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Arctic Paper S.A.

Financial results Q1 2020



ARCTIC PAPER

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This Presentation contains financial results for Q1 2020.

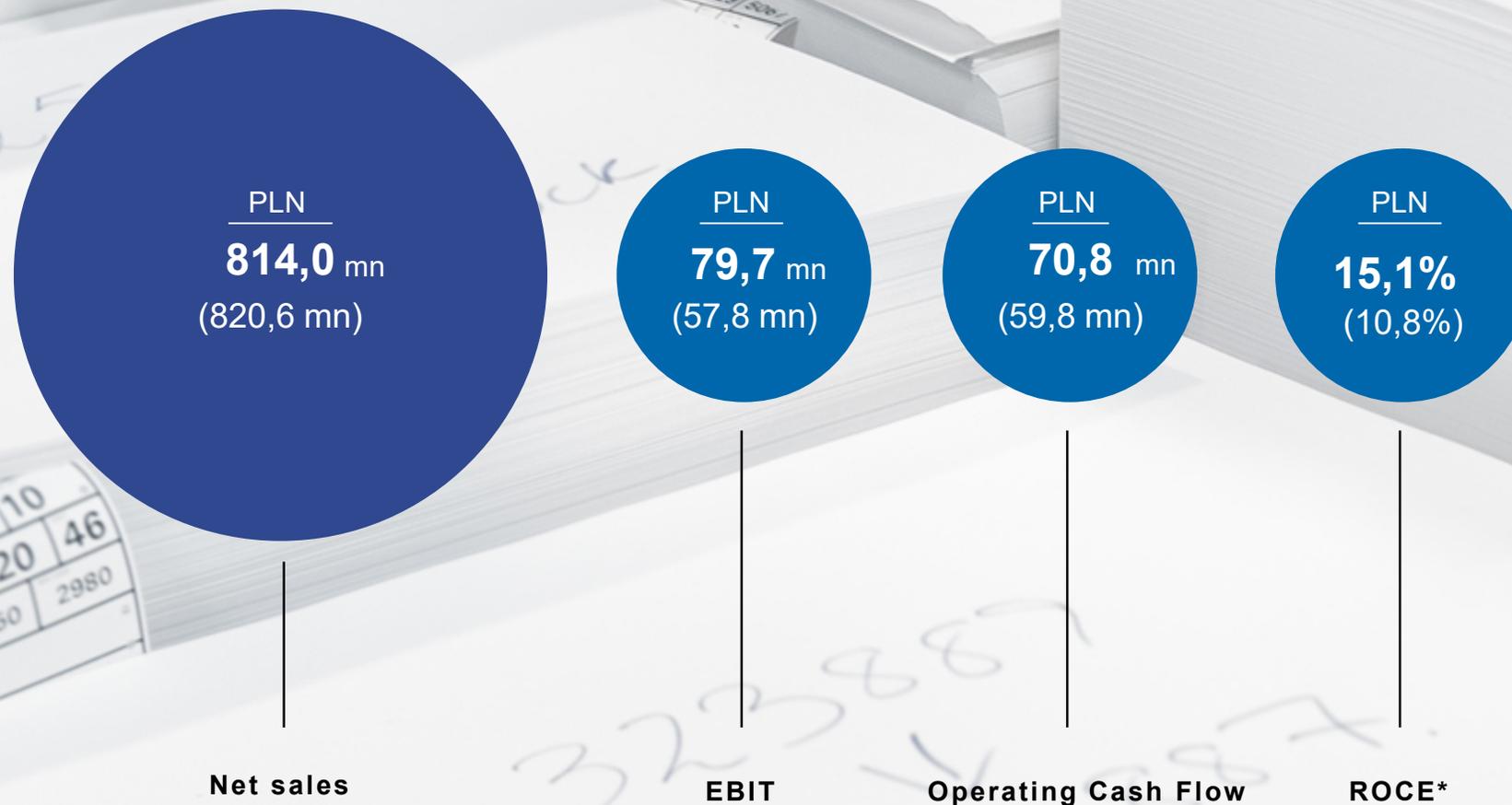
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5. Summary

Summary Q1 2020

Financial Summary **Q1 2020**

Arctic Paper Group Q1 2020 vs. Q1 2019



* Rolling 12 months

Market Environment & Operation

Paper segment - fine paper prices

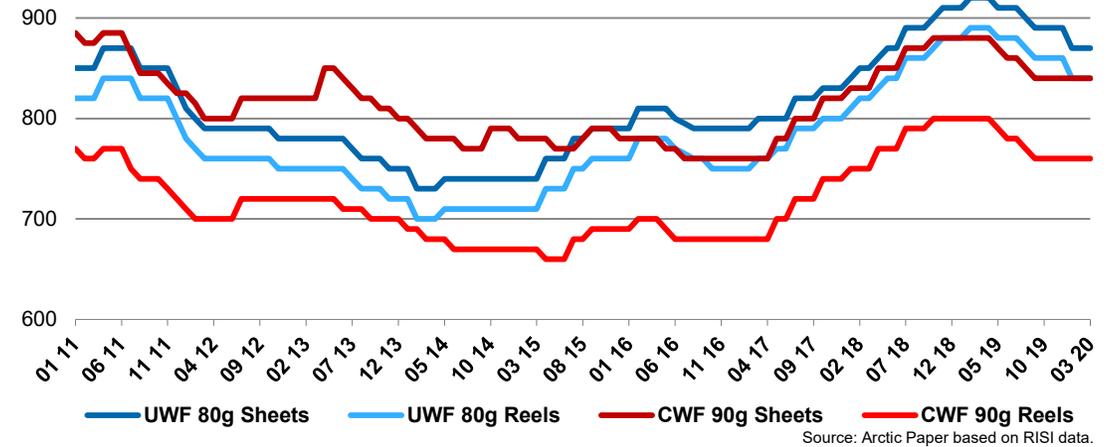
MAR 2020 compared to DEC 2019

- UWF segment average price change -2.1%
- CWF segment average price change -1.6%

MAR 2020 compared to MAR 2019

- UWF segment average price change -5.2%
- CWF segment average price change -7.6%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

	03 20 vs. 12 19			03 20 vs. 03 19		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	-1,9%	-2,1%	-2,3%	-5,0%	-5,2%	-5,4%
CWF	-2,1%	-1,6%	-1,6%	-8,9%	-7,6%	-6,8%

Source: Arctic Paper based on RISI data.

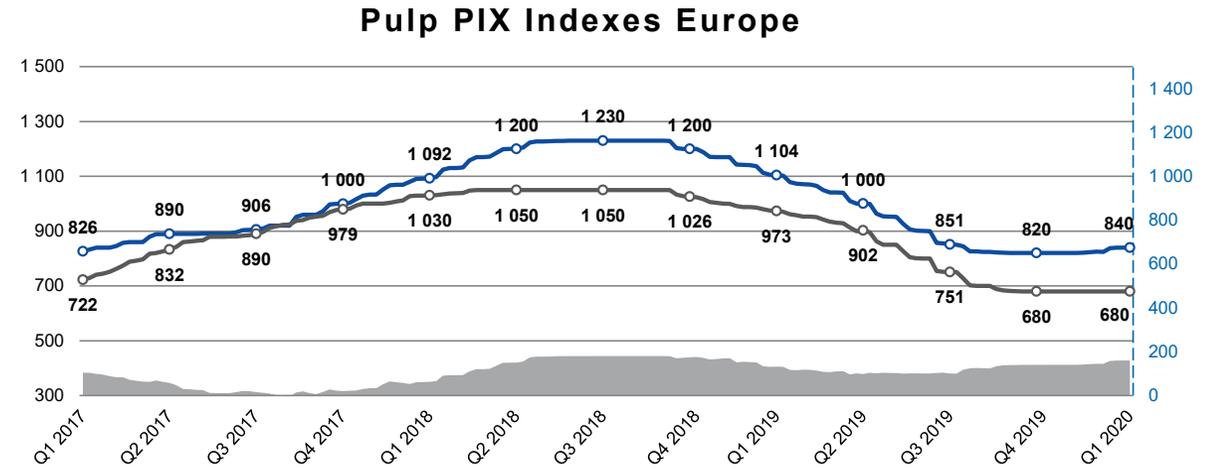
Pulp segment - pulp prices

Average price Q1 2020 compared to Q1 2019

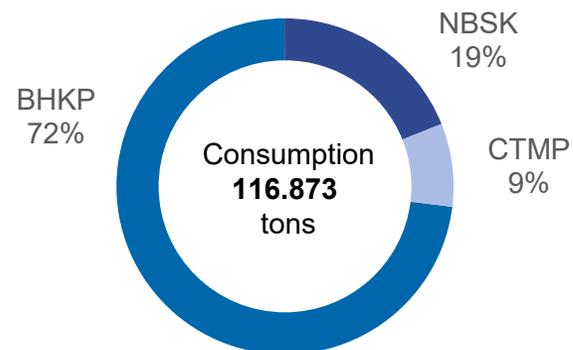
- NBSK (long fibre): 28.2% lower
- BHKP (short fibre): 31.6% lower

Average price Q1 2020 compared to Q4 2019

- NBSK (long fibre): 0.1% lower
- BHKP (short fibre): 2.4% lower



Arctic Paper YTD MAR 2020 Structure of pulp consumption



Output from paper mills

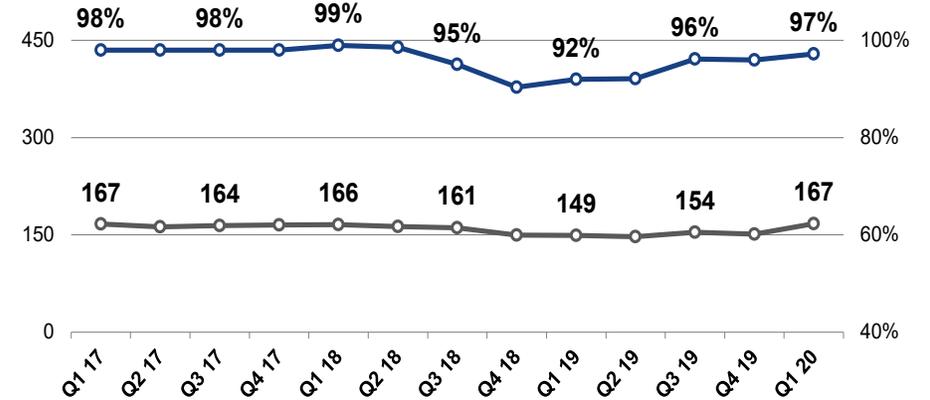
Average Q1 2020 use of production capacity: 97%

- 1.3% higher than in Q4 2019

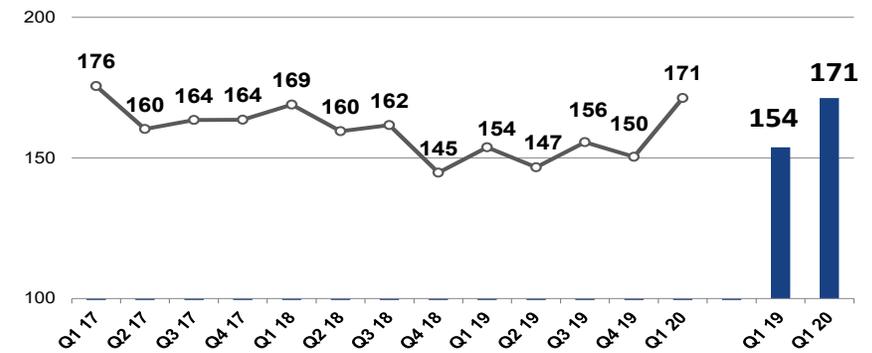
Q1 2020 total production volume: 167k tons

- 10.8% higher than in Q4 2019

Production and use of production capacity for all paper mills

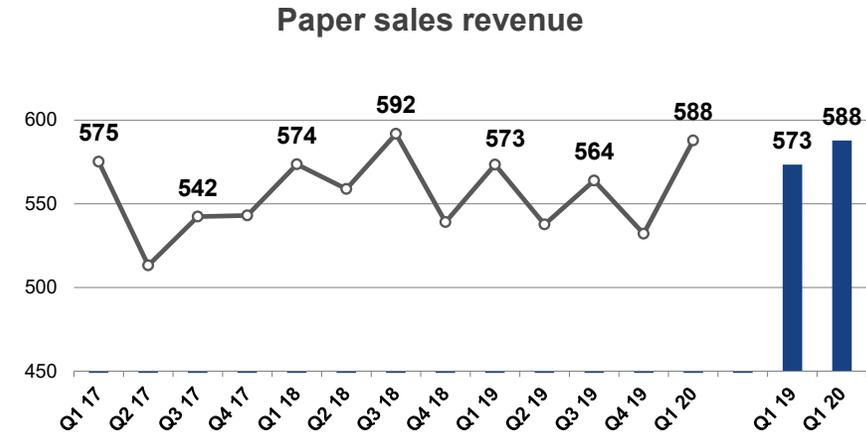


Paper sales volume

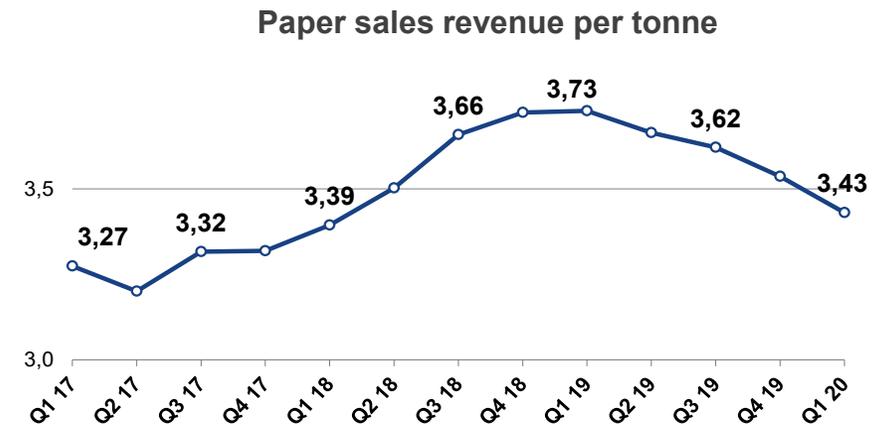


Paper segment - revenue and revenue per tonne

Total Q1 2020 (PLN 588mn) increased by 2.5% compared to Q1 2019

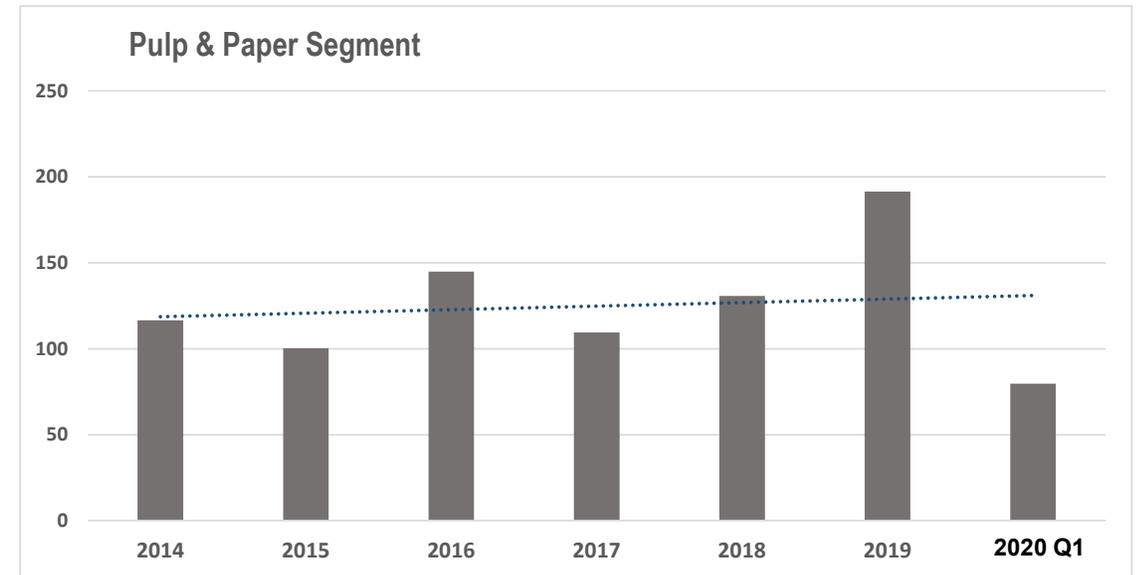
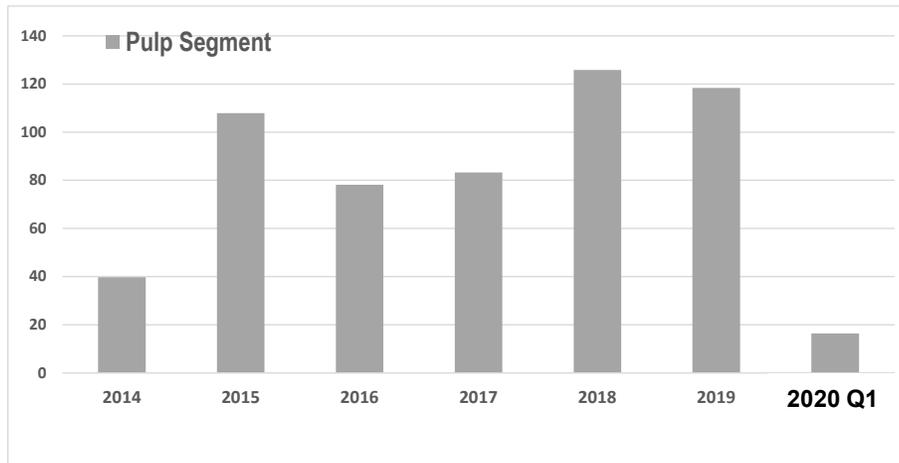
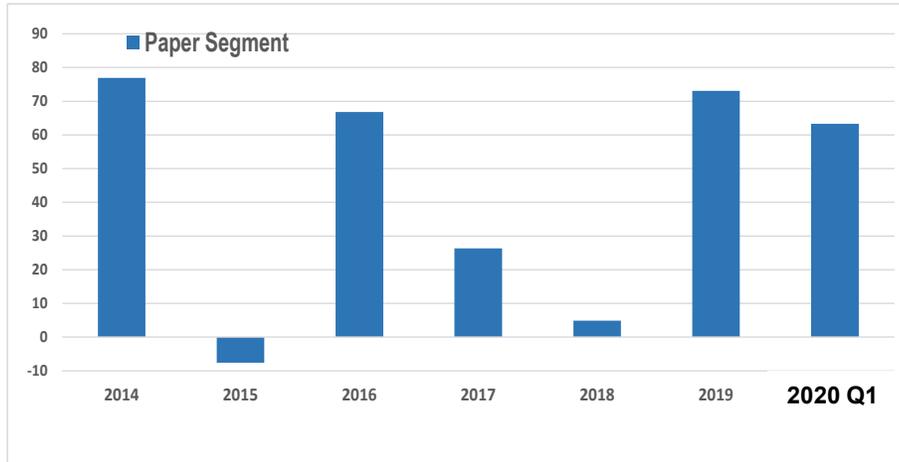


Average Q1 2020 (PLN 3.43k) decreased by 8.0% compared to average in Q1 2019



Financial results

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



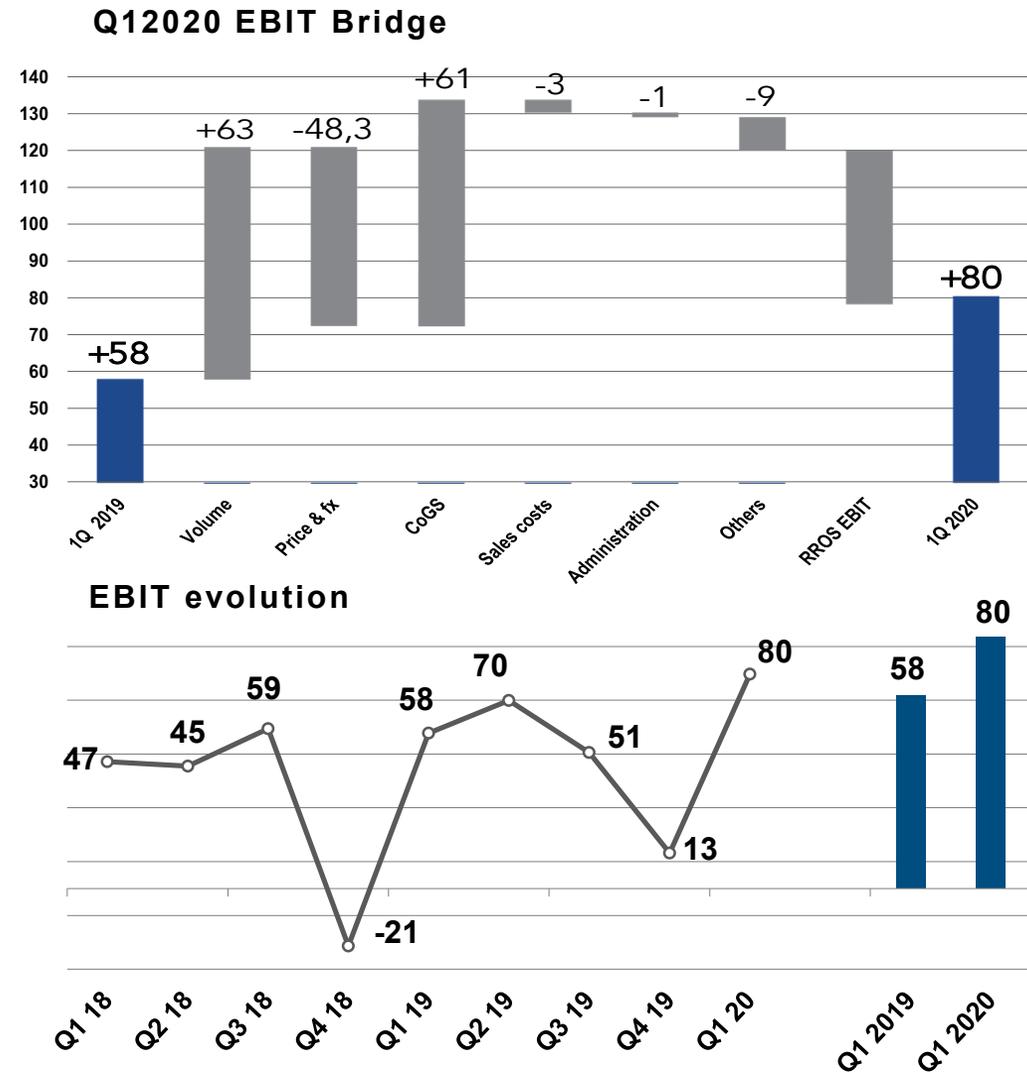
Key consolidated figures

- YTD MAR 2020 total revenues down -0.8% compared to YTD MAR 2019 (+2.5% paper segment, -8.5% pulp segment);
- YTD MAR 2020 EBITDA up by PLN 30,7mn compared to YTD MAR 2019 (PLN 84,8mn paper segment: PLN +68,5mn; PLN 27,1mn pulp segment: PLN -37,7mn);
- YTD MAR 2020 Net result PLN +25,4mn compared to YTD MAR 2019 (PLN 47,2mn paper segment: PLN +56,8mn; PLN 15,0mn pulp segment: PLN -31,4mn);
- CAPEX on the level of PLN 32,7mn (PLN 23,8mn paper segment: PLN +13,7mn; PLN 8,9mn pulp segment: PLN -0,4mn);
- Cash on the level of PLN 265,7mn (PLN 106,5mn paper segment: PLN +48,2mn; PLN 159,2mn pulp segment: PLN +8,9mn);
- Net debt on the level of PLN 215,9mn vs PLN 280,8mn in MAR 2019;

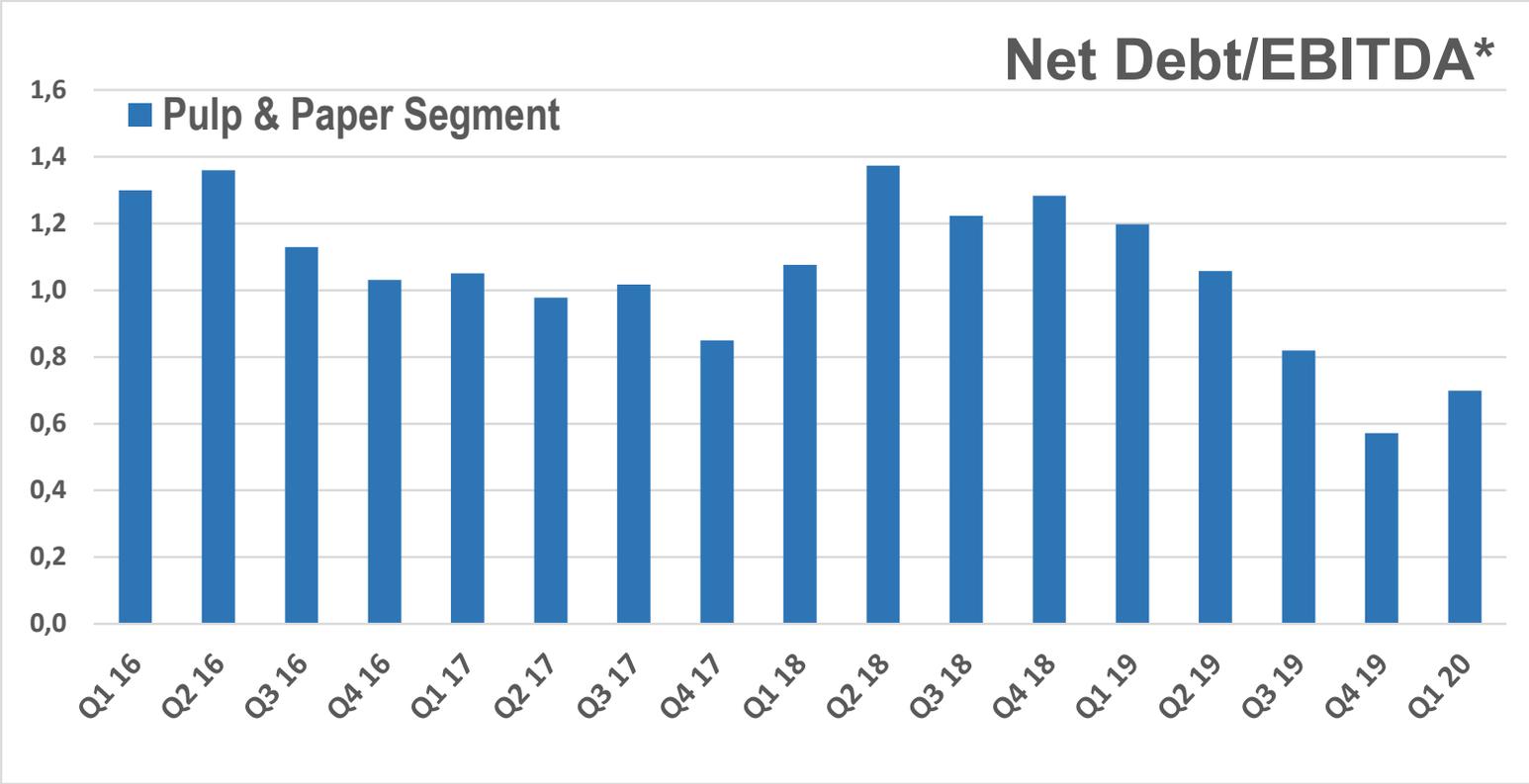
Q1 2020 EBIT Arctic Paper Group – total

Q1 2020 EBIT PLN 79,7mn

- PLN 66,5mn higher than Q4 2019
- PLN 21,9mn higher than Q1 2019

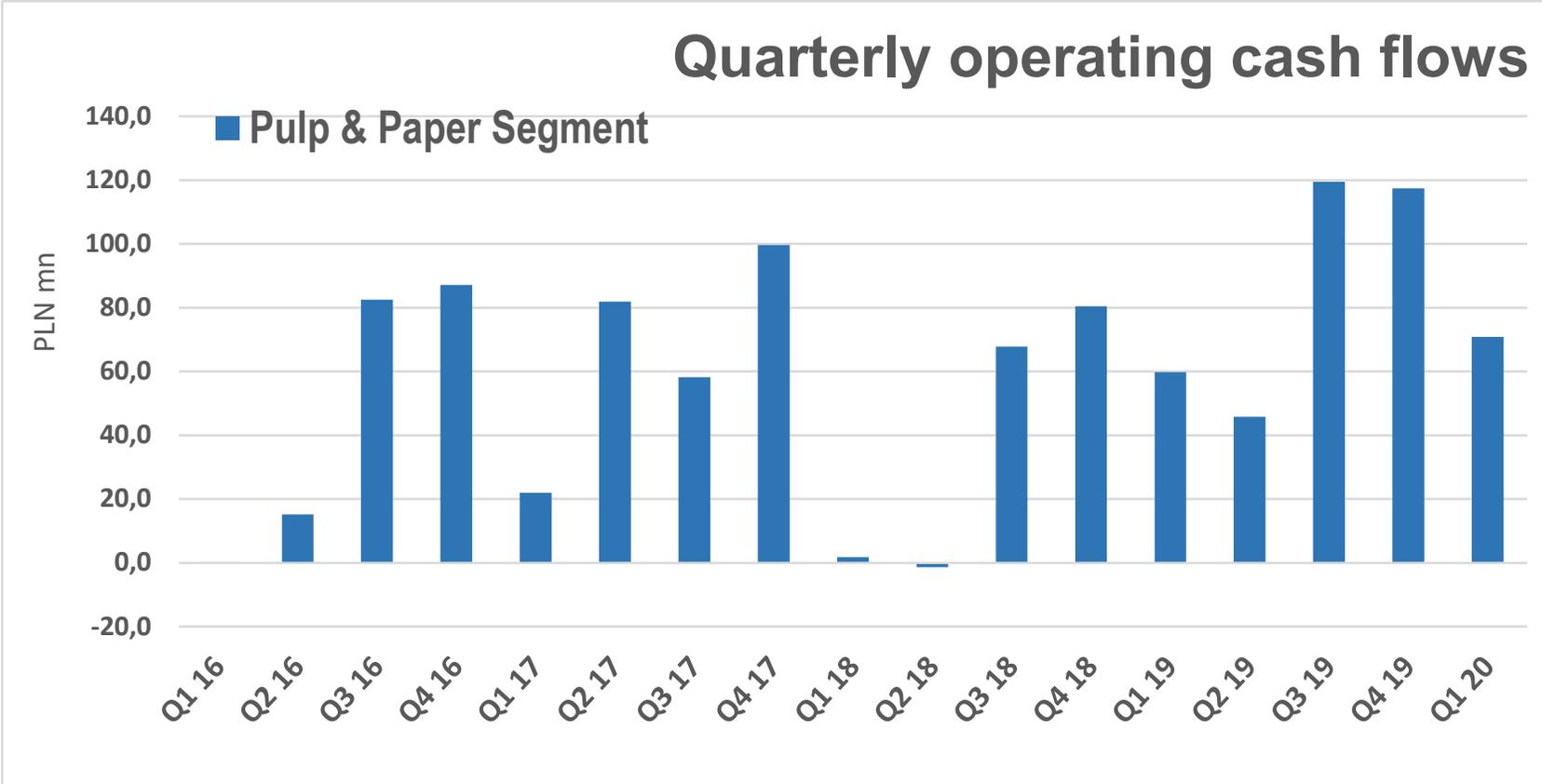


Arctic Paper Group – Net debt/EBITDA 2016-2020



* EBITDA for the last 12 months

Arctic Paper Group – cash flows from operating activities 2016-2020 (PLN mn)



Corona update – mitigating negative effects

- We follow the rules and recommendations in each state where we operate;
- We have taken measures to protect our employees and our operations;
- Short-term allowance for the mills in Sweden, Grycksbo and Munkedal;
- Readiness to apply for relevant support from other states where we operate;
- Maintenance work carried out earlier than in the normal year;
- We continuously monitor the market development and adapt our operations;
- The board has decided not to recommend dividend for 2019;

Summary

Arctic Paper Group Q1 2020 summary

- Arctic Paper Group sales Q1 2020 on the level of PLN 813.9mn (820.6mn) with an EBITDA of PLN 111.8mn (81.1mn).
- Paper segment, one of the best quarters with total sales of PLN 587.8 mn (PLN 573.3 mn) and an EBITDA of PLN 84.8 mn (PLN 16.3 mn).
- A combination of strong paper and stable pulp boosted Q1 results.
- Production amounted to 167,000 tons of paper (149,000) and the capacity utilization reached 97 percent.
- The strong consolidated result contributed to the Group reducing its net debt by PLN 65 mn compared to Q1, 2019.
- At the end of the period there is a decline in demand due to Covid-19.

Arctic Paper Vision:

Turning ideas into experiences.

