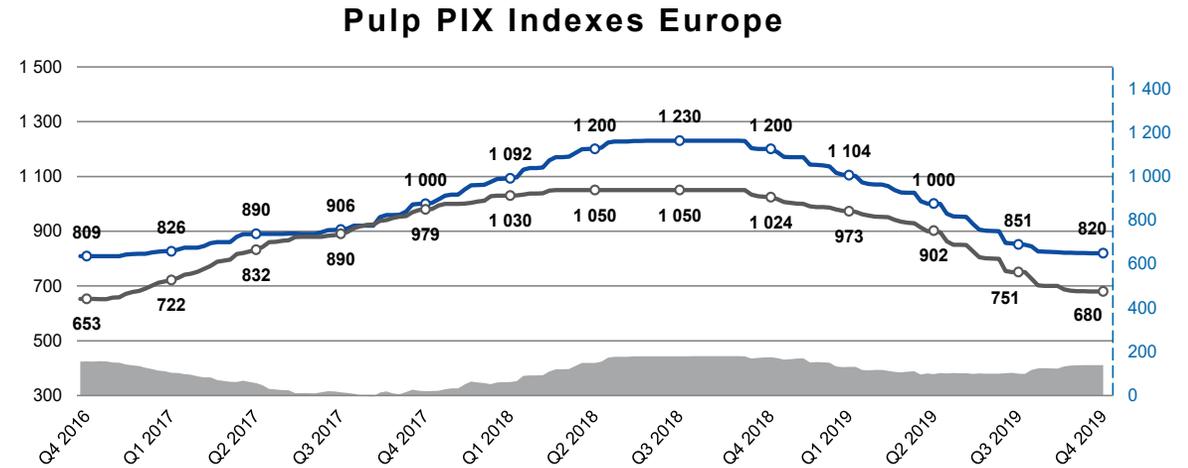
Pulp segment - pulp prices

Average price Q4 2019 compared to Q4 2018

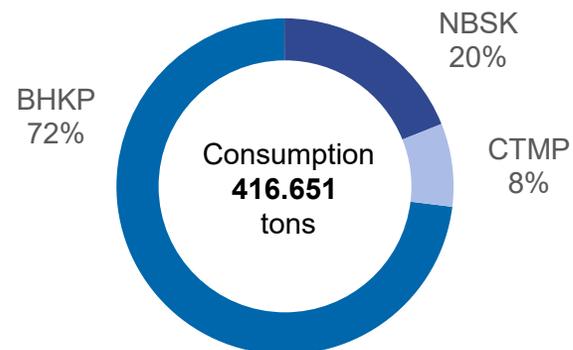
- NBSK (long fibre): **32.5% lower**
- BHKP (short fibre): **33.4% lower**

Average price Q4 2019 compared to Q3 2019

- NBSK (long fibre): 9.9% lower
- BHKP (short fibre): 14.6% lower



Arctic Paper YTD DEC 2019 Structure of pulp consumption



Output from paper mills

Average Q4 2019 use of production capacity: 96%

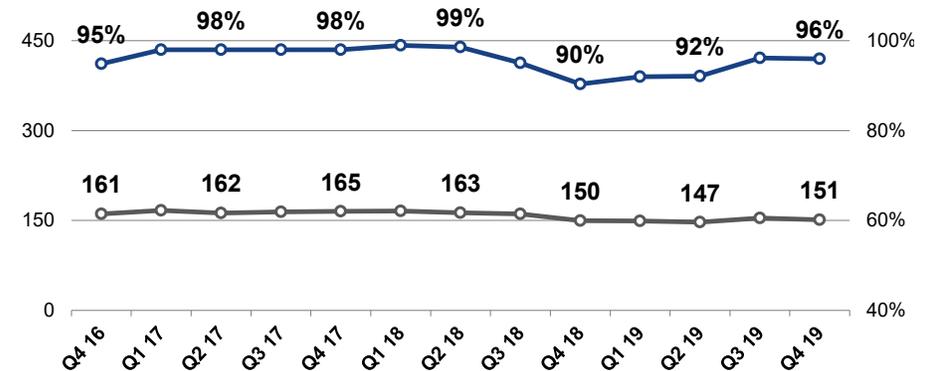
- the same level as in Q3 2019

Q4 2019 total production volume: 151k tons

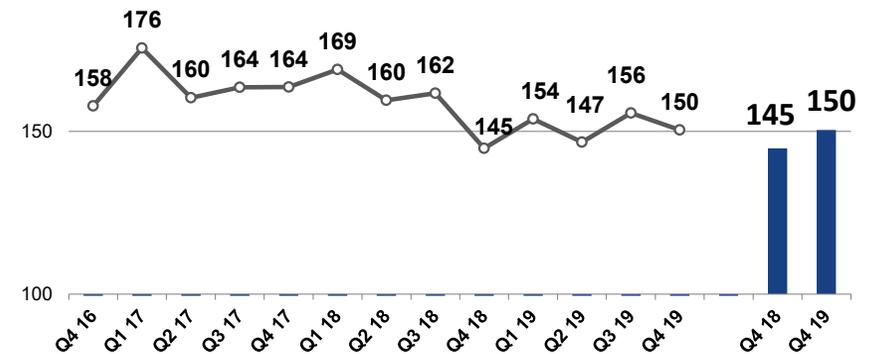
- 2.1% lower than in Q3 2019

Average use of production capacity in european mills in 2019: 86%

Production and use of production capacity for all paper mills

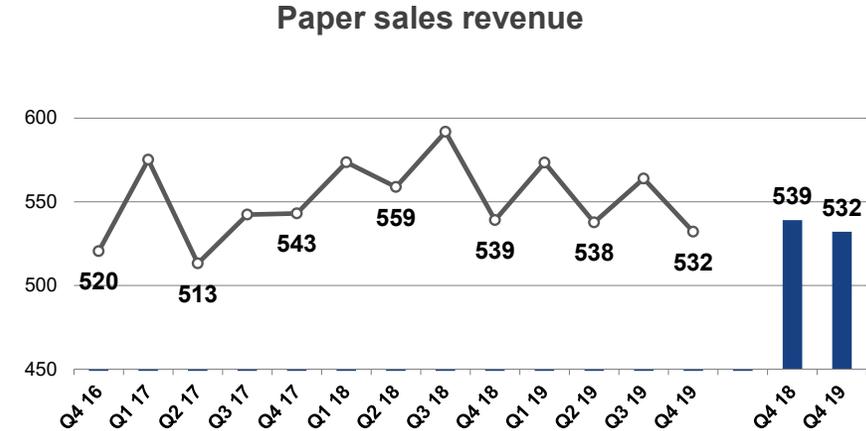


Paper sales volume

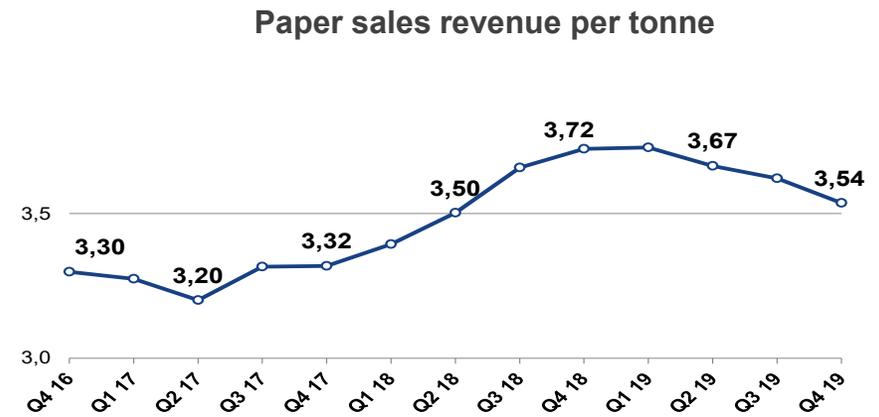


Paper segment - revenue and revenue per tonne

Total Q4 2019 (PLN 532mn) down 1.3% compared to Q4 2018



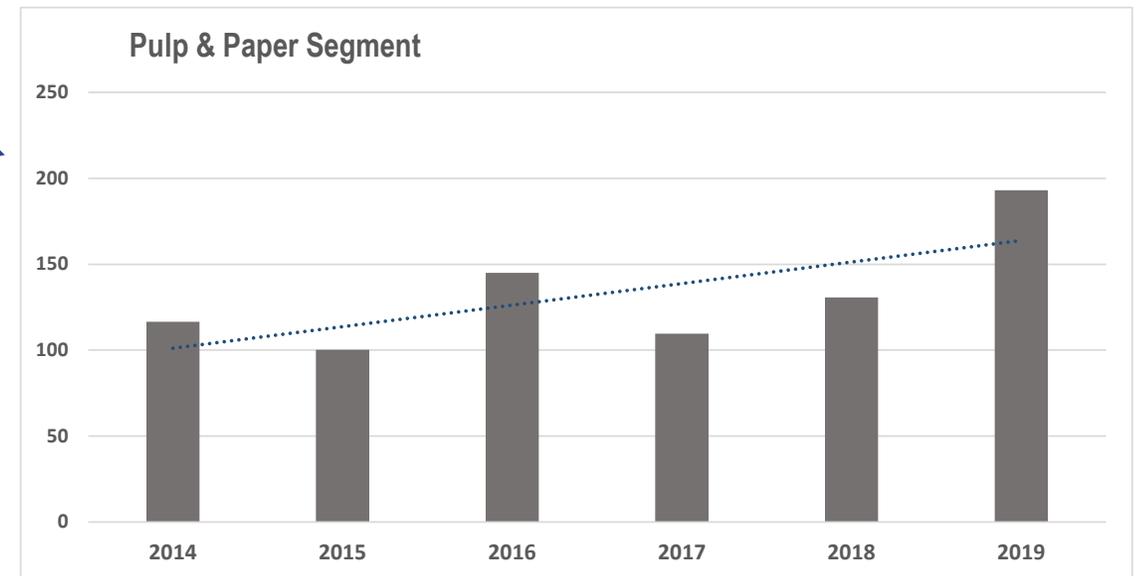
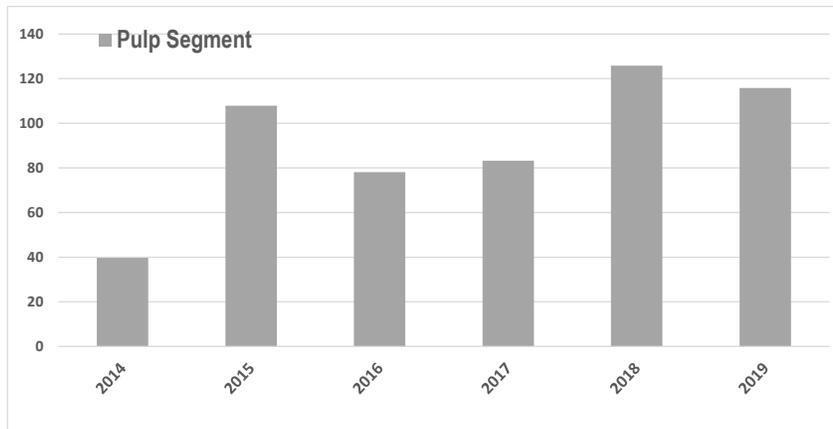
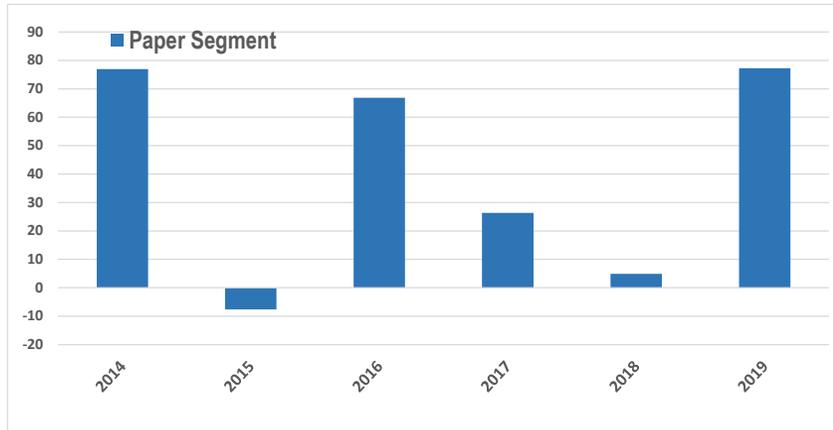
Average Q4 2019 (PLN 3.54k) decreased by 5.0% compared to average in Q4 2018



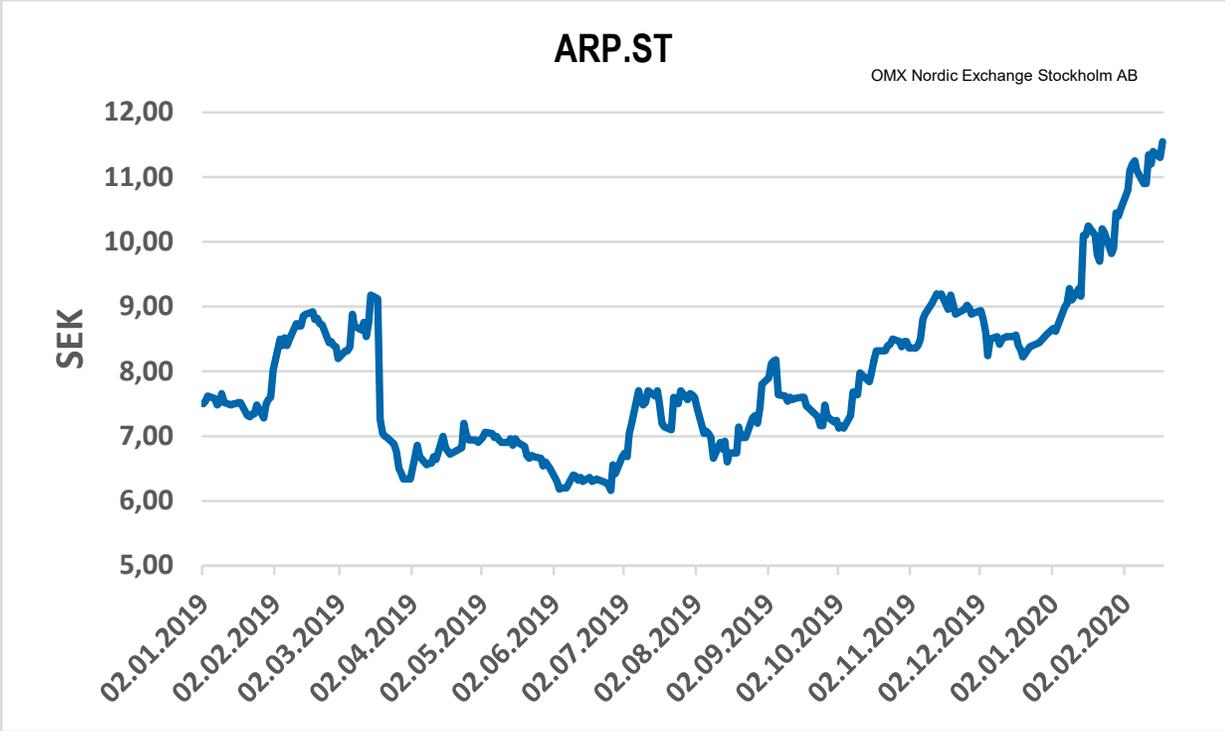
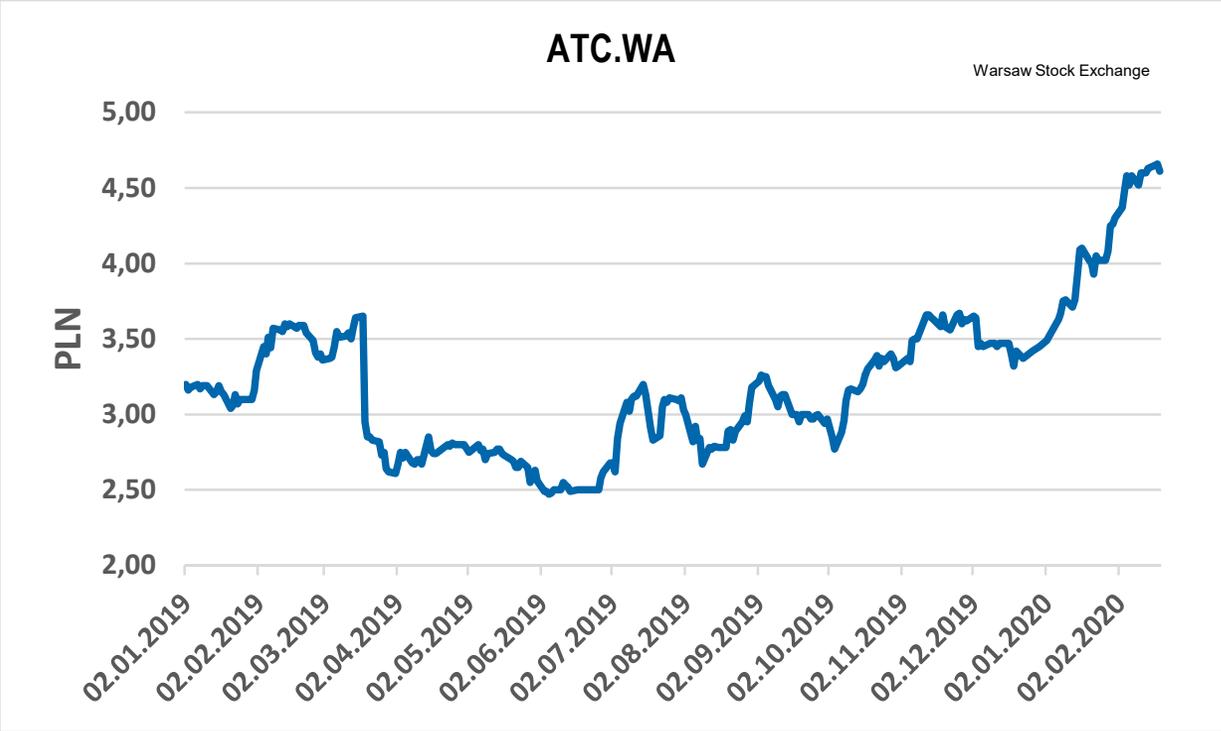
Preliminary financial results

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

Preliminary financial figures



Arctic Paper Group – share price evolution 2019



Key consolidated figures

Preliminary financial figures

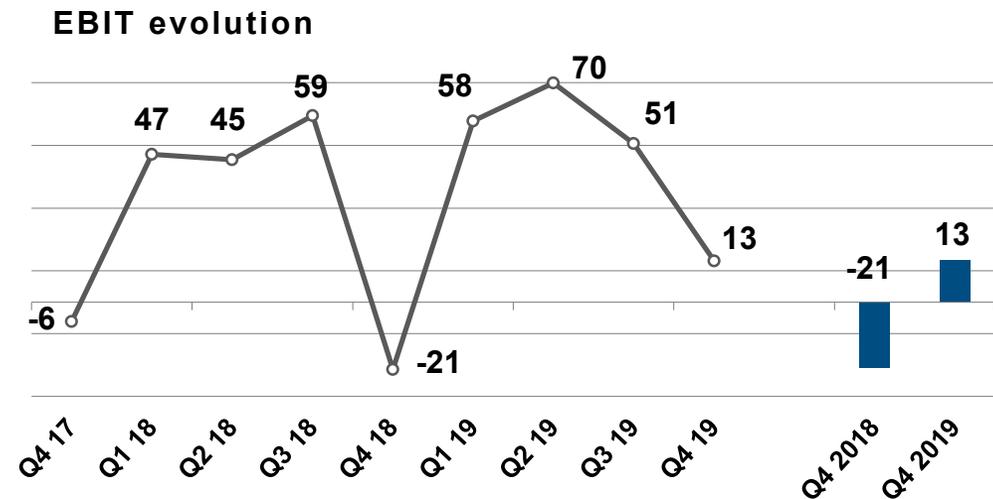
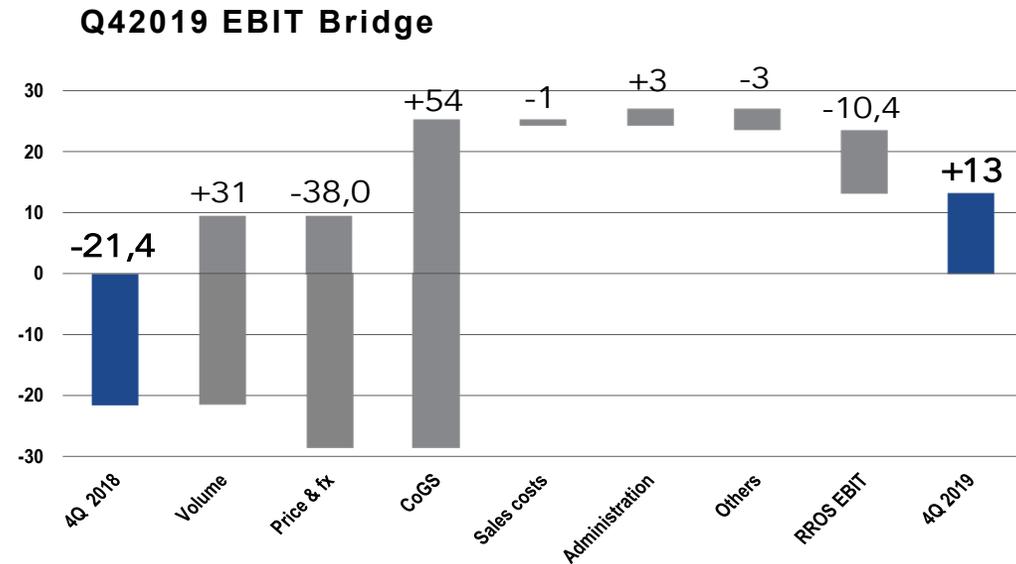
- YTD DEC 2019 total revenues down -1.3% compared to DEC 2018 (-2.5% paper segment, +1.7% pulp segment revenue);
- YTD DEC 2019 EBITDA up by PLN 59,3mn compared to YTD DEC 2018 (PLN 125,8mn paper segment: PLN +59,9mn; PLN 152,2mn pulp segment: PLN -0,6mn);
- YTD DEC 2019 Net result: PLN +68,8mn compared to YTD DEC 2018 (PLN 80,0mn paper segment: PLN +111,0mn, PLN 44,7mn pulp segment: PLN -42,1mn);
- CAPEX on the level of PLN 137,6mn (PLN 94,0mn paper segment: PLN +25,0mn; PLN 43,6mn pulp segment: PLN -62,6mn);
- Cash on the level of PLN 265,9mn (PLN 112,7mn paper segment: PLN +11,6mn; PLN 153,1mn pulp segment: PLN +53,1mn);
- Net debt on the level of PLN 159,0mn vs PLN 280,7mn in DEC 2018;

Q4 2019 EBIT Arctic Paper Group – total

Preliminary financial figures

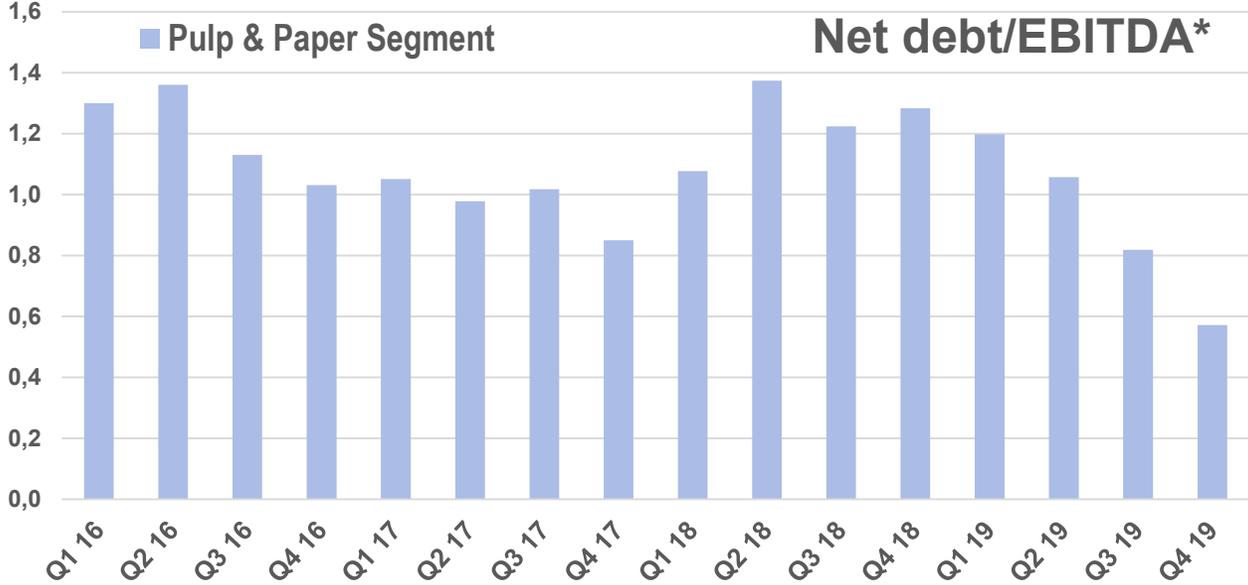
Q4 2019 EBIT PLN 13,2mn

- PLN 37,4mn lower than Q3 2019
- PLN 34,6mn higher than Q4 2018



Arctic Paper Group – net debt/EBITDA 2016-2019

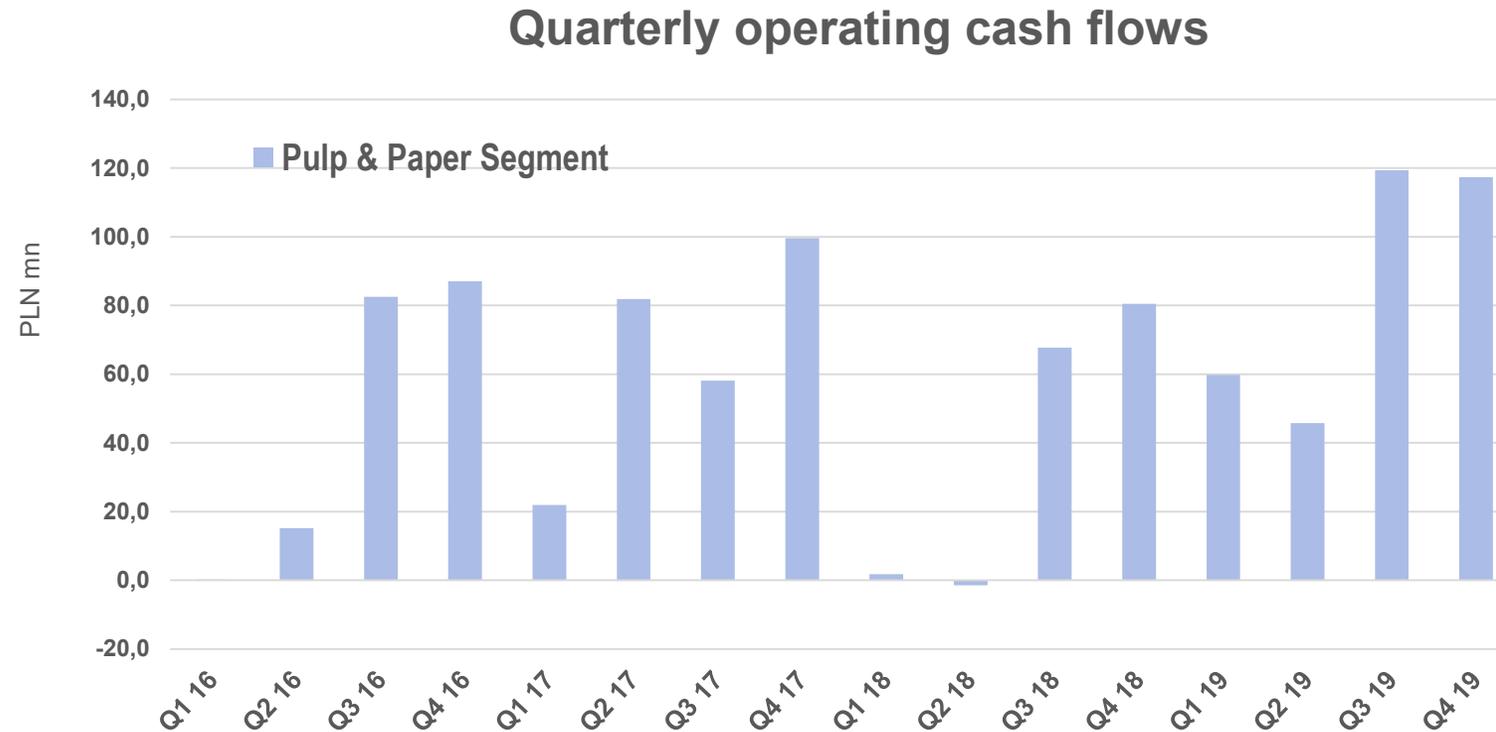
Preliminary financial figures



* EBITDA for the last 12 months

Arctic Paper Group – cash flows from operating activities 2016-2019 (PLN mn)

Preliminary financial figures



Summary

Dividend

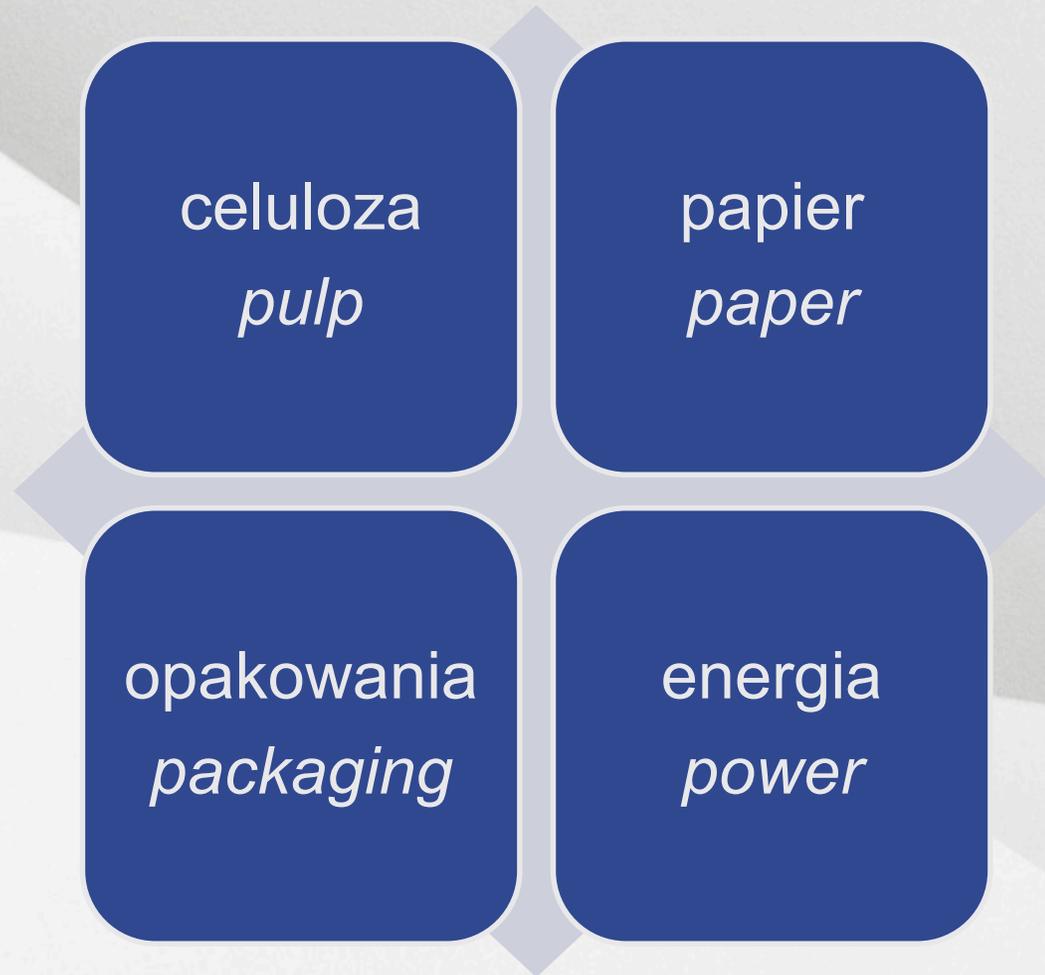
- The management board will recommend to the regular meeting of shareholders a dividend for financial year 2019 in the amount of PLN 0.20 per share.
- Considering the average annual share price of PLN 3.49, the dividend yield is 5.7%.

Arctic Paper Group 2019 summary

Preliminary financial figures

- Arctic Paper Group sales FY2019 on the level of PLN 3117.1mn (3158.2mn) with an EBITDA of PLN 278.0mn (218.8mn), a strong cash flow of PLN 342.3mn (148.6mn).
- Paper segment, EBITDA FY2019 on the level of PLN 125,8 mn (PLN 66,0 mn).
- Paper production capacity increase in Kostrzyn completed.
- New annual record in sales of special and premium paper products.
- The successful pilot on kraft paper for the packaging market resulted in a new portfolio - Munken Kraft.
- The modernization of PM1 Kostrzyn and the innovation grant from Polish NCBiR help accelerate the change towards new products for the packaging market.
- Management board is suggesting a dividend of 0.20 PLN per share.

Arctic Group



Munken Kraft – Strong by Nature.

Turning ideas into experience



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