

Michał Jarczyński – CEO Arctic Paper

Göran Eklund – CFO Arctic Paper

Arctic Paper S.A.

Financial results Q3 2020



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 contains financial results for Q3 2020.

Content

1. Summary of Q3 2020
2. COVID-19 – update
3. Market environment & operations
4. Financial results
5. Summary

Summary of Q3 2020

Financial Summary **Q3 2020**

Arctic Paper Group Q3 2020 vs. Q3 2019



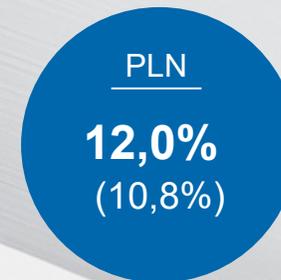
Net sales



EBIT



Operating Cash Flow



ROCE*

* Rolling 12 months

Financial Summary **YTD SEP 2020**

Arctic Paper Group YTD SEP 2020 vs. YTD SEP 2019



Net sales



EBIT



Operating Cash Flow



ROCE*

* Rolling 12 months

Covid-19 – current situation in the Group

Covid-19 – current situation in the Group

- The pandemic continues to be a challenging and unsecure environment to maneuver in;
- Individual companies in the Group follow the rules and recommendations in each country where we operate;
- We implemented special rules and procedures to protect the health of our employees and maintain the continuity of production and customer service;
- Among approx. 1,200 employees a few have been tested positive, what did not affect the Group's operations;
- We continuously monitor the market development and adapt our operations to the changing market conditions;

Market Environment & Operation

Deliveries of fine paper

Arctic Paper – better than market

Q3 2020 compared to Q3 2019

- Uncoated woodfree down -11.6%

(Arctic Paper uncoated/Amber down -2.3%)

- Coated woodfree down -25.4%

(Arctic Paper down -18.3%)

YTD SEP 2020 compared to YTD SEP 2019

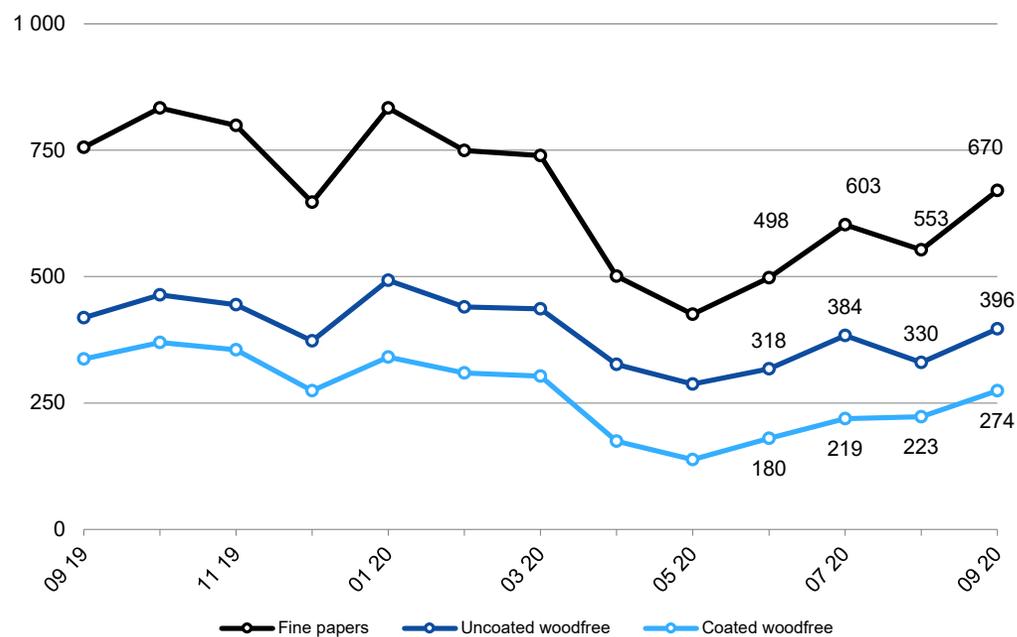
- Uncoated woodfree down -15.0%

(Arctic Paper uncoated/Amber up 2.3%)

- Coated woodfree down -26.8%

(Arctic Paper down -14.7%)

Monthly deliveries of fine paper in Europe



Source: Arctic Paper based on EuroGraph data.

Paper segment - fine paper prices

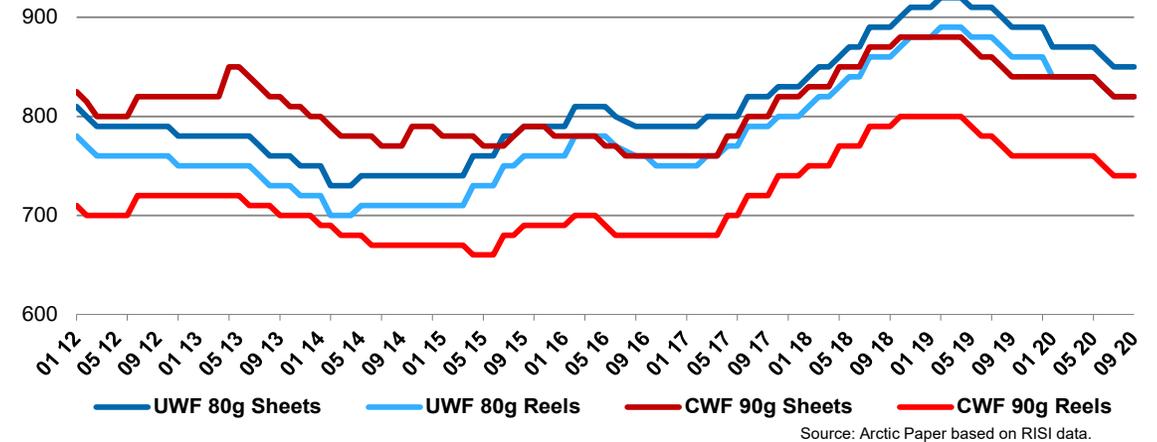
SEP 2020 compared to JUN 2020

- UWF segment average price change -1.5%
- CWF segment average price change -2.0%

SEP 2020 compared to SEP 2019

- UWF segment average price change -4.1%
- CWF segment average price change -4.5%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

	09 20 vs. 06 20			09 20 vs. 09 19		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	-1,5%	-1,5%	-1,5%	-4,0%	-4,1%	-4,3%
CWF	-1,7%	-2,0%	-2,2%	-4,8%	-4,5%	-4,4%

Source: Arctic Paper based on RISI data.

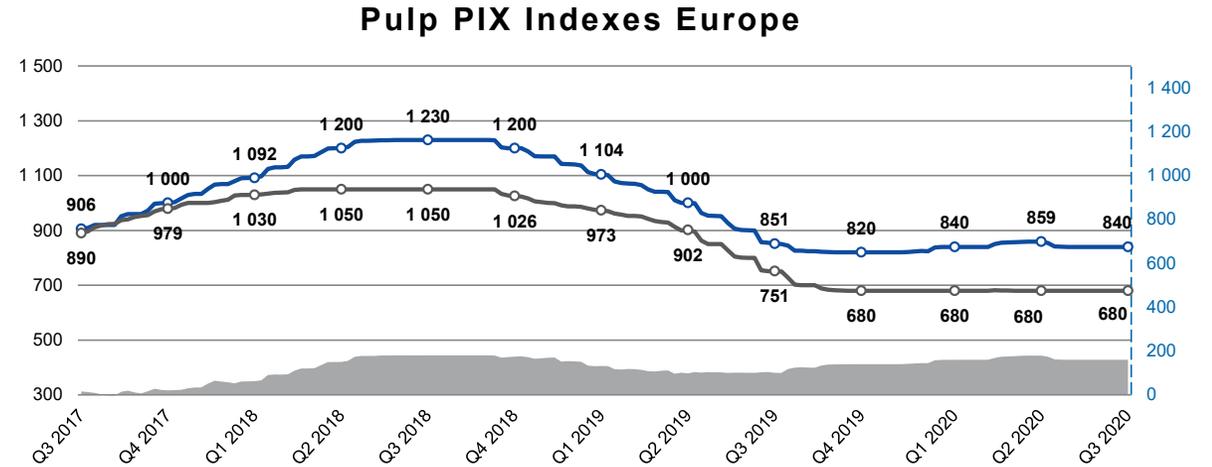
Pulp segment - pulp prices

Average price Q3 2020 compared to Q3 2019

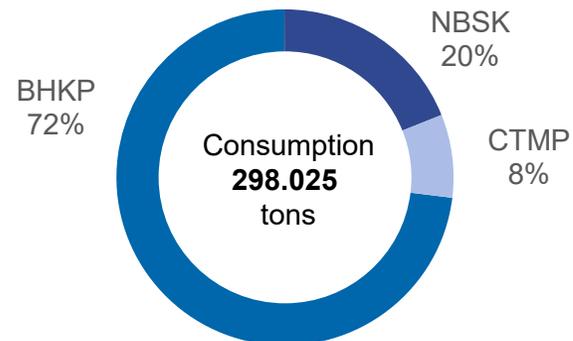
- NBSK (long fibre): 8.3% lower
- BHKP (short fibre): 16.6% lower

Average price Q3 2020 compared to Q2 2020

- NBSK (long fibre): 1.1% lower
- BHKP (short fibre): 0.0%



Arctic Paper YTD SEP 2020 Structure of pulp consumption



Output from Arctic Paper mills

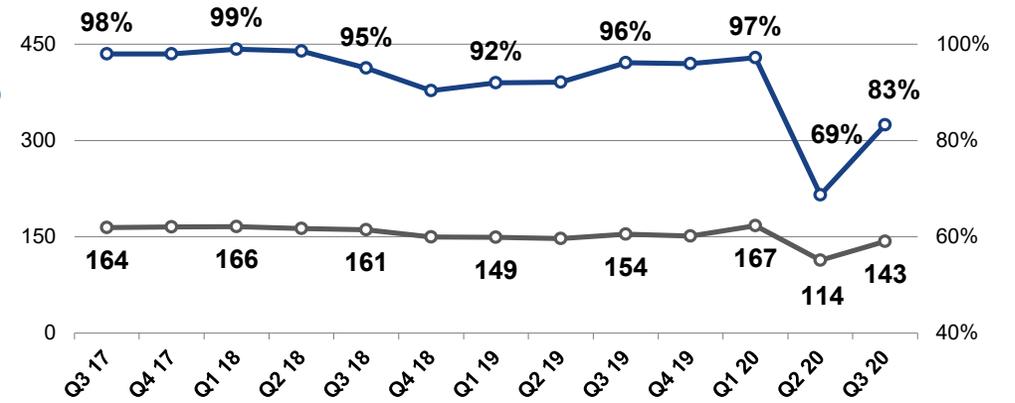
Average Q3 2020 use of production capacity: 83%

- 14.5% higher than in Q2 2020

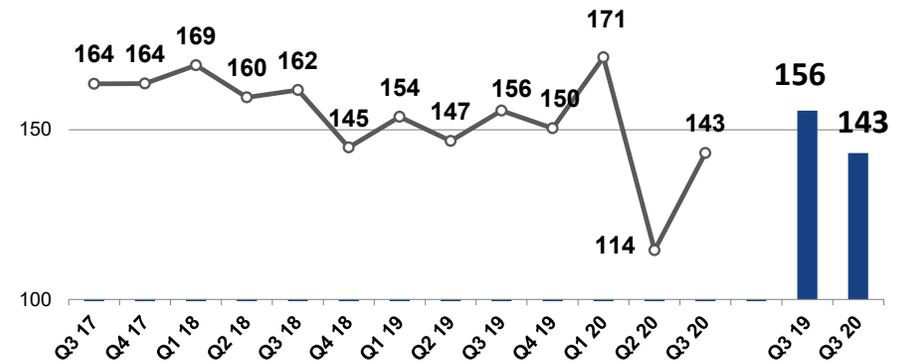
Q3 2020 total production volume: 143k tons

- 25.7% higher than in Q2 2020

Production and use of production capacity for all paper mills



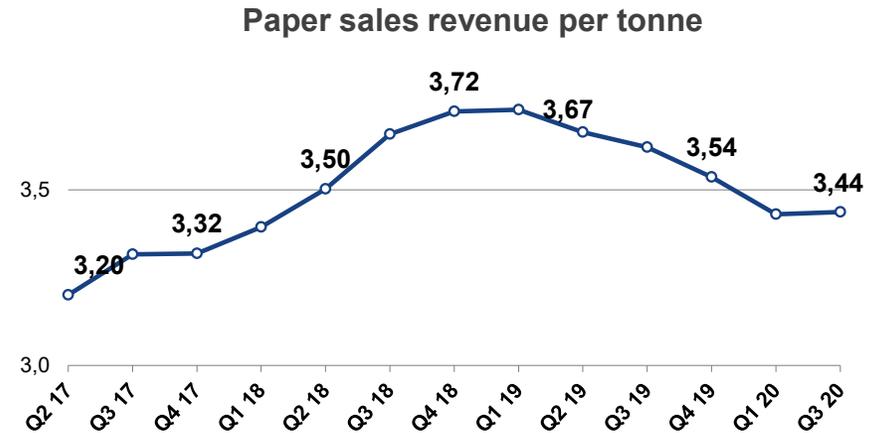
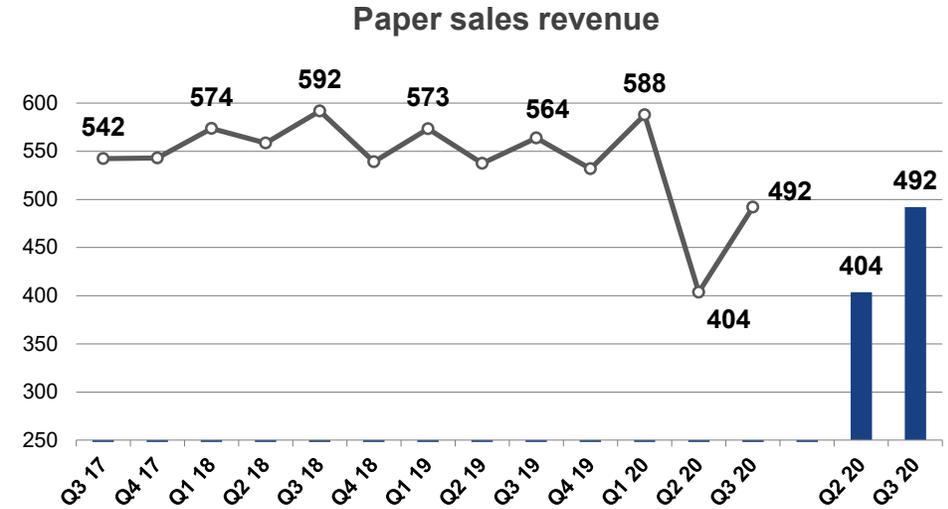
Paper sales volume



Paper segment - revenue and revenue per tonne

Total Q3 2020 (PLN 492mn) increased by 21.8% compared to Q2 2020

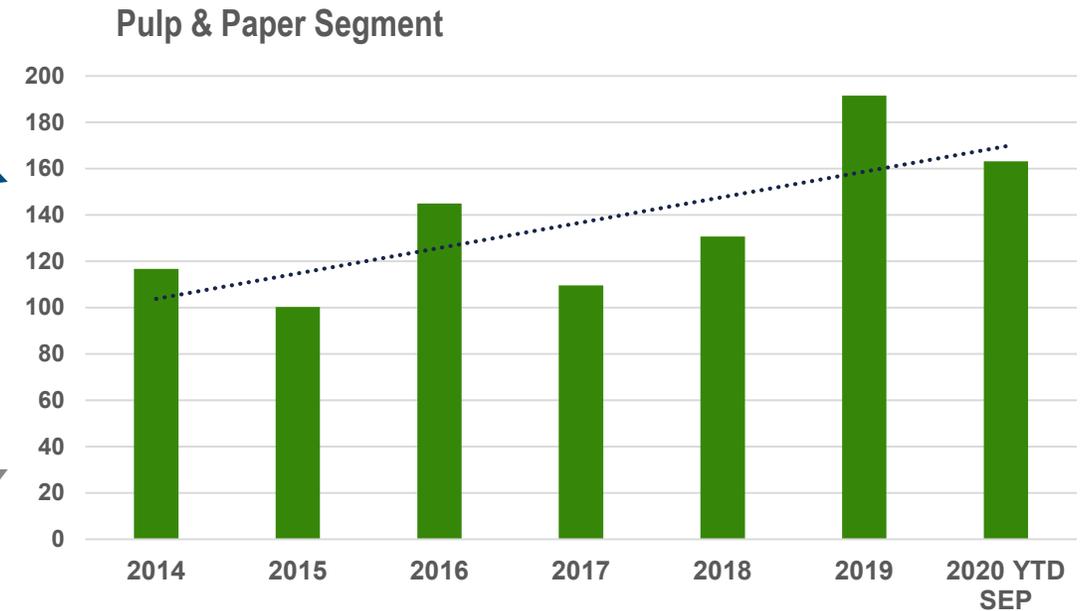
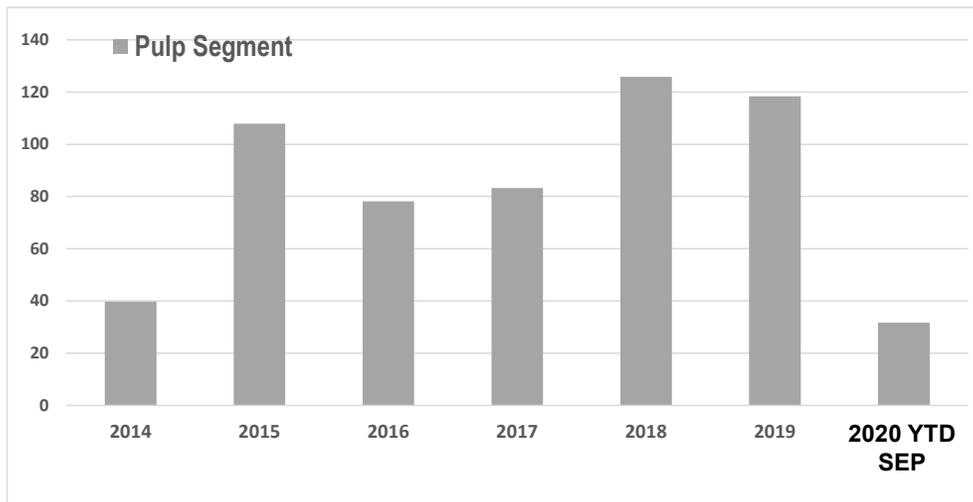
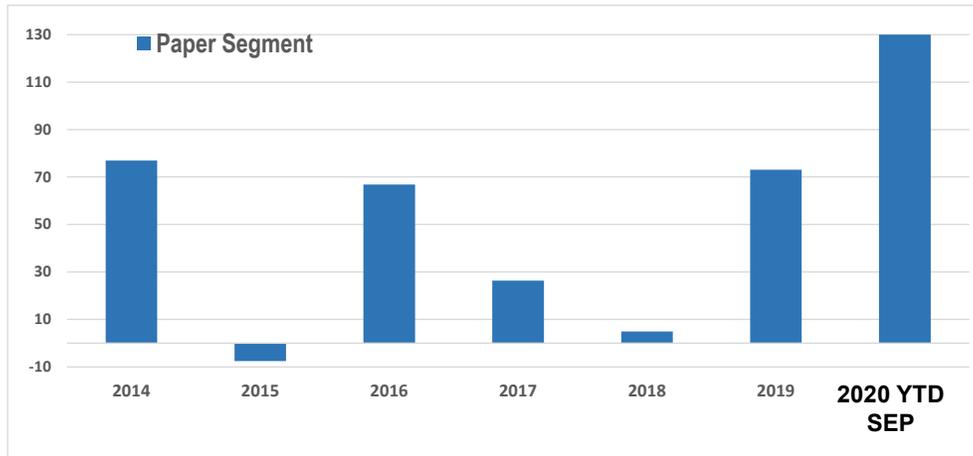
Average Q3 2020 (PLN 3.44k) decreased by 2.5% compared to average in Q2 2020



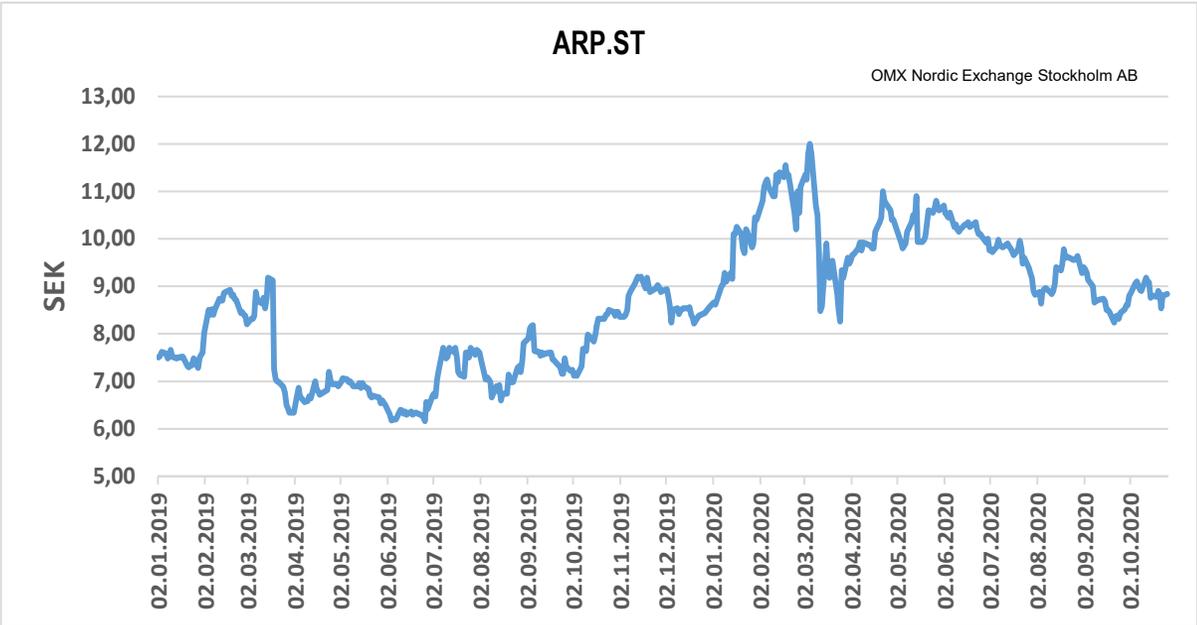
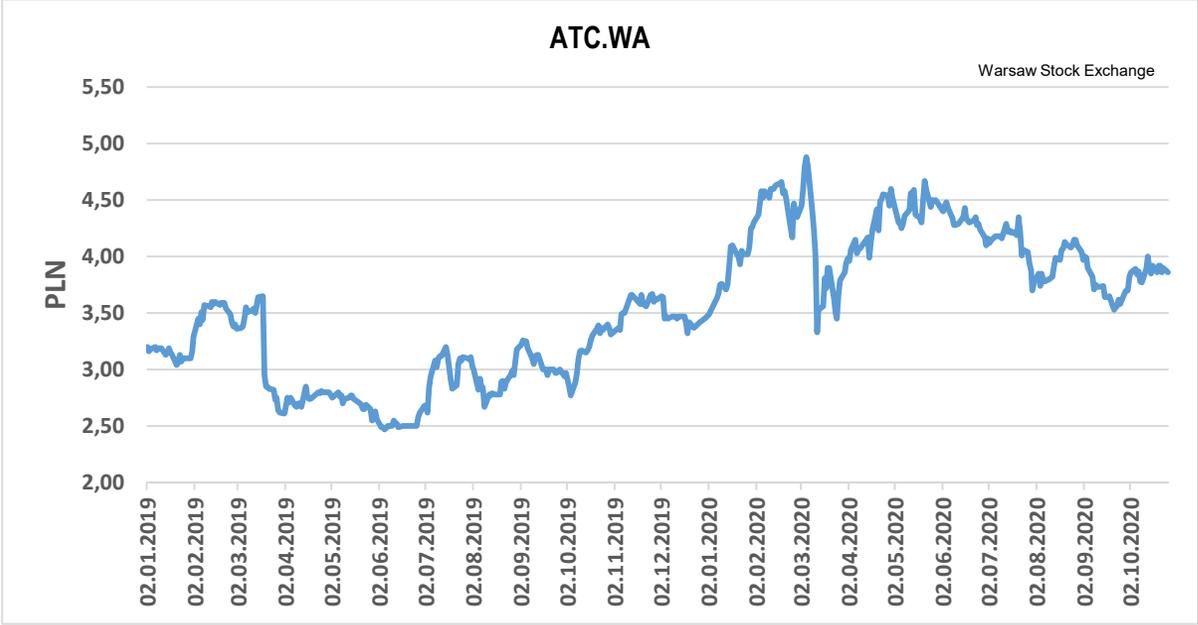
Financial results

Arctic Paper Group – EBIT evolution 2014-2020 (PLN mn)

Effective hedging of both segments in the period of 7 years



Arctic Paper Group – share price evolution 2019-2020



Key consolidated figures

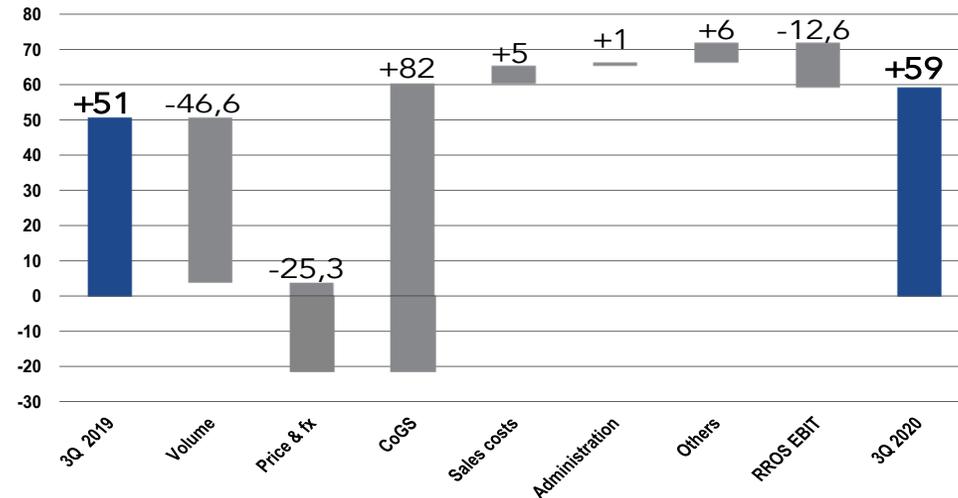
- YTD SEP 2020 total revenues down -10.3% compared to YTD SEP 2019 (-11.4% paper segment, -7.6% pulp segment);
- YTD SEP 2020 EBITDA up PLN 3,1mn compared to YTD SEP 2019 (PLN 184,4mn paper segment: PLN +89,6mn; PLN 61,9mn pulp segment: PLN -86,5mn);
- YTD SEP 2020 Net result PLN -0,7mn compared to YTD SEP 2019 (PLN 100,8mn paper segment: PLN +56,2mn; PLN 17,6mn pulp segment: PLN -57,0mn);
- Cash on the level of PLN 269,8mn (PLN 114,8mn paper segment: PLN +20,8mn; PLN 155,1mn pulp segment: PLN -5,6mn);
- Net debt on the level of PLN 135,5mn vs PLN 199,6mn in SEP 2019;
- Net debt/EBITDA ratio has decreased to 0.48 (0.82 in SEP 2019);

Q3 2020 EBIT Arctic Paper Group – total

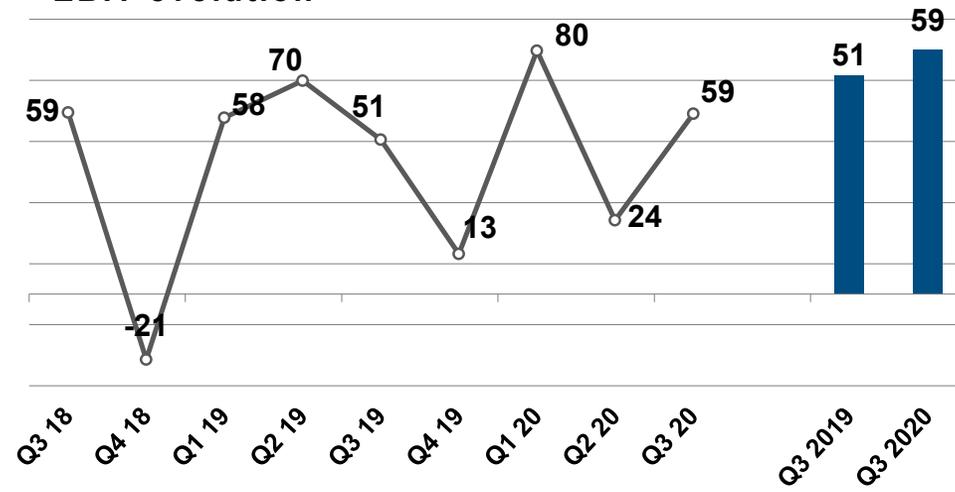
Q3 2020 EBIT PLN 59,1mn

- PLN 34,9mn higher than Q2 2020
- PLN 8,5mn higher than Q3 2019

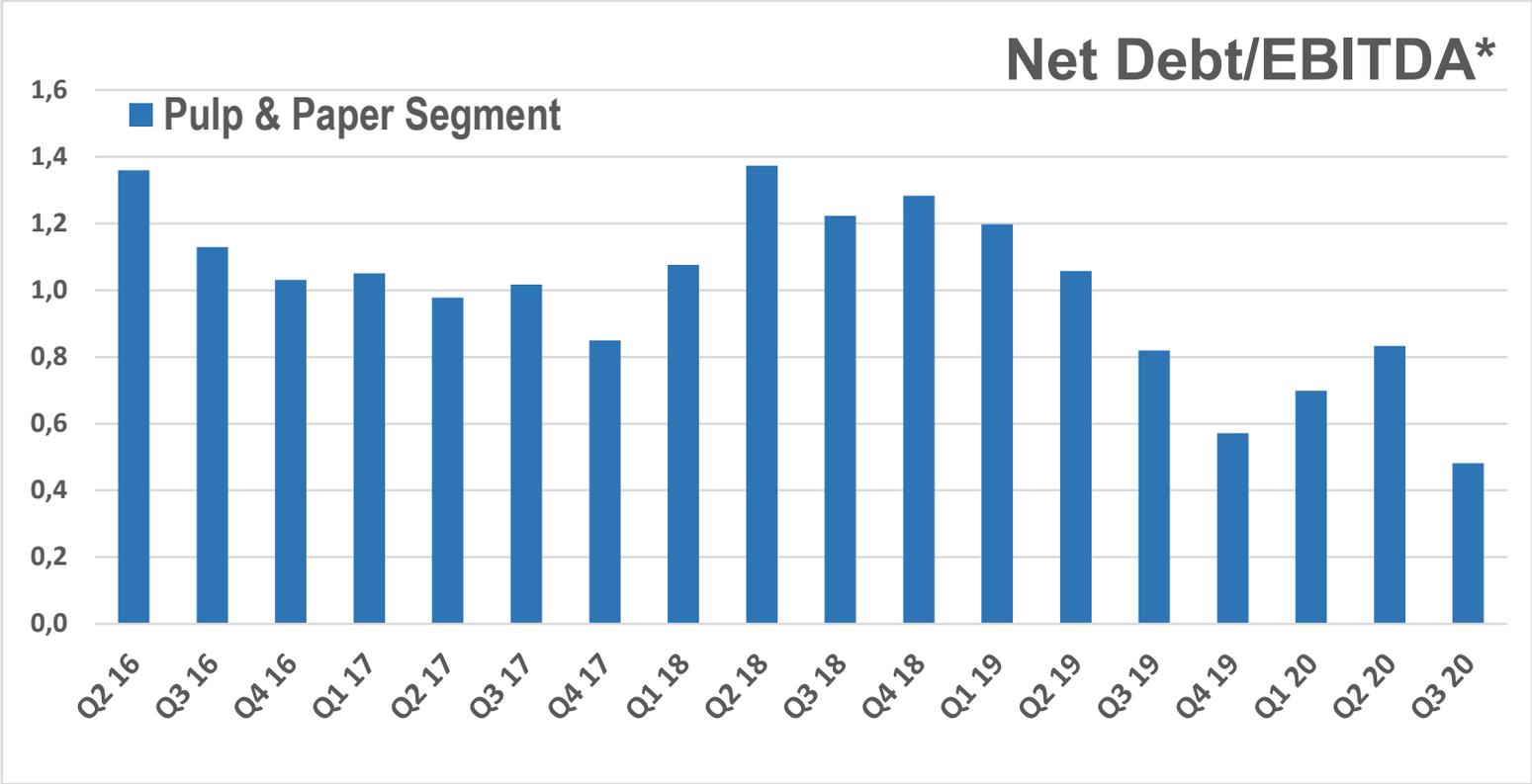
Q3 2020 EBIT Bridge



EBIT evolution



Arctic Paper Group – Net debt/EBITDA 2016-2020



* EBITDA for the last 12 months

Summary

Arctic Paper Group Q3 2020 summary

- Arctic Paper Group sales Q3 2020 on the level of PLN 702.8 mn (794.4 mn) with an EBITDA of PLN 86.4 mn (71.5 mn).
- Paper segment, sales on the level of PLN 491.9 mn (PLN 563.8 mn) with an EBITDA of PLN 69.7 mn (PLN 43.2 mn).
- Paper segment, YTD SEP 2020 EBITDA almost doubled vs. last year to PLN 184.4 mn (94.8 mn).
- Combination of pulp and paper continues to stabilize results as fluctuations offset each other.
- The financial position remains stable with a good liquidity, providing the opportunity to repay debt as the Group currently is renegotiating and rebalancing the debt structure.
- Net debt at the end of the period amounts to PLN 135.5 mn (199.6).
- Net debt/EBITDA reached 0.48 (0.82).
- Paper production amounted to 143 000 tons during the period (154 000) and capacity utilization to 83% (96).

Arctic Paper Vision:

Turning ideas into experiences.

