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Financial results Q4 2020



ARCTIC PAPER

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This Presentation contains financial results for Q4 2020 as well as for full FY 2020.

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Summary Q4 2020

Arctic Paper Group Q4 2020 vs. Q4 2019

<p>Net sales (PLNmnn)</p> <p>714,7 (Q4 2020) vs. 739,7 (Q4 2019)</p>	<p>EBITDA (PLNmnn)</p> <p>25,1 (Q4 2020) vs. 34,9 (Q4 2019)</p>	<p>Operating CF (PLNmnn)</p> <p>23,9 (Q4 2020) vs. 117,4 (Q4 2019)</p>	<p>ROCE*</p> <p>10.6% (Q4 2020) vs. 14.2% (Q4 2019)</p>
<p>Paper/Pulp EBITDA (PLNmnn)</p> <p>51 / -26 (FY 2020) vs. 31 / 4 (FY 2019)</p>	<p>Net debt /EBITDA*</p> <p>0,49x (EOP 2020) vs. 0,57x (EOP 2019)</p>	<p>Paper sales volume</p> <p>146k t (Q4 2020) vs. 150k t (Q4 2019)</p>	<p>Pulp sales volume</p> <p>107k t (Q4 2020) vs. 103k t (Q4 2019)</p>

* Rolling 12 months

Summary FY 2020

Arctic Paper Group FY 2020 vs. FY 2019

<p>Net sales (PLNm)</p> <p>2 847,5 (FY2020) vs. 3 117,1 (FY 2019)</p>	<p>EBITDA (PLNm)</p> <p>271,4 (FY 2020) vs. 278,0 (FY 2019)</p>	<p>Operating CF (PLNm)</p> <p>211,5 (FY 2020) vs. 342,3 (FY 2019)</p>	<p>ROCE*</p> <p>10.6% (FY 2020) vs. 14.2% (FY 2019)</p>
<p>Paper/Pulp EBITDA (PLNm)</p> <p>235 / 36 (FY 2020) vs. 130 / 149 (FY 2019)</p>	<p>Net debt /EBITDA*</p> <p>0,49x (EOP 2020) vs. 0,57x (EOP 2019)</p>	<p>Paper sales volume</p> <p>574k t (FY 2020) vs. 607k t (FY 2019)</p>	<p>Pulp sales volume</p> <p>417k t (FY 2020) vs. 408k t (FY 2019)</p>

* Rolling 12 months

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.
- Since the beginning of pandemic, Covid-19 has not affected the Group's operations.
- We continuously monitor the market development and adapt our operations to the changing market conditions.

Munken Design Range

Munken Kristall
Munken Kristall Rough

Munken Polar
Munken Polar Rough

Munken Lynx
Munken Lynx Rough

Paper Segment

Munken Pure
Munken Pure Rough



Market data: Deliveries of fine paper in Europe

Q4 2020 compared to Q4 2019

Uncoated woodfree (UWF) down -7.1%

(Arctic Paper uncoated/Amber down -0.6%)

Coated woodfree (CWF) down -18.3%

(Arctic Paper down -12.3%)

YTD DEC 2020 compared to YTD DEC 2019

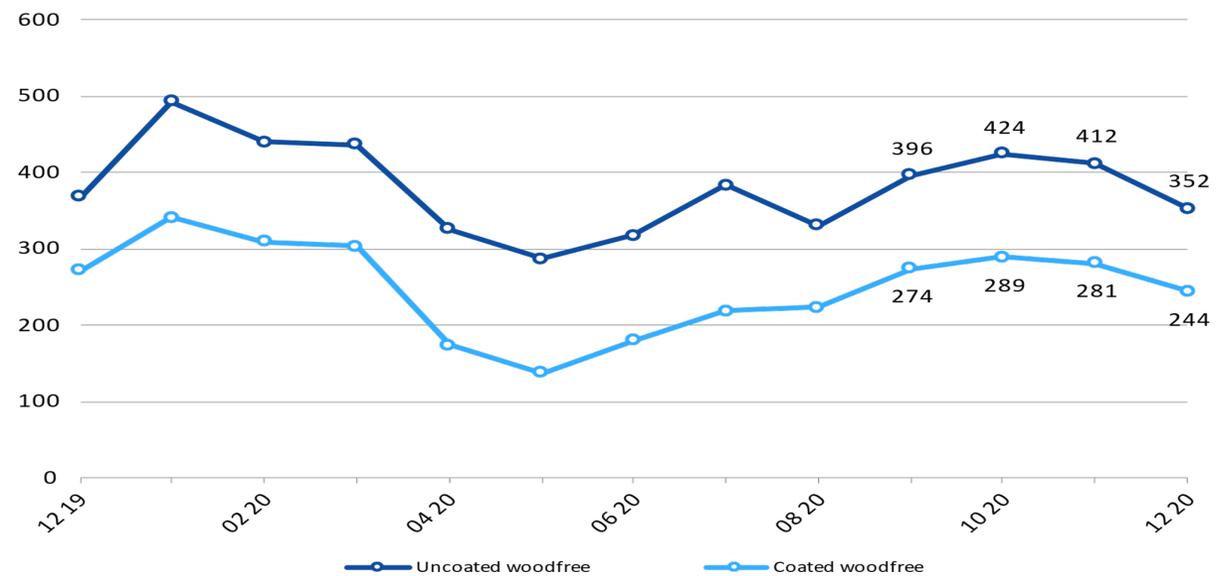
Uncoated woodfree (UWF) down -13.1%

(Arctic Paper uncoated/Amber up 1.6%)

Coated woodfree (CWF) down -24.6%

(Arctic Paper down -14.3%)

Monthly deliveries of fine paper in Europe (t)



Source: Arctic Paper based on EuroGraph data.

Market data: Fine paper average market prices

DEC 2020 compared to SEP 2020

UWF average price change **-0.6%**

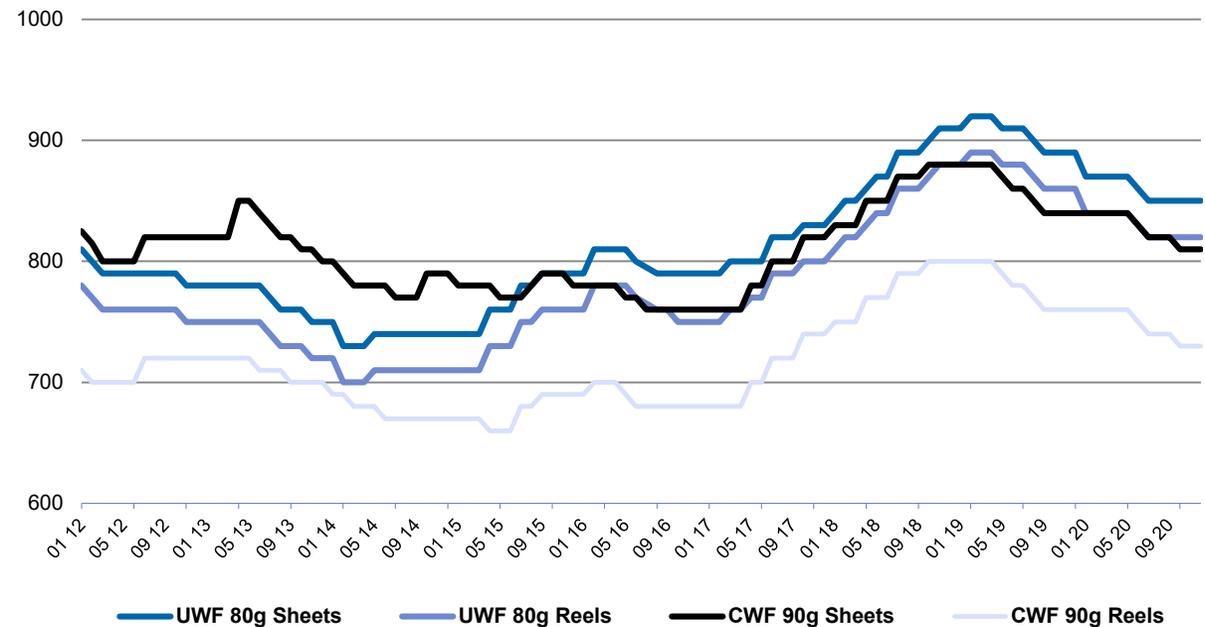
CWF average price change **-1.1%**

DEC 2020 compared to DEC 2019

UWF average price change **-6.1%**

CWF average price change **-6.5%**

Graphic fine paper prices – German market



Source: Arctic Paper based on RISI data.

Operating data: Arctic Paper mills – output & input

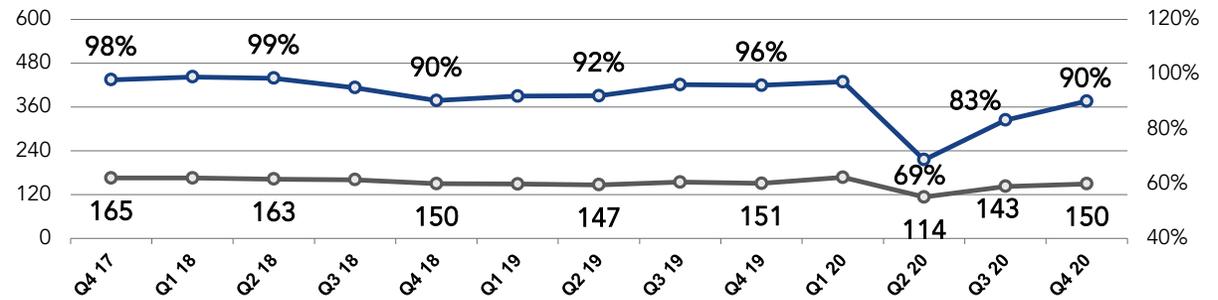
Average Q4 2020 use of production capacity: **90%**

7.0% higher than in Q3 2020

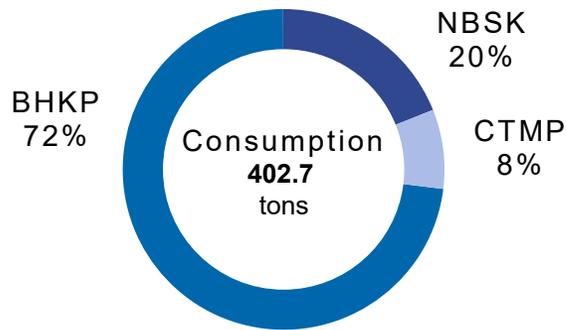
Q4 2020 total production volume:
150k tons

5.0% higher than in Q3 2020

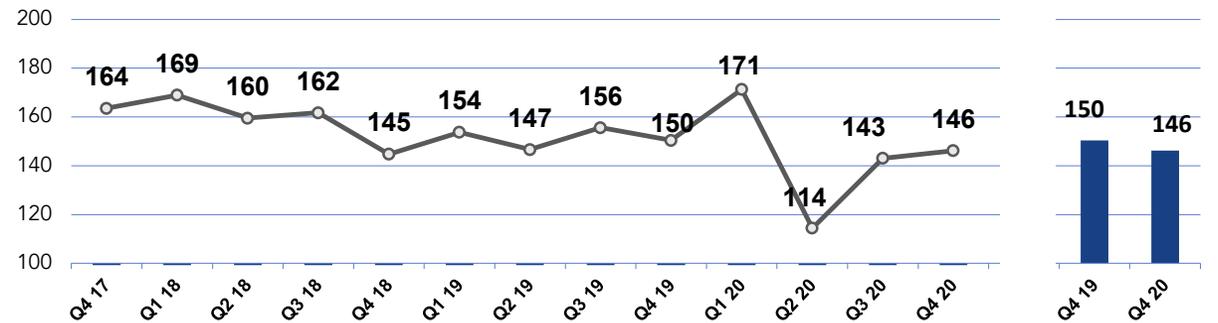
Production and use of production capacity for all paper mills



Structure of pulp consumption FY2020

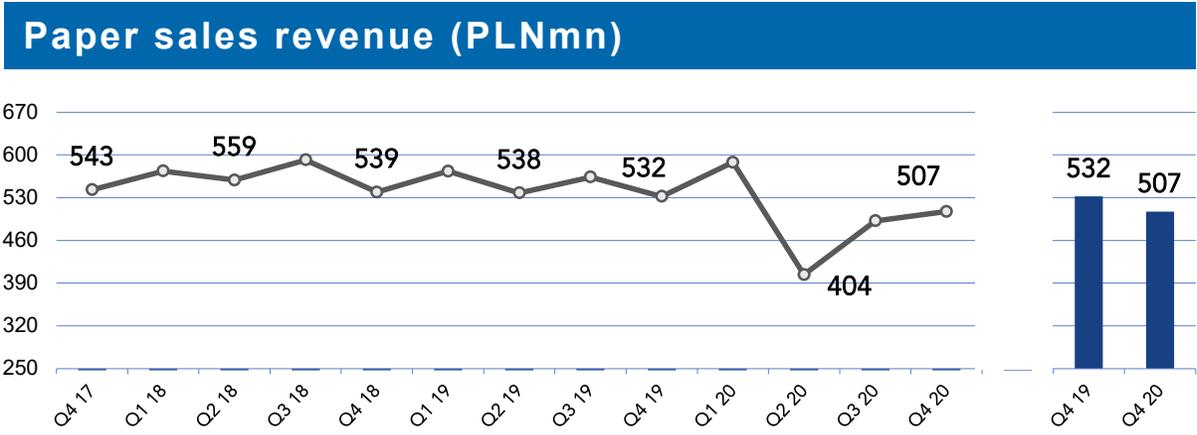


Paper sales volume

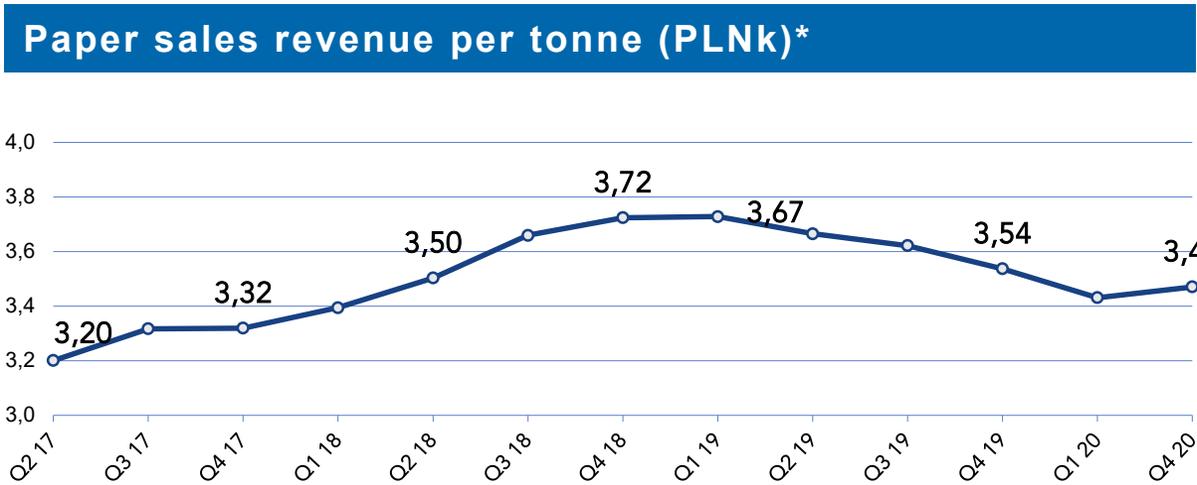


Operating data: Revenue and revenue per tonne

Total Q4 2020 (PLN 507mn) increased by 3.2% compared to Q3 2020



Average Q4 2020 (PLN 3.47k) increased by 1.0% compared to average in Q3 2020



*price chart includes impact of fx fluctuations, product mix and market mix

Products

Top 3 Brands in revenue share

No 1 in European High Quality Bookpaper Sales

No 1 in European Design Paper Sales

Biggest Uncoated Design Brand



Advanced Offset production in heart of Europe



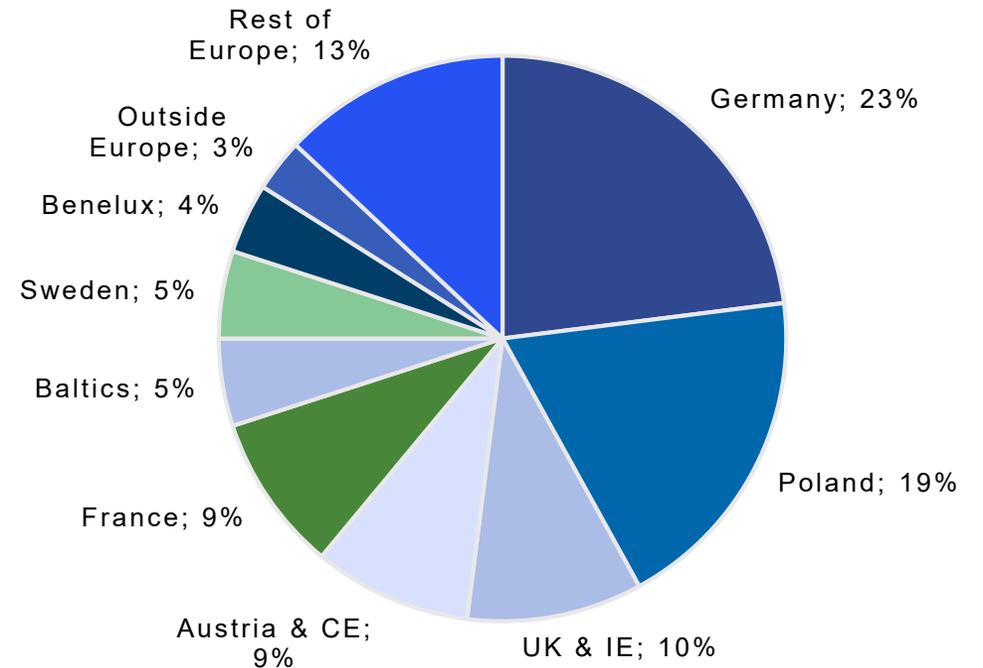
Most complete matt coated paper assortment



Novel products

Arctic Paper develops its packaging line, Munken Kraft. New coated product coming in Q2 2021.

Geographical split of sales



Products: Market segments/products portfolio/target groups



Products: Samples

Christian Dior St. Valentine Journal



WE ARE DIOR:
NON UN SEMPLICE JOURNAL
DI SAN VALENTINO!

Koenigsegg catalogue



Books





Pulp Segment

Market data: Pulp segment – European pulp prices

Average price Q4 2020 compared to Q4 2019

NBSK (long fibre): 3.5% higher

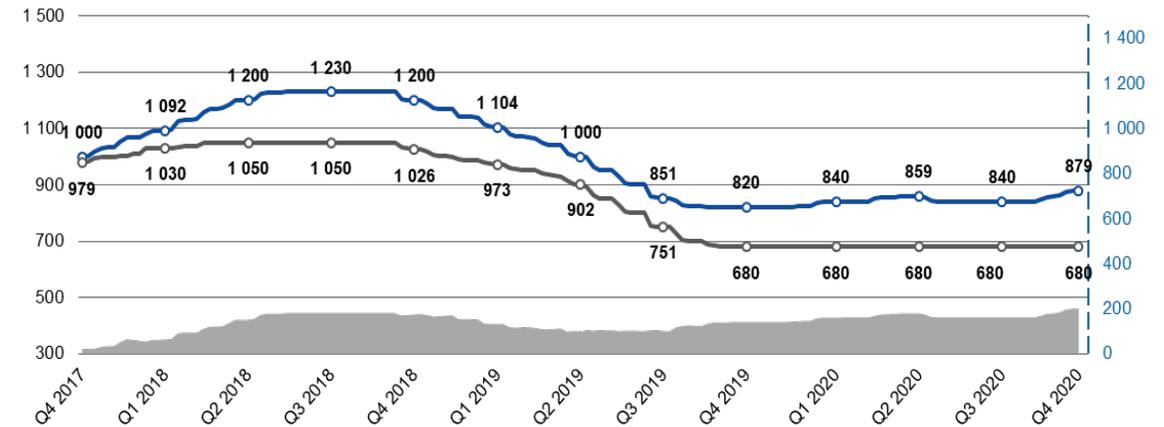
BHKP (short fibre): 2.4% lower

Average price Q4 2020 compared to Q3 2020

NBSK (long fibre): 1.6% higher

BHKP (short fibre): 0.0%

Pulp PIX Indexes Europe



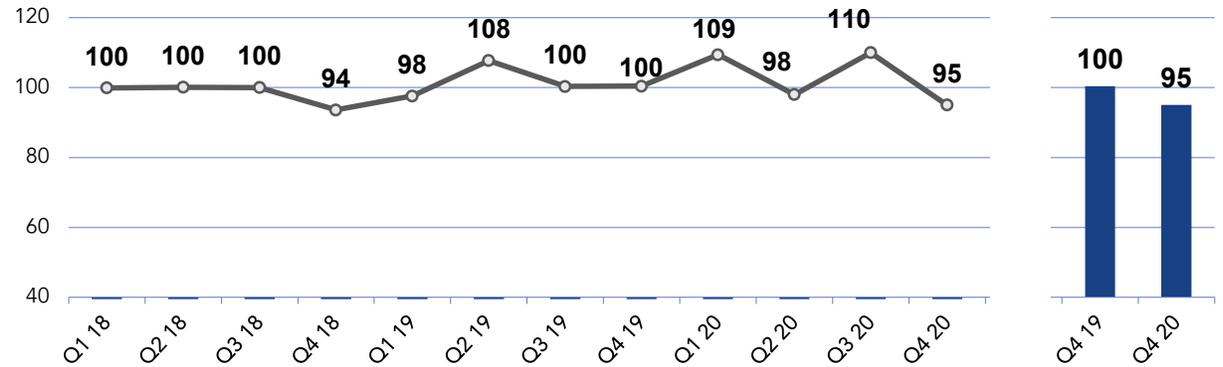
Source: Arctic Paper based on Foex data.

Operating data: Pulp production & deliveries

Q4 2020 total production: 95k tons

13.6% lower than in Q3 2020

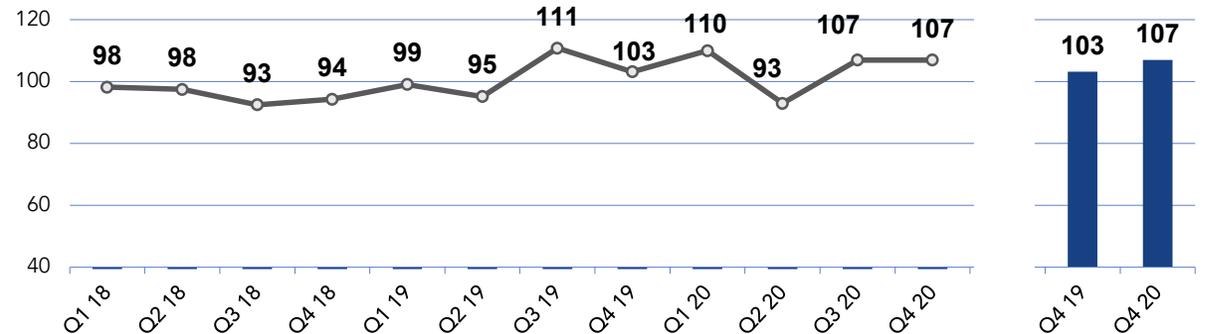
Pulp production (1 000 tonne)



Q4 2020 total deliveries: 107k tons

same level as in Q3 2020

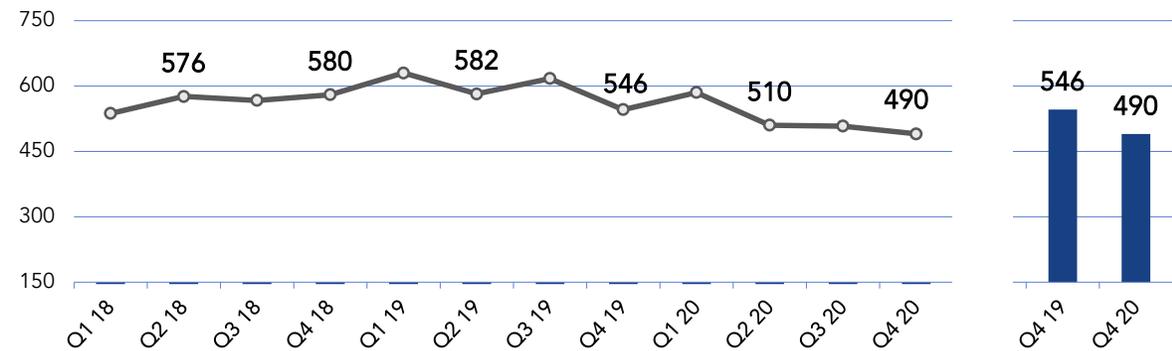
Pulp deliveries (1 000 tonne)



Operating data: Revenue and revenue per tonne

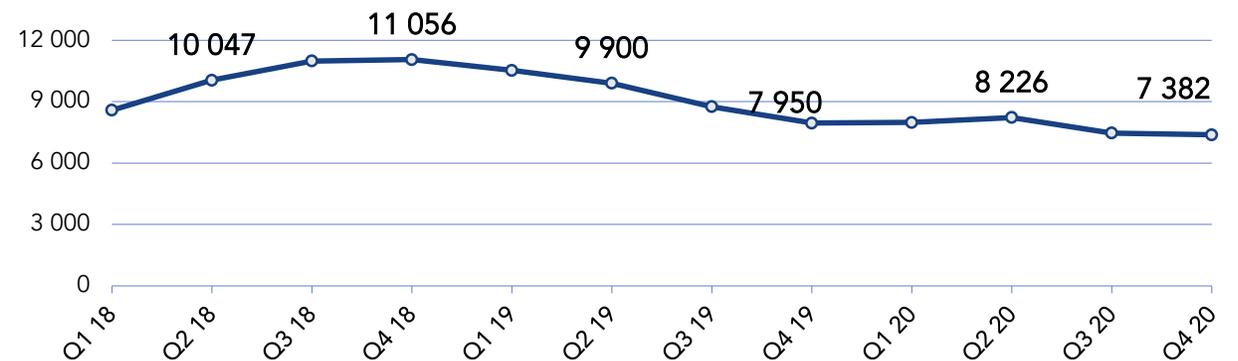
Total Q4 2020 (SEK 490mn) decreased by 3.5% compared to Q3 2020

Pulp sales revenue (SEKmn)

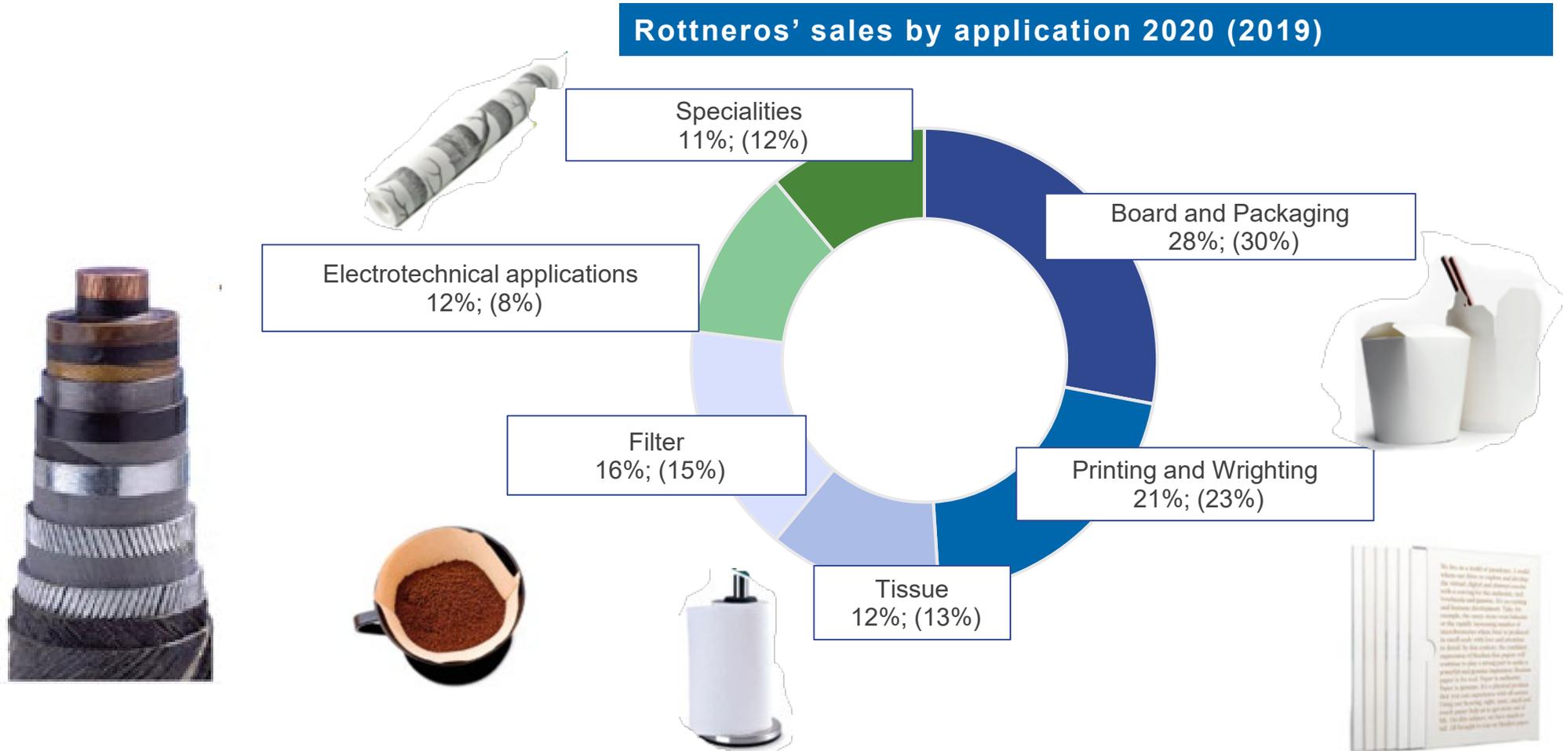


Average Q4 2020 (SEK 7 382 per tonne) decreased by 1.1% compared to average in Q3 2020

Pulp sales revenue per tonne (SEK)



Products: Pulp sales by application





643788-1	1	14
ROI	170	46
900 * 640	250	3680
L		
	328876	

412564
↓
411564
Block.

412564
↑

412564
↑

643975-1	2	10
ROW	120	46
640 * 900	250	2980

323887
↓
323887

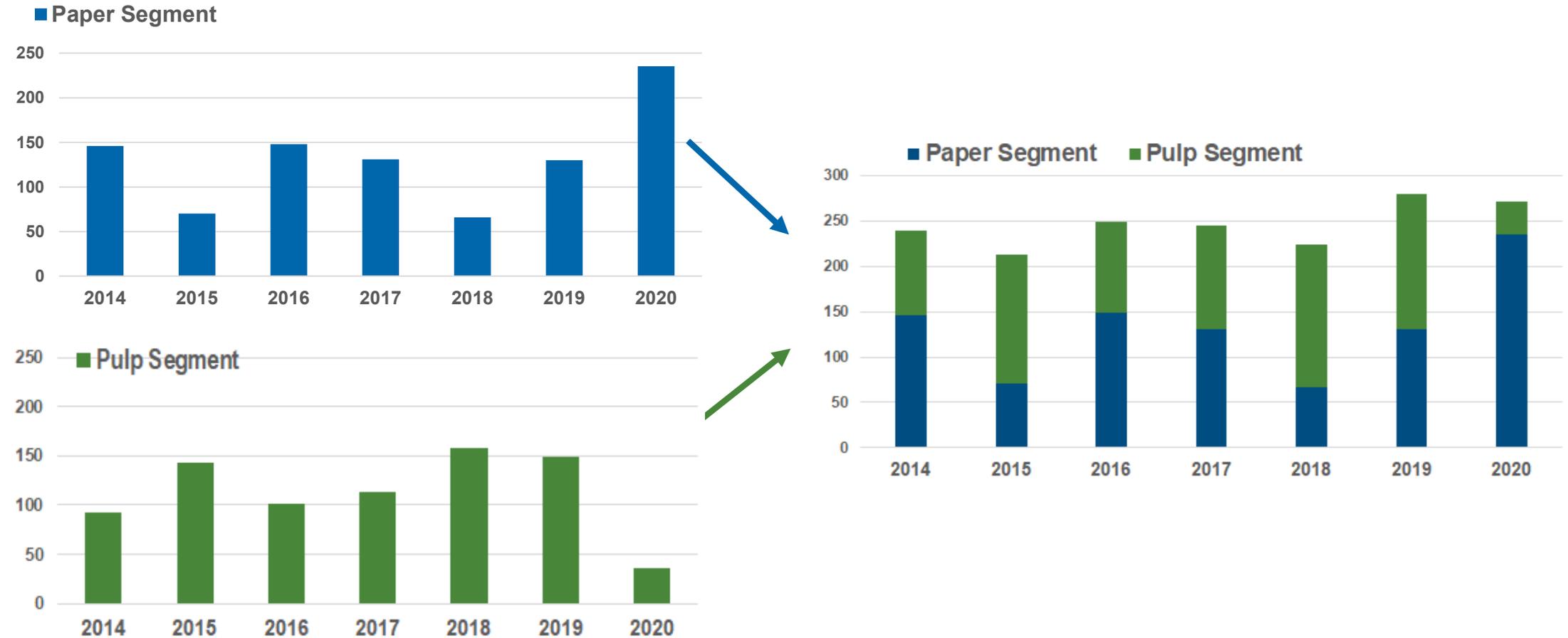
Financial results

Key consolidated figures

- YTD DEC 2020 total revenues down - 8.7% compared to YTD DEC 2019 (-9.8% paper segment, - 5.9% pulp segment).
- YTD DEC 2020 EBITDA down by PLN 6,7mn compared to YTD DEC 2019 (PLN 235,3mn paper segment: PLN +109,5mn; PLN 36,0mn pulp segment: PLN -116,1mn).
- YTD DEC 2020 Net result PLN -21,1mn compared to YTD DEC 2019 (PLN 121,1mn paper segment: PLN +41,4mn; PLN -17,5mn pulp segment: PLN -62,5mn).
- Cash on the level of PLN 255,6mn (PLN 103,8mn paper segment: PLN -8,9mn; PLN 151,7mn pulp segment: PLN -1,4mn).
- Net debt on the level of PLN 134,0mn vs PLN 159,0mn in DEC 2019.
- Net debt/EBITDA ratio has decreased to 0.49 (0.57 in DEC 2019).

Arctic Paper Group – EBITDA evolution 2014-2020 (PLNmn)

Effective hedging of both segments in the period of 7 years



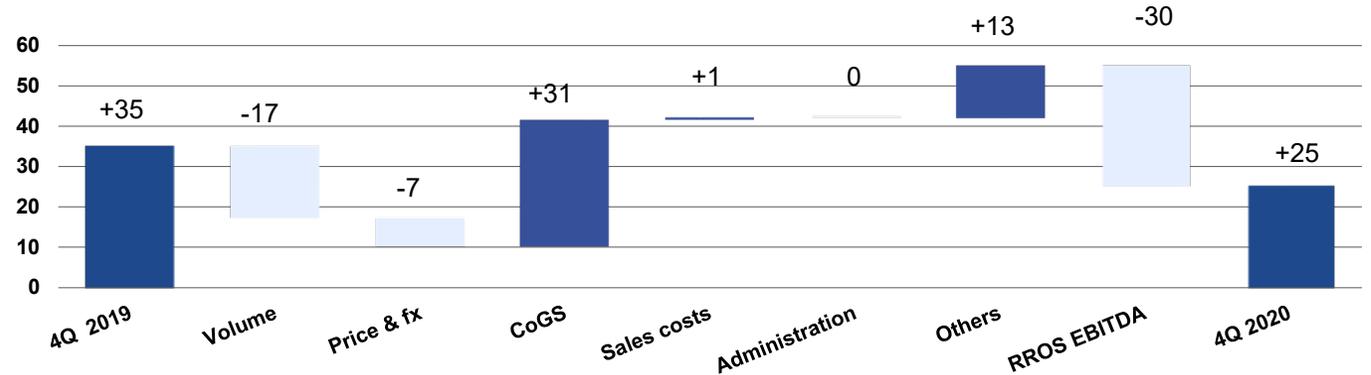
Q4 2020 EBITDA Arctic Paper Group – total

Q4 2020 EBITDA PLN 25,1mn

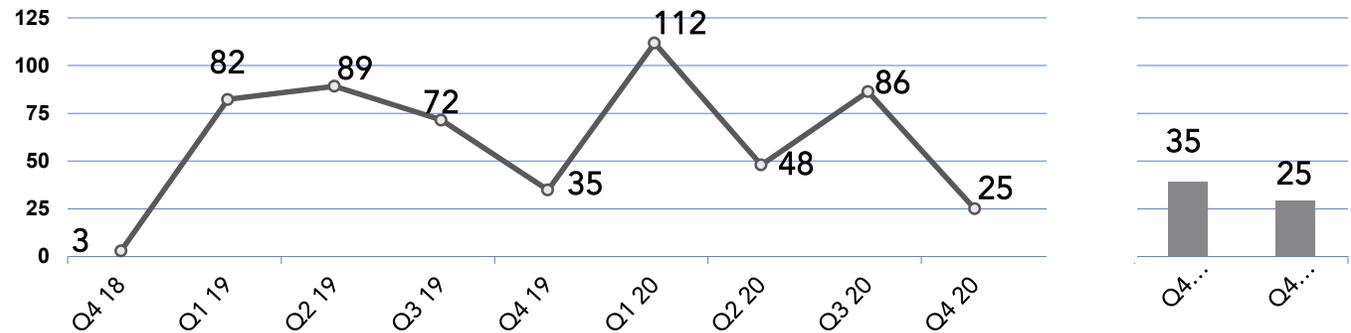
PLN 61,3mn lower than Q3 2020

PLN 9,8mn lower than Q4 2019

Q4 2020 EBITDA Bridge



EBITDA evolution

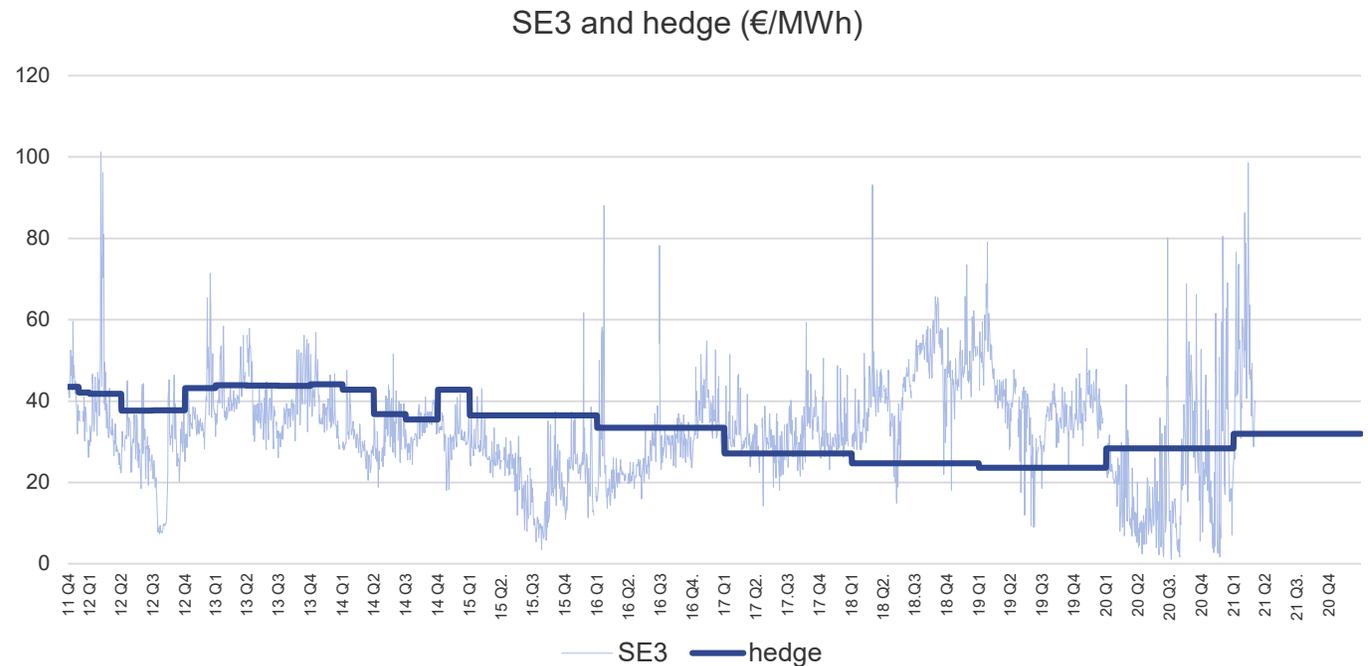


Energy prices development – Swedish market hedging

volatile energy market resulted with a high spot prices in January and February in Sweden

For 2021 electricity is hedged at a price of 26,8 €/MWh

Electricity prices: spot price and ACT hedge (€/MWh)



Capex in paper segment

Recently finished key investments

Expanded hydropower plant in Munkedal

The investment of over SEK 100mn increased the power from 2 to 6 MW

Key investments in 2021+

Planned capex level below D&A in 2021

Pilot investment in solar cells at Arctic Paper Kostrzyn

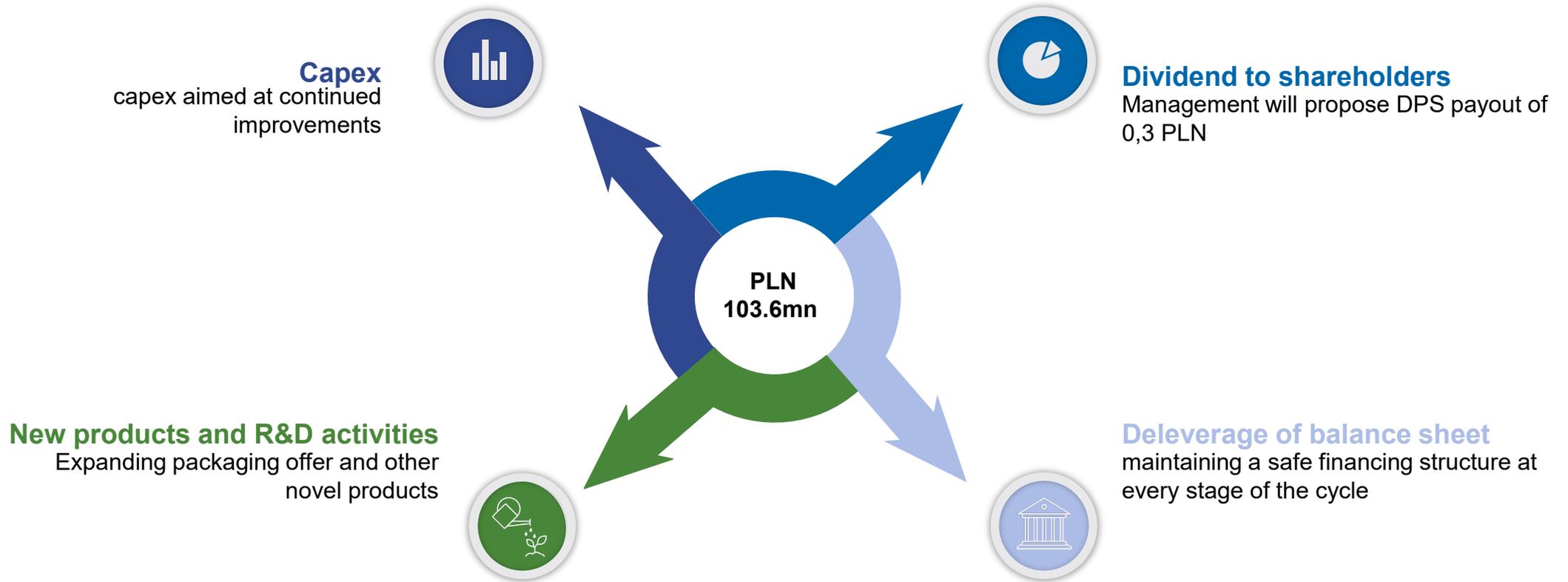
Several projects targeting efficiency improvements

Continuation of Munkedal plant modernization

(Off-balance investment financed by future energy supplier)

Profit sharing

2020 Profit sharing proposition



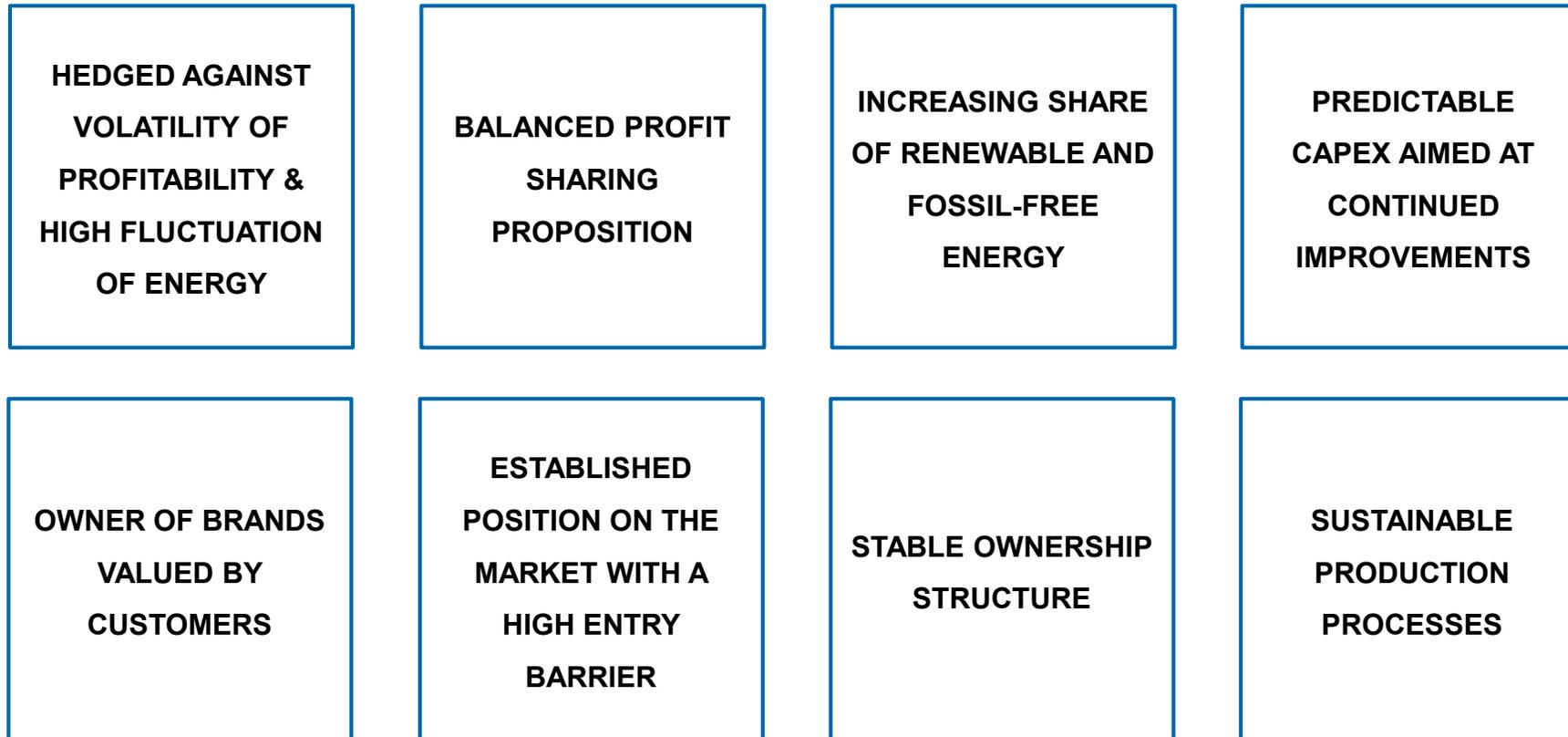


Outlook

Outlook for 2021

- Soaring prices of pulp are favourable for pulp segment profitability.
- Company is resistant for high prices of electricity in Sweden and in Poland due to Energy prices hedging policy.
- Combination of pulp and paper continues to stabilize results as fluctuations offset each other.
- Management plans to keep reasonable and safe level of leveraging.
- Refinancing process is on-track and is expected to end in 1Q2021.

Sharing our story with you



Arctic Paper Vision:

Turning ideas into experiences.

