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# **Arctic Paper S.A.**

## **Financial results Q2 2020**



ARCTIC PAPER

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This Presentation contains financial results for Q2 2020.

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# Summary of Q2 2020

# Financial Summary **Q2 2020**

## Arctic Paper Group Q2 2020 vs. Q2 2019



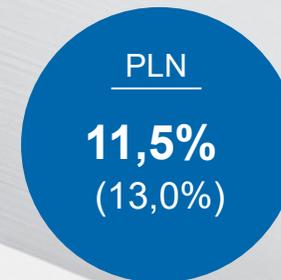
**Net sales**



**EBIT**



**Operating Cash Flow**



**ROCE\***

\* Rolling 12 months

# Financial Summary **H1 2020**

## Arctic Paper Group H1 2020 vs. H1 2019



**Net sales**



**EBIT**



**Operating Cash Flow**



**ROCE\***

\* Rolling 12 months

# Market Environment & Operation

# Deliveries of fine paper – Corona influence

## Q2 2020 compared to Q2 2019

- Uncoated woodfree down -32.0%

(Arctic Paper uncoated/Amber down -14%)

- Coated woodfree down -48.4%

(Arctic Paper down -30.0%)

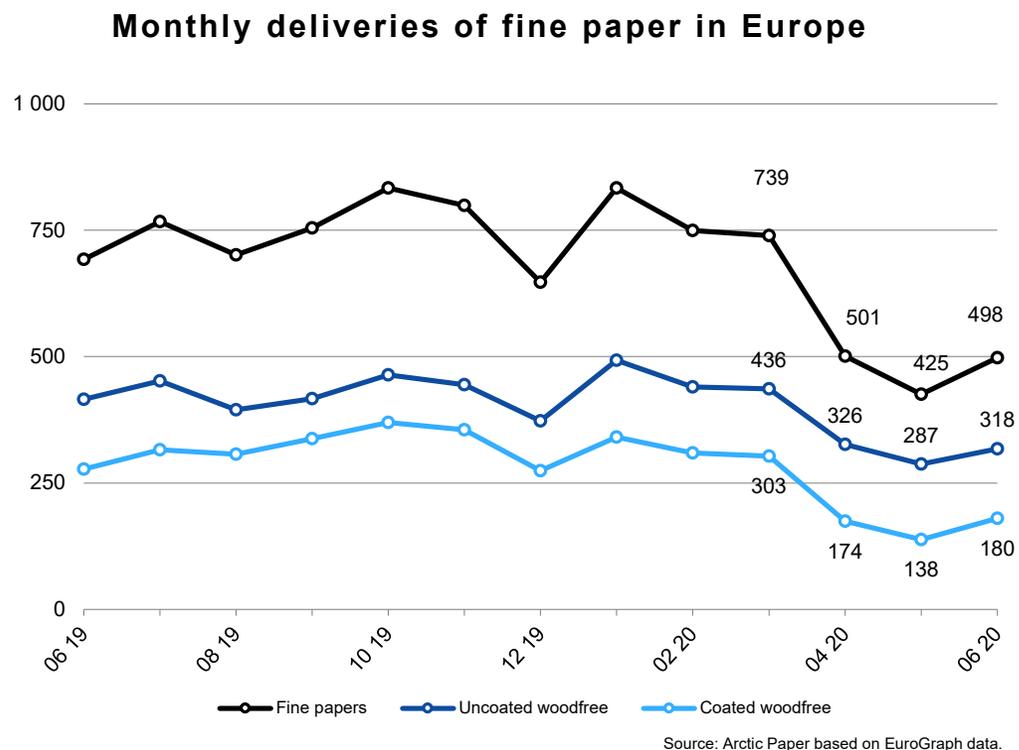
## H1 2020 compared to H1 2019

- Uncoated woodfree down -16.6%

(Arctic Paper uncoated/Amber up 6%)

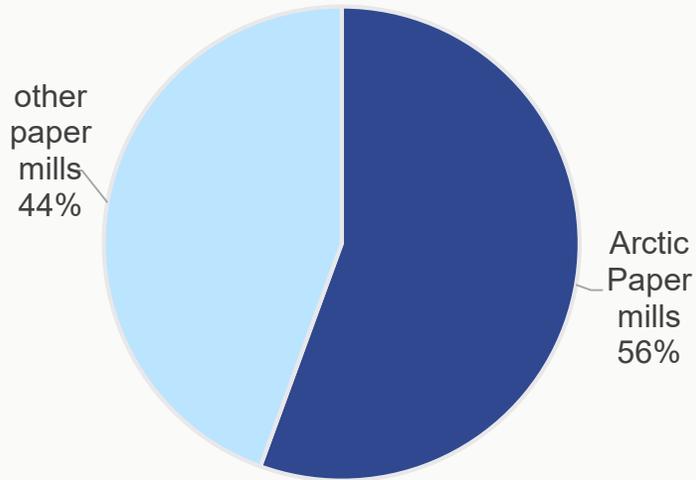
- Coated woodfree down -27.4%

(Arctic Paper down -5%)

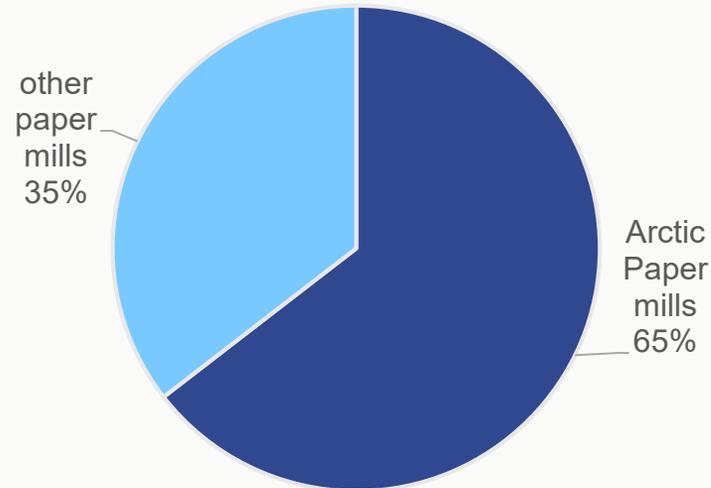


# European Paper market

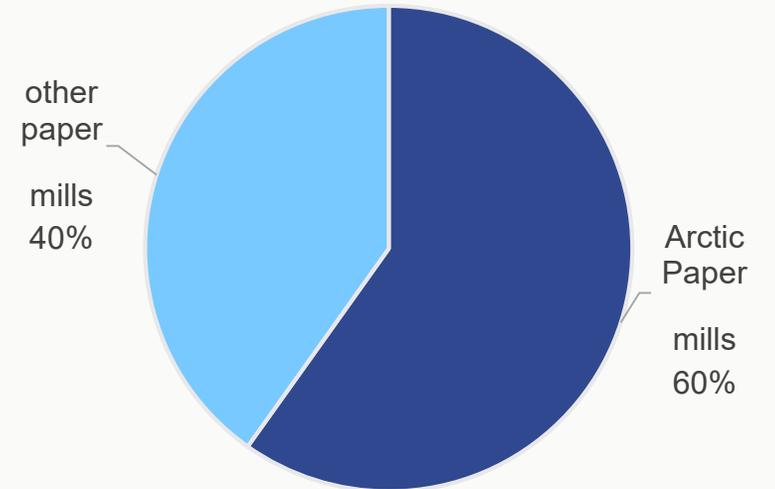
European Design Coated Papers market



European Design Uncoated Papers market



European High Quality Uncoated Book Papers market



# Paper segment - fine paper prices

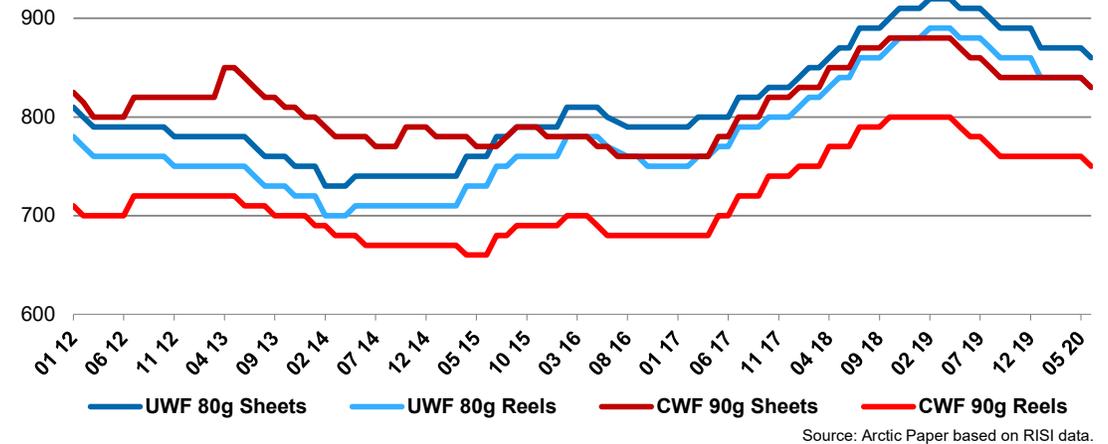
## JUN 2020 compared to MAR 2020

- UWF segment average price change -2.0%
- CWF segment average price change -1.9%

## JUN 2020 compared to JUN 2019

- UWF segment average price change -5.2%
- CWF segment average price change -6.6%

Graphic fine paper prices – German market



Change in price for graphic paper in EUR – Western Europe

	06 20 vs. 03 20			06 20 vs. 06 19		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	-1,9%	-2,0%	-1,9%	-4,9%	-5,2%	-5,4%
CWF	-2,3%	-1,9%	-2,1%	-8,0%	-6,6%	-5,8%

Source: Arctic Paper based on RISI data.

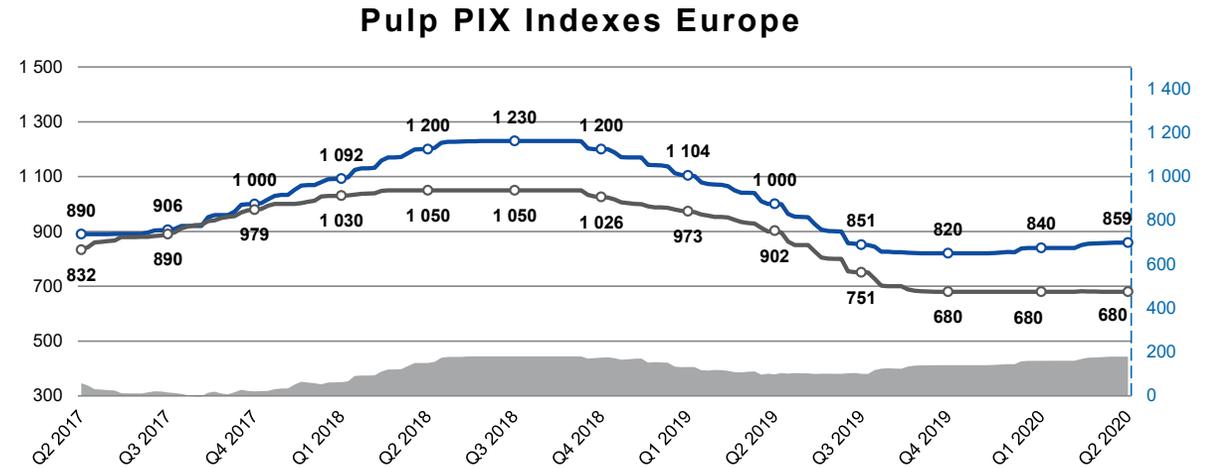
# Pulp segment - pulp prices

## Average price Q2 2020 compared to Q2 2019

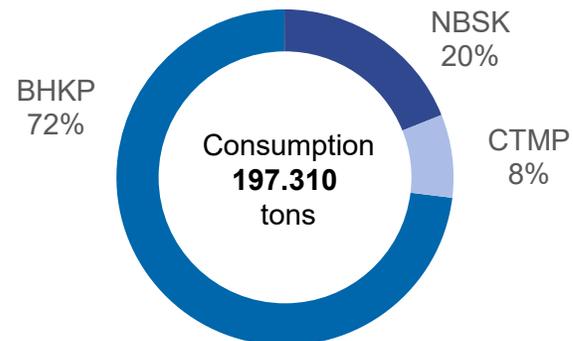
- NBSK (long fibre): 19.0% lower
- BHKP (short fibre): 27.5% lower

## Average price Q2 2020 compared to Q1 2020

- NBSK (long fibre): 2.9% higher
- BHKP (short fibre): 0.0%



## Arctic Paper YTD JUN 2020 Structure of pulp consumption



# Output from paper mills

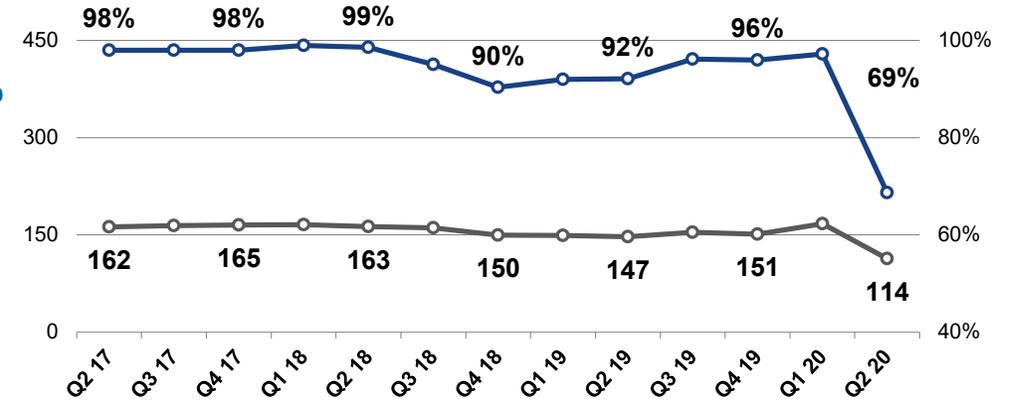
**Average Q2 2020 use of production capacity: 69%**

- 28.5% lower than in Q1 2020

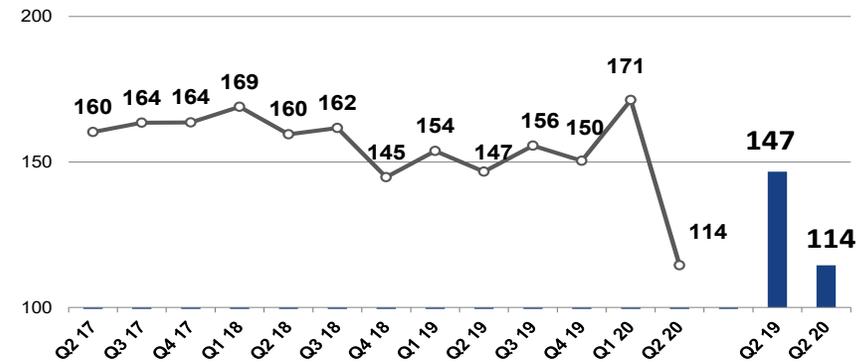
**Q2 2020 total production volume: 114k tons**

- 32.1% lower than in Q1 2020

Production and use of production capacity for all paper mills

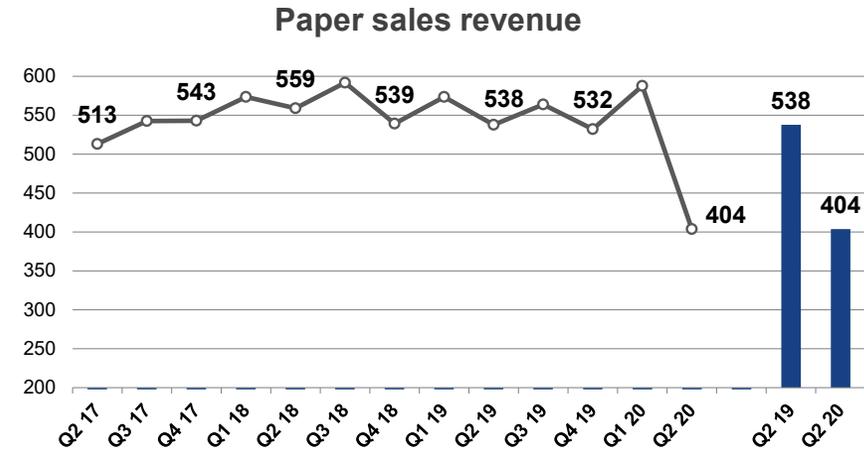


Paper sales volume

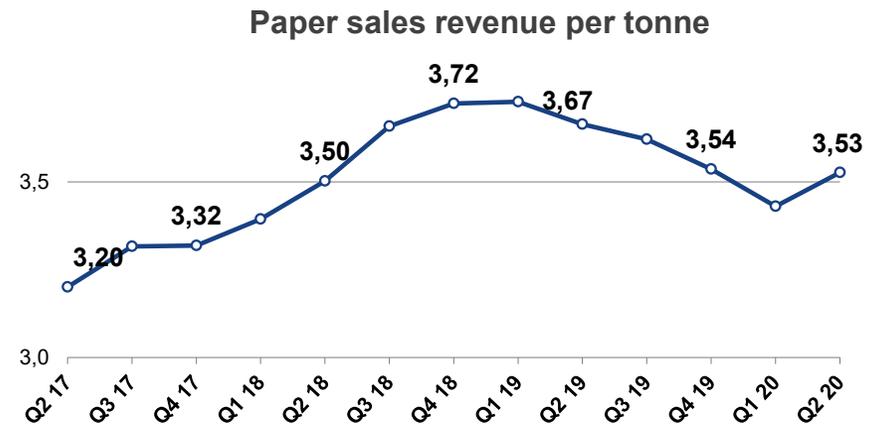


# Paper segment - revenue and revenue per tonne

**Total Q2 2020 (PLN 404mn) decreased by 24.9% compared to Q2 2019**

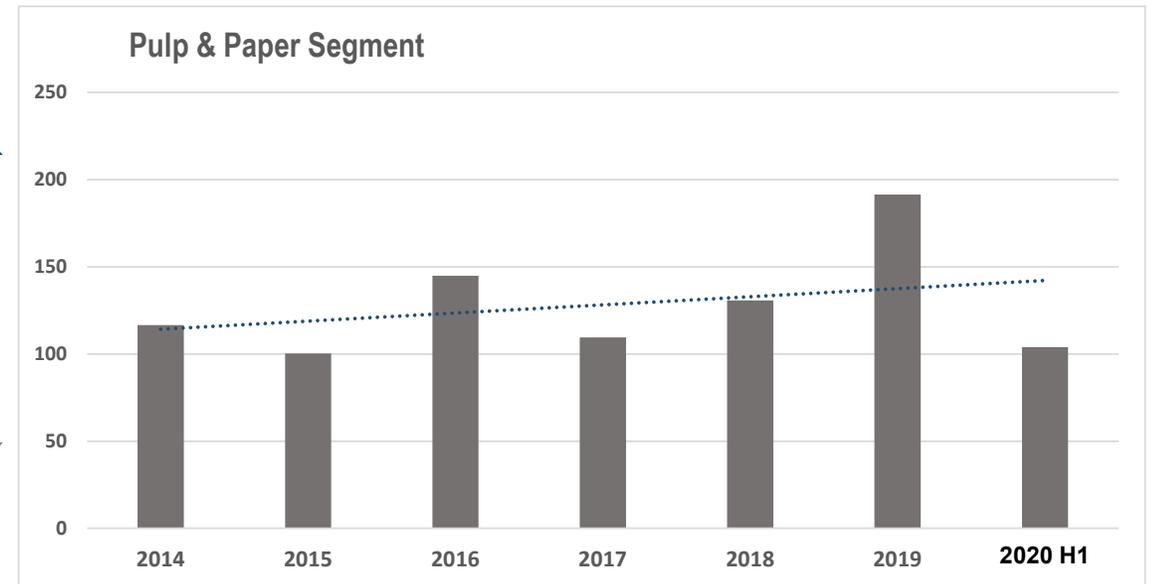
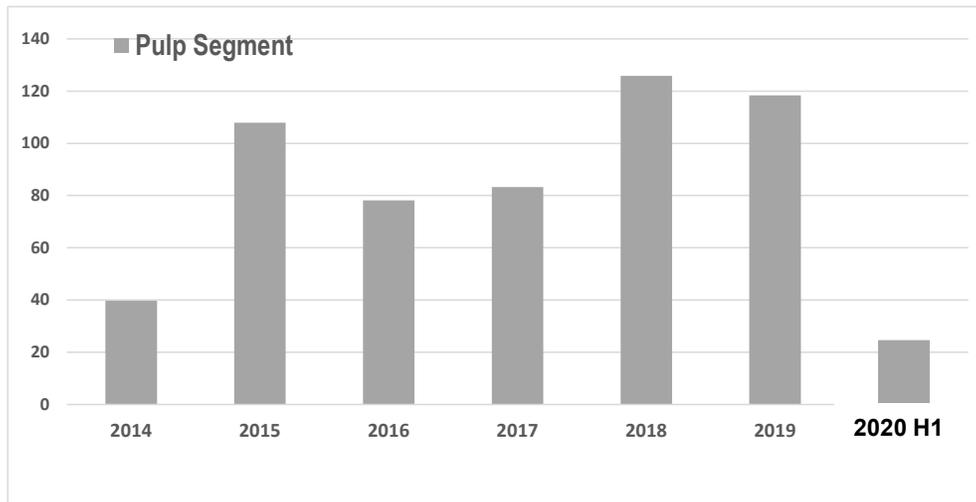
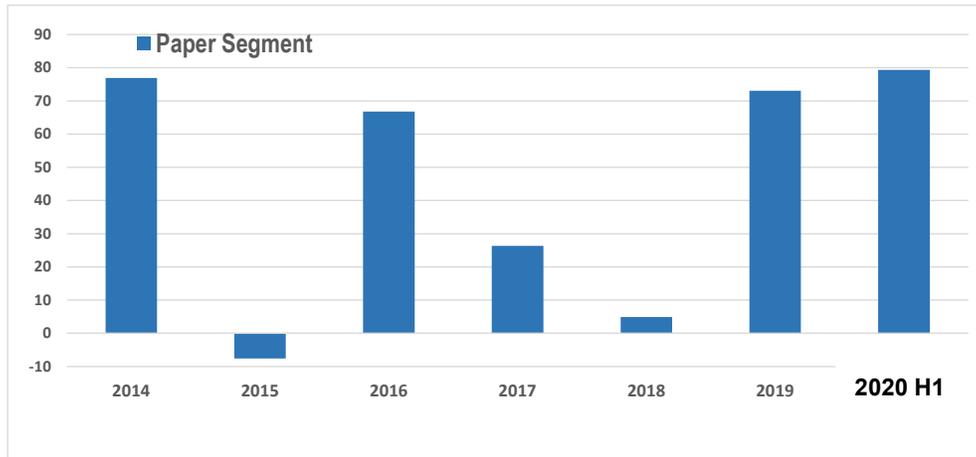


**Average Q2 2020 (PLN 3.53k) increased by 2.8% compared to average in Q1 2020**

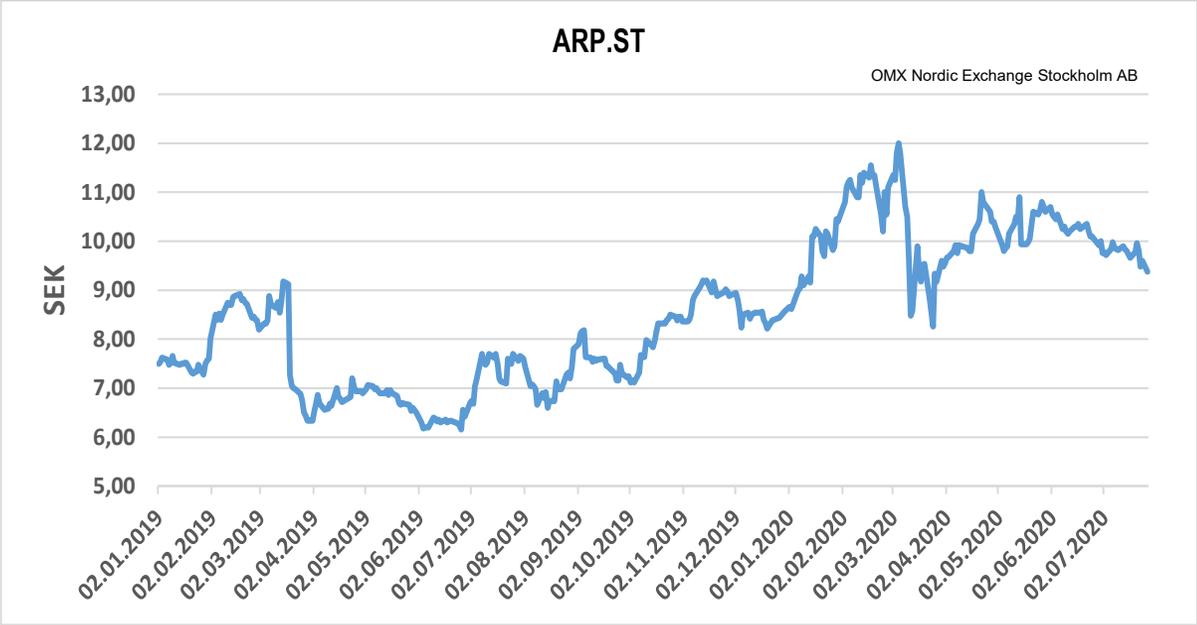
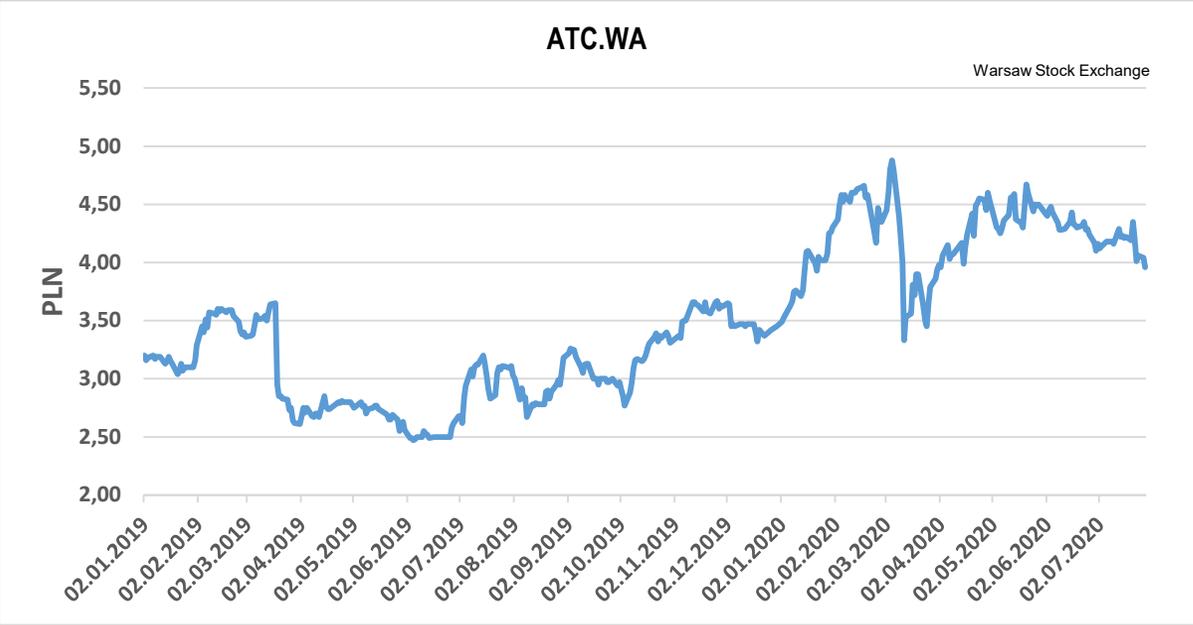


# Financial results

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



# Arctic Paper Group – share price evolution 2019-2020



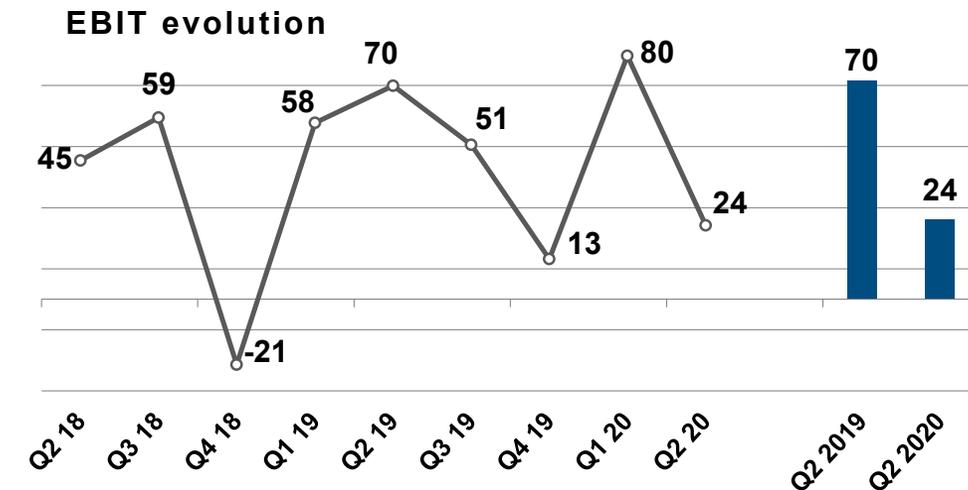
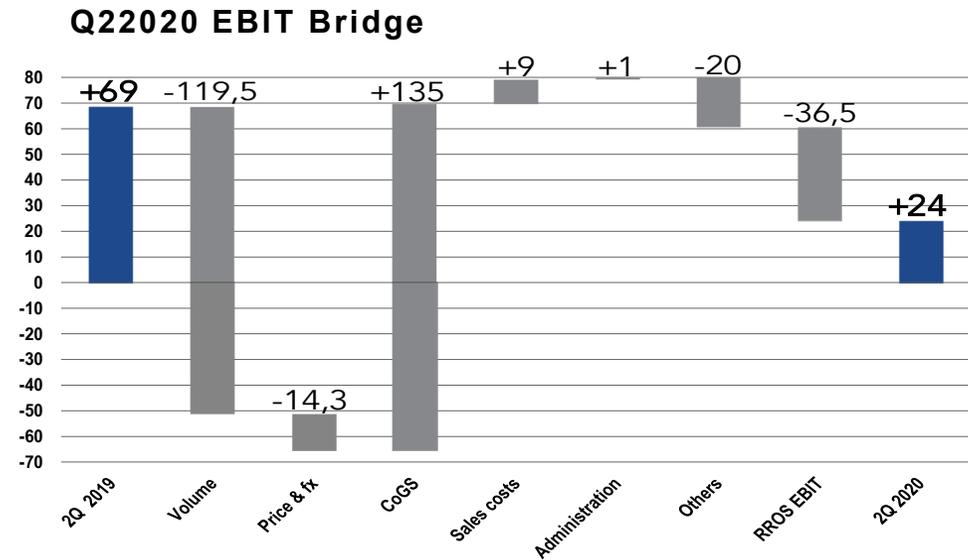
# Key consolidated figures

- YTD JUN 2020 total revenues down -9.7% compared to YTD JUN 2019 (-10.7% paper segment, -7.1% pulp segment);
- YTD JUN 2020 EBITDA down by PLN 11,8mn compared to YTD JUN 2019 (PLN 114,7mn paper segment: PLN +63,1mn; PLN 45,1mn pulp segment: PLN -74,8mn);
- YTD JUN 2020 Net result PLN -11,5mn compared to YTD JUN 2019 (PLN 57,3mn paper segment: PLN +30,3mn; PLN 15,7mn pulp segment: PLN -41,8mn);
- Cash on the level of PLN 220,3mn (PLN 83,0mn paper segment: PLN +12,4mn; PLN 137,2mn pulp segment: PLN +1,4mn);
- Net debt on the level of PLN 221,8mn vs PLN 273,5mn in JUN 2019;
- Net debt/EBITDA ratio has decreased to 0,83 (1,06 in JUN 2019)

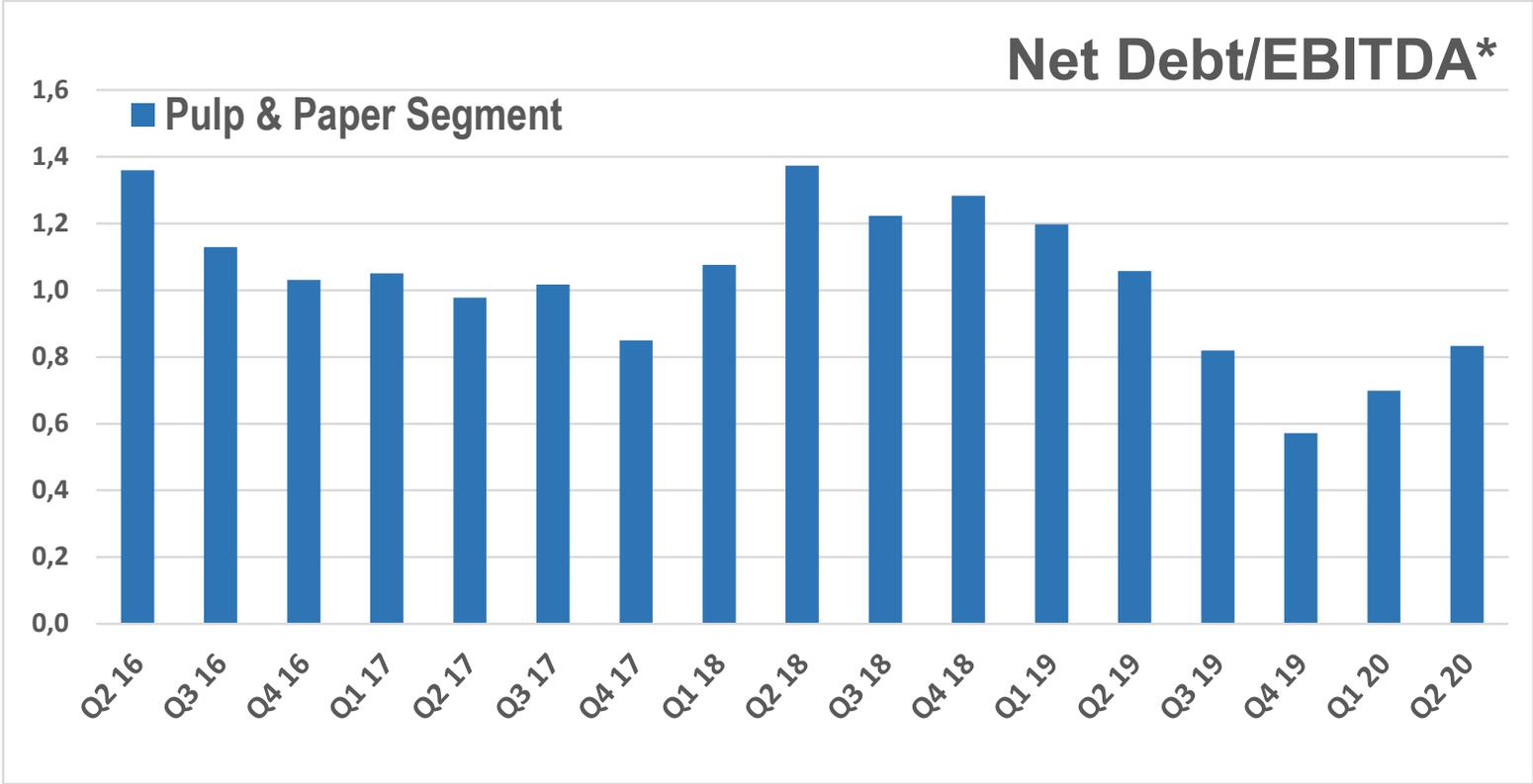
# Q2 2020 EBIT Arctic Paper Group – total

## Q2 2020 EBIT PLN 24,2mn

- PLN 55,4mn lower than Q1 2020
- PLN 45,6mn lower than Q2 2019



# Arctic Paper Group – Net debt/EBITDA 2016-2020



\* EBITDA for the last 12 months

# Corona update – mitigating negative effects

- We are fully aware of it is still a challenging and unsecure environment to maneuver in;
- We follow the rules and recommendations in each state where we operate;
- We have been successful in protecting our employees and our operations;
- We have used the opportunity for short-term allowance in the countries where it has been offered;
- We continuously monitor the market development and adapt our operations;

# Summary

# Arctic Paper Group Q2 2020 summary

- Arctic Paper Group sales Q2 2020 on the level of PLN 616.0 mn (762.5 mn) with an EBITDA of PLN 48.0 mn (90.5 mn).
- Paper segment, sales on the level of PLN 403.8 mn (PLN 537.6 mn) with an EBITDA of PLN 30.0 mn (PLN 35.4 mn).
- Paper segment, H1 2020 EBITDA more than doubled vs. last year to PLN 114,7 mn (51,7 mn).
- The graphic paper market negatively impacted by the pandemic fell by 32% in Europe during Q2, Arctic Paper developed comparatively better with a decline of 25 percent.
- The Group maintained a strong liquidity position. Net debt/EBITDA reached 0,83 (1,06).
- Production amounted to 114 000 tons during the period (147 000) and capacity utilization to 69% (92).

Arctic Paper Vision:

Turning ideas into experiences.

