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Financial results

Q1 2021



ARCTIC PAPER

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This Presentation contains financial results for Q1 2021.

Agenda

- Q1 2021 summary
- Paper segment
 - market
 - operating data
 - products
- Pulp segment
 - market
 - operating data
 - products
- Financials
- Outlook



Summary Q1 2021

Arctic Paper Group Q1 2021 vs. Q1 2020

Net sales
(PLNmn)

782,8
(Q1 2021)

vs.

813,9
(Q1 2020)

EBITDA
(PLNmn)

72,2
(Q1 2021)

vs.

111,8
(Q1 2020)

Operating CF
(PLNmn)

24,1
(Q1 2021)

vs.

70,8
(Q1 2020)

ROCE*

8,1%
(Q1 2021)

vs.

15,0%
(Q1 2020)

**Paper/Pulp
EBITDA** (PLNmn)

57/15
(Q1 2021)

vs.

85/27
(Q1 2020)

**Net debt/
EBITDA***

0,7x
(EOP 2021)

vs.

0,7x
(EOP 2020)

**Paper sales
volume**

161k t
(Q1 2021)

vs.

171k t
(Q1 2020)

**Pulp sales
volume**

112k t
(Q1 2021)

vs.

110k t
(Q1 2020)

*Rolling 12 months

Covid-19

Current situation in the Group

- Since the beginning of pandemic, Covid-19 has not affected the Group's operations.
- The Covid -19 pandemic continues to cause uncertainty in 2021. Still a challenging and unsecure environment to maneuver in.
- Lockdowns have a negative impact on graphical paper business but several countries see a growth in GDP 2021.
- We are in compliance with our implemented special rules and procedures to protect the health of our employees and maintain the continuity of production and customer service.
- We continuously monitor the market development and adapt our operations to the changing market conditions.

Paper Segment

1687
102

5164
132

1674
120
106
356

5156
74

Market data

Deliveries of fine paper in Europe

Q1 2021 compared to Q1 2020

Uncoated woodfree (UWF) down -5.5%

(Arctic Paper uncoated/Amber down -6.8%)

Coated woodfree (CWF) down -19.0%

(Arctic Paper down -6.7%)

Q1 2021 compared to Q4 2020

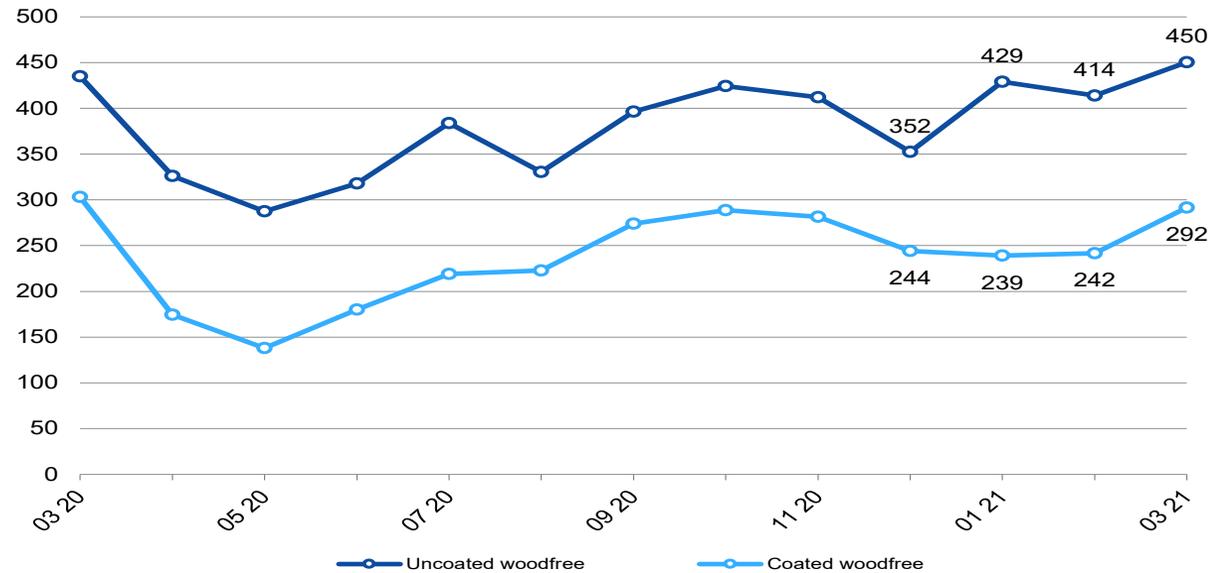
Uncoated woodfree (UWF) up 8.8%

(Arctic Paper uncoated/Amber up 15.7%)

Coated woodfree (CWF) down -5.2%

(Arctic Paper up 11.2%)

Monthly deliveries of fine paper in Europe (t)



Source: Arctic Paper based on EuroGraph data.

Market data

Fine paper average market prices

MAR 2021 compared to DEC 2020

UWF average price change **-1.9%**

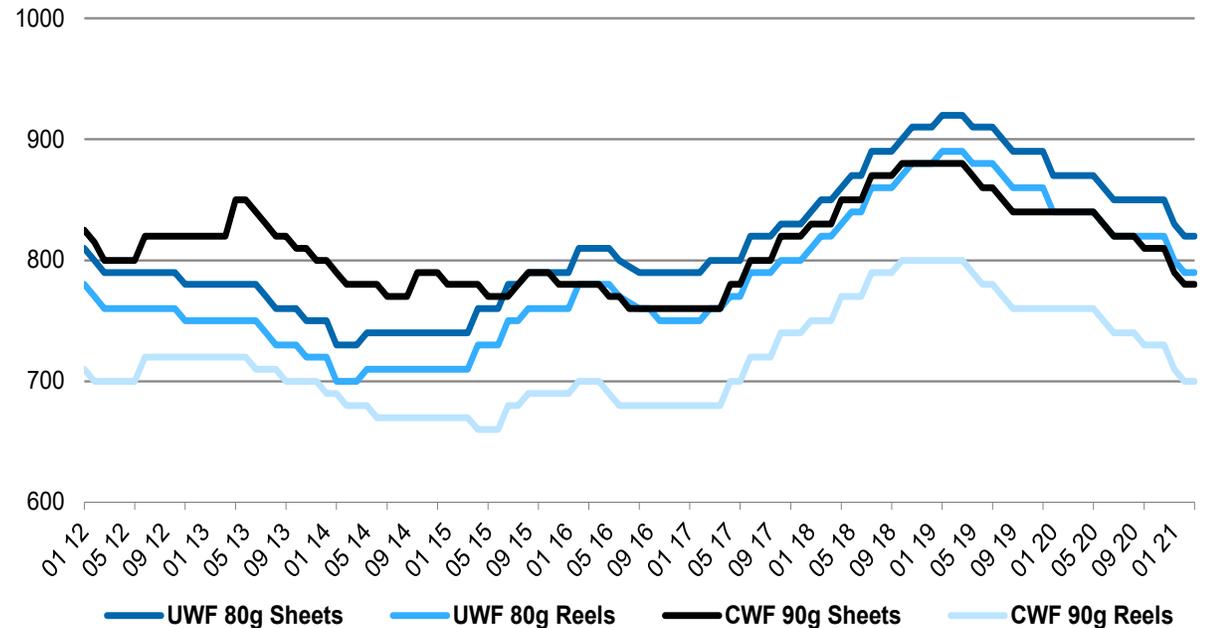
CWF average price change **-2.7%**

MAR 2021 compared to MAR 2020

UWF average price change **-5.8%**

CWF average price change **-7.5%**

Graphic fine paper prices – German market



Source: Arctic Paper based on RISI data.

Operating data

Arctic Paper mills – output & input

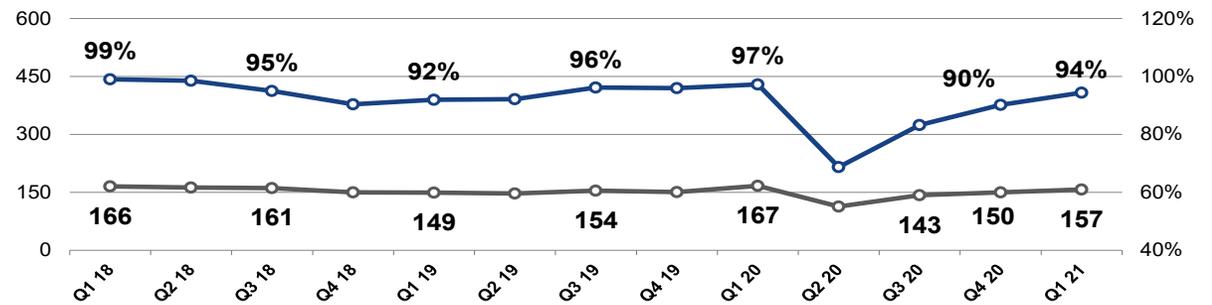
Average Q1 2021 use of production capacity: 94%

4.3% higher than in Q4 2020

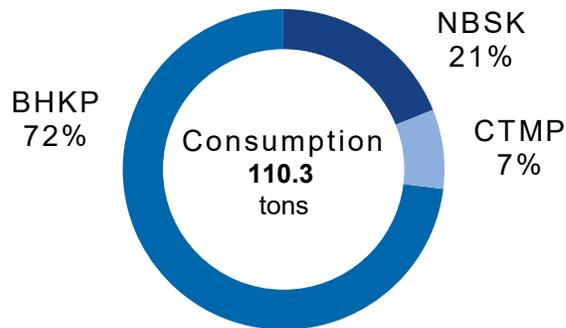
Q1 2021 total production volume: 157k tons

4.9% higher than in Q4 2020

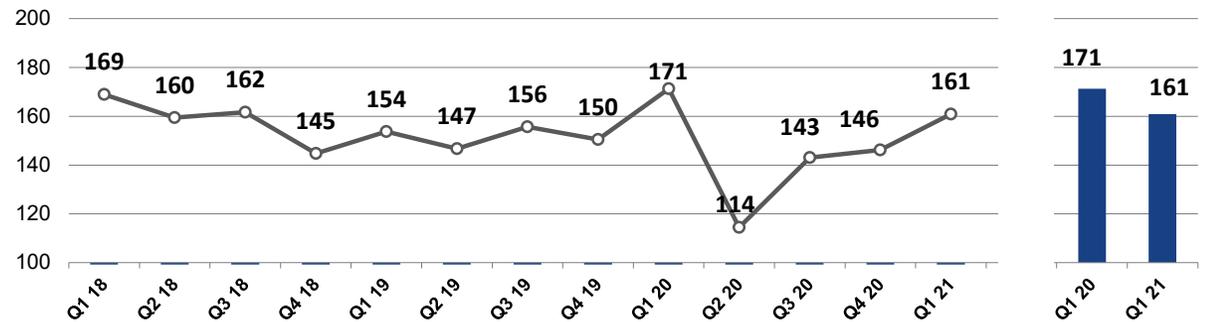
Production and use of production capacity for all paper mills



Structure of pulp consumption Q12021



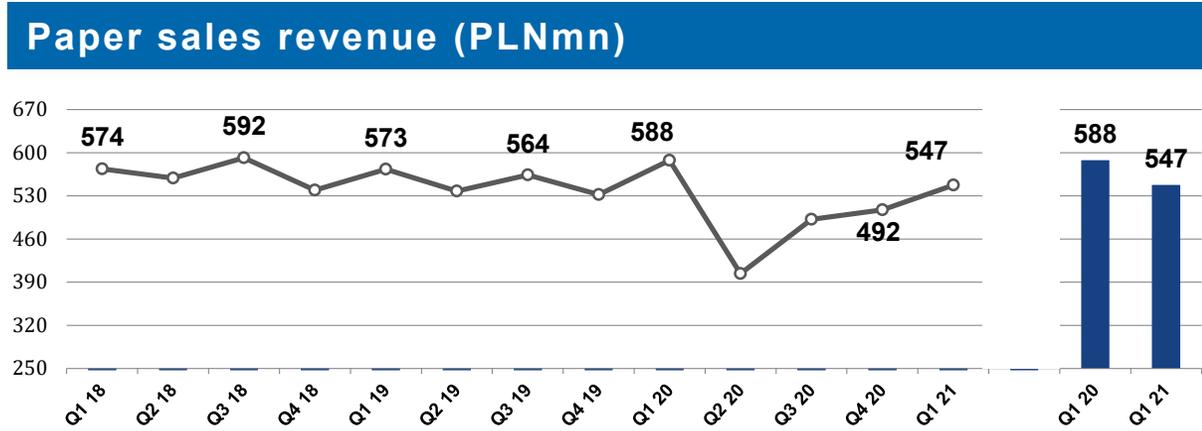
Paper sales volume



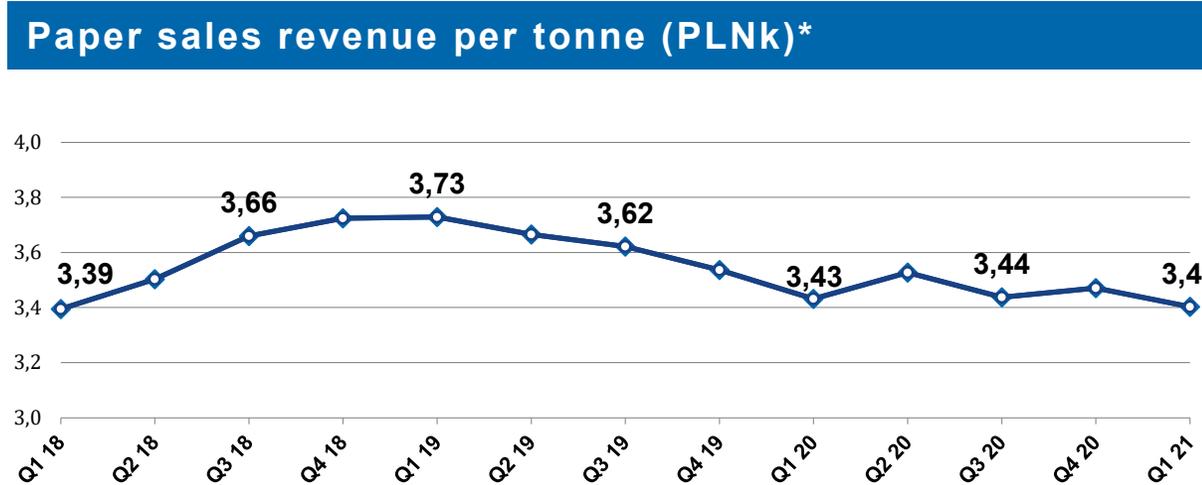
Operating data

Revenue and revenue per tonne

Total Q1 2021 (PLN 547mn) increased by 7.9% compared to Q4 2020



Average Q1 2021 (PLN 3.40k) decreased by 1.9% compared to average in Q4 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



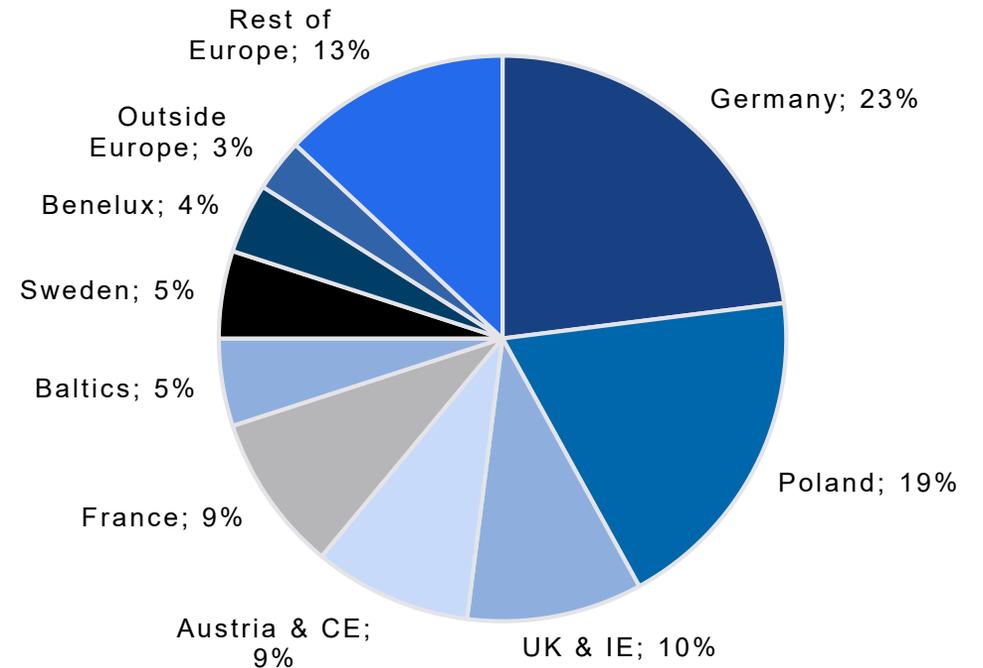
Most complete matt coated paper assortment



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



Printing Houses

Clients who purchase the Group's paper products directly



Wholesalers

Direct customers who purchase, stock and distribute the Group's paper for resale to other users



Publishers

Direct and indirect customers, who uses the Group's paper products for use in their publication activities I.e. Random House, Bonniers, Hachette, Holtzbrinck, etc.



Advertising Industry

Predominantly indirect customers, who use our products I.e. Deutsche Bank, Karl Lagerfeld, Kenzo, L'Oreal, Louis Vuitton, Nike, Mercedes Benz, etc.



Advertising and design agencies

Predominantly indirect customers but are of significant importance in requiring and recommending our products to end users

Products

Samples

Christian Dior St. Valentine Journal



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

Koenigsegg catalog



Books





Pulp Segment

Market data

Pulp segment – European pulp prices

Average price Q1 2021 compared to Q1 2020

NBSK (long fibre): 16.6% higher

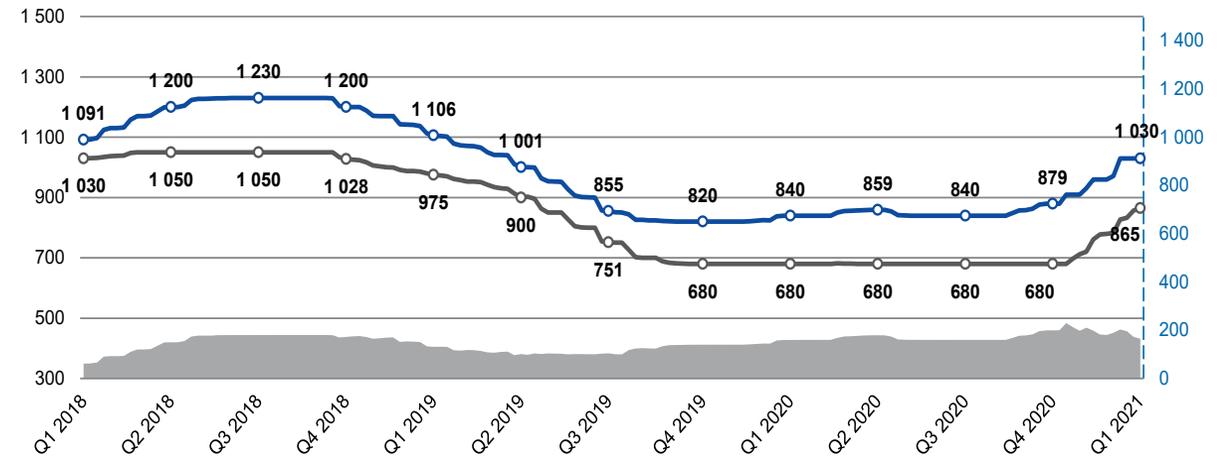
BHKP (short fibre): 12.8% higher

Average price Q1 2021 compared to Q4 2020

NBSK (long fibre): 12.7% higher

BHKP (short fibre): 12.8% higher

Pulp PIX Indexes Europe



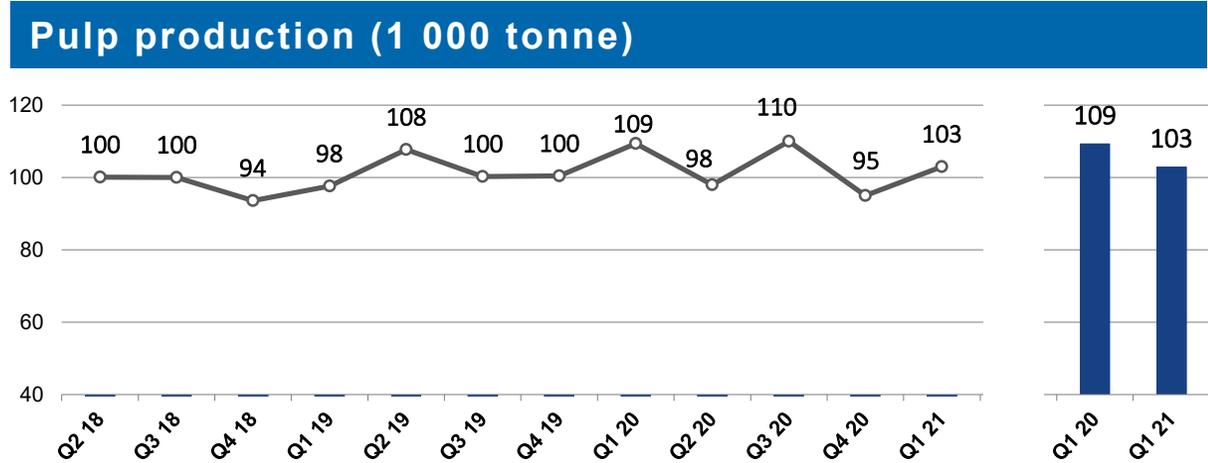
Source: Arctic Paper based on Foex data.

Operating data

Pulp production & deliveries

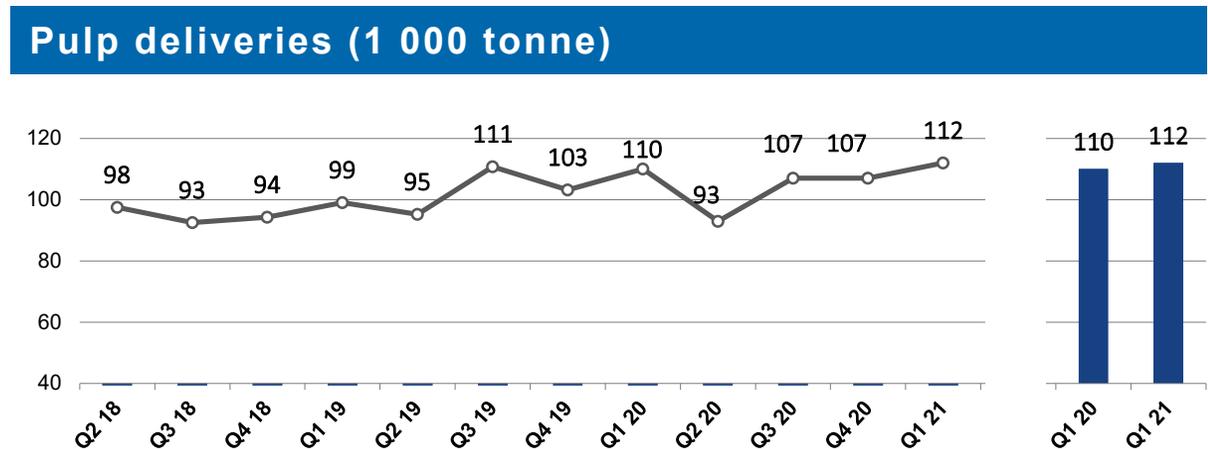
Q1 2021 total production: 103k tons

8.4% higher than in Q4 2020



Q1 2021 total deliveries: 112k tons

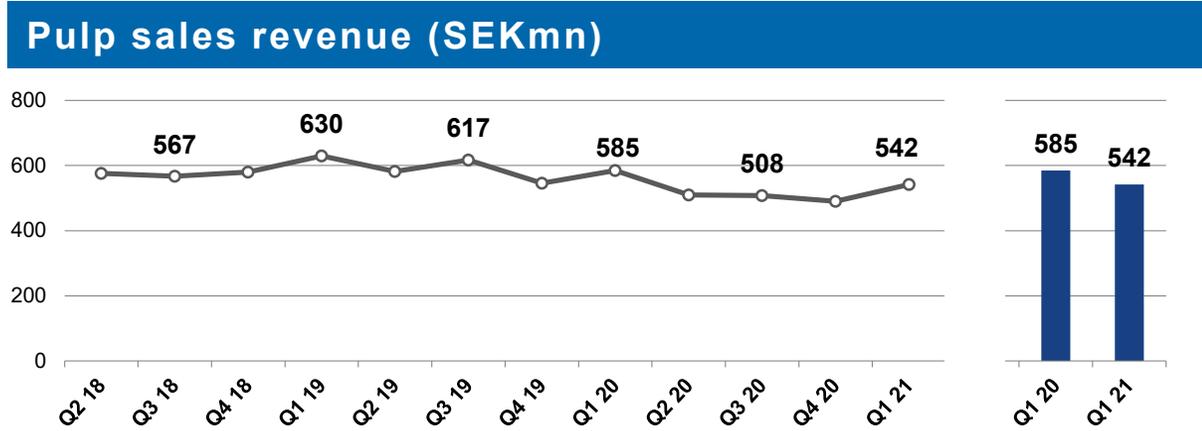
4.7% higher than in Q4 2020



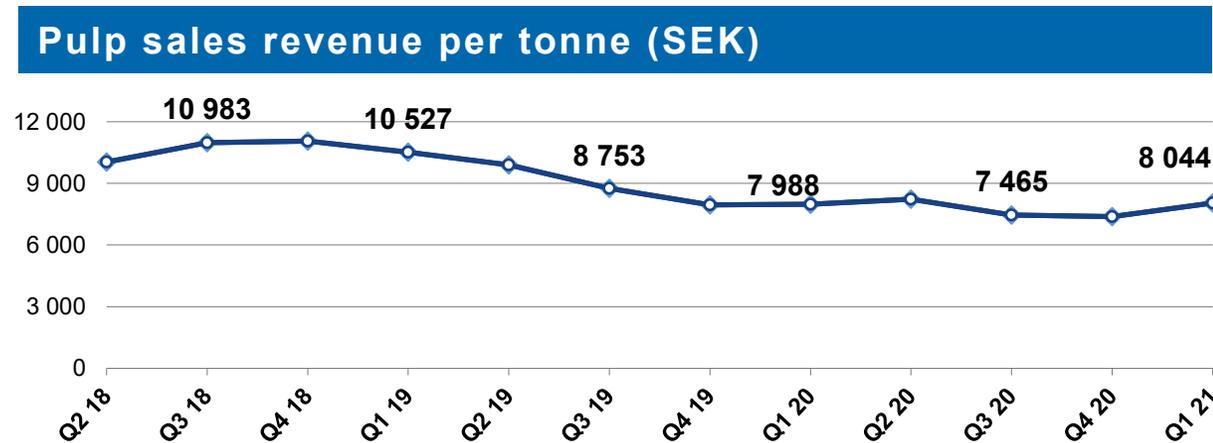
Operating data

Revenue and revenue per tonne

Total Q1 2021 (SEK 542mn) increased by 10.6% compared to Q4 2020



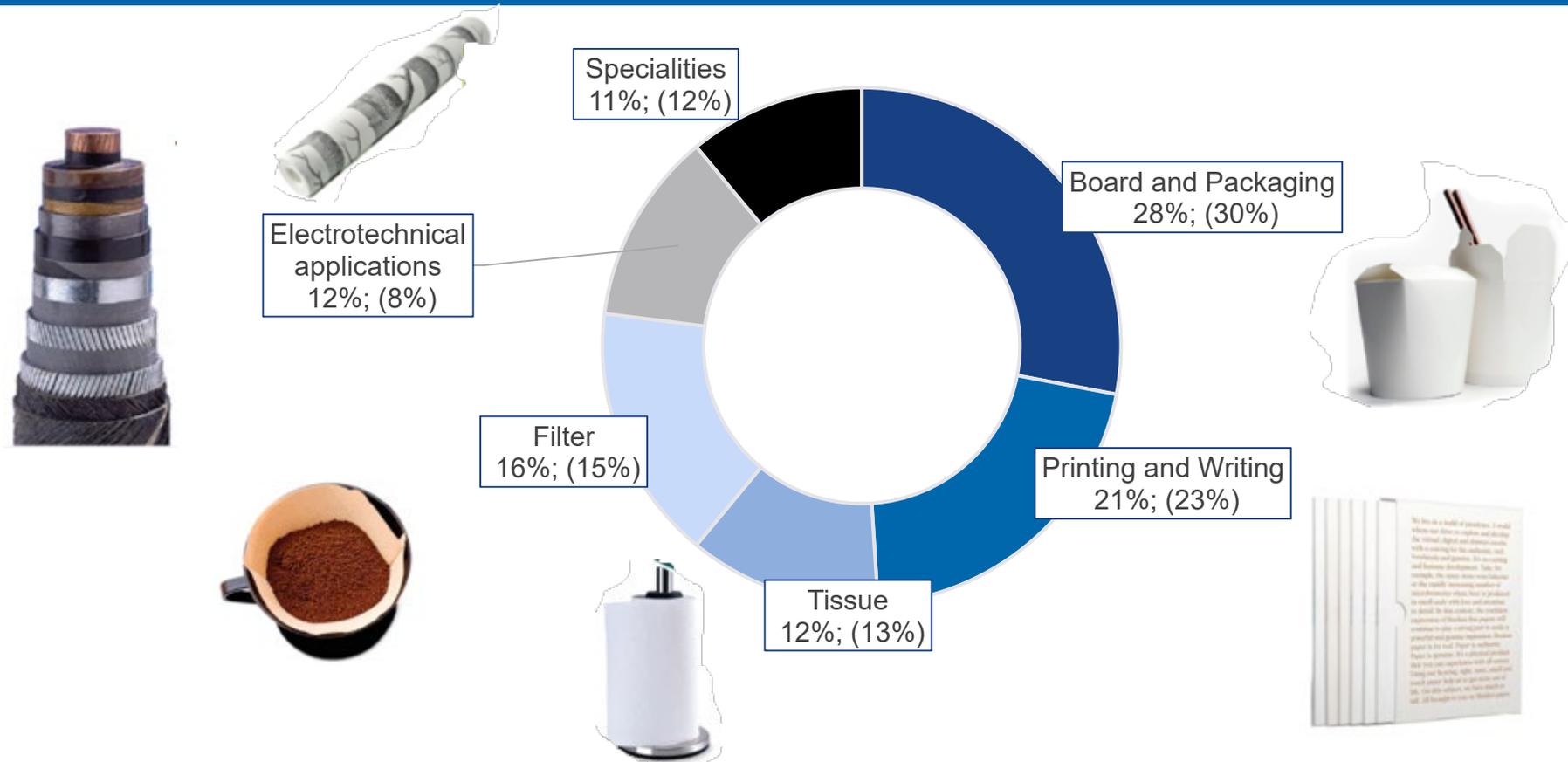
Average Q1 2021 (SEK 8 044 per tonne) increased by 9.0% compare to average in Q4 2020



Products

Pulp sales by application

Rottneros' sales by application 2020 (2019)



Financial results

643788-1	1	14
ROI	170	46
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L		
	328876	
		

4125
↓
411564
Block.

3 411564/29/2021

411564
↑

411564
↑

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

323889
↓
323887.

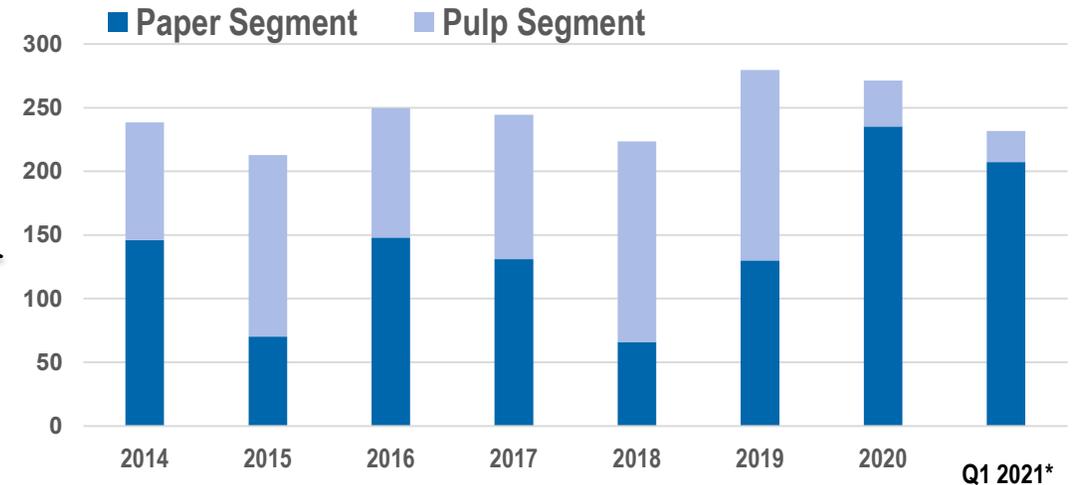
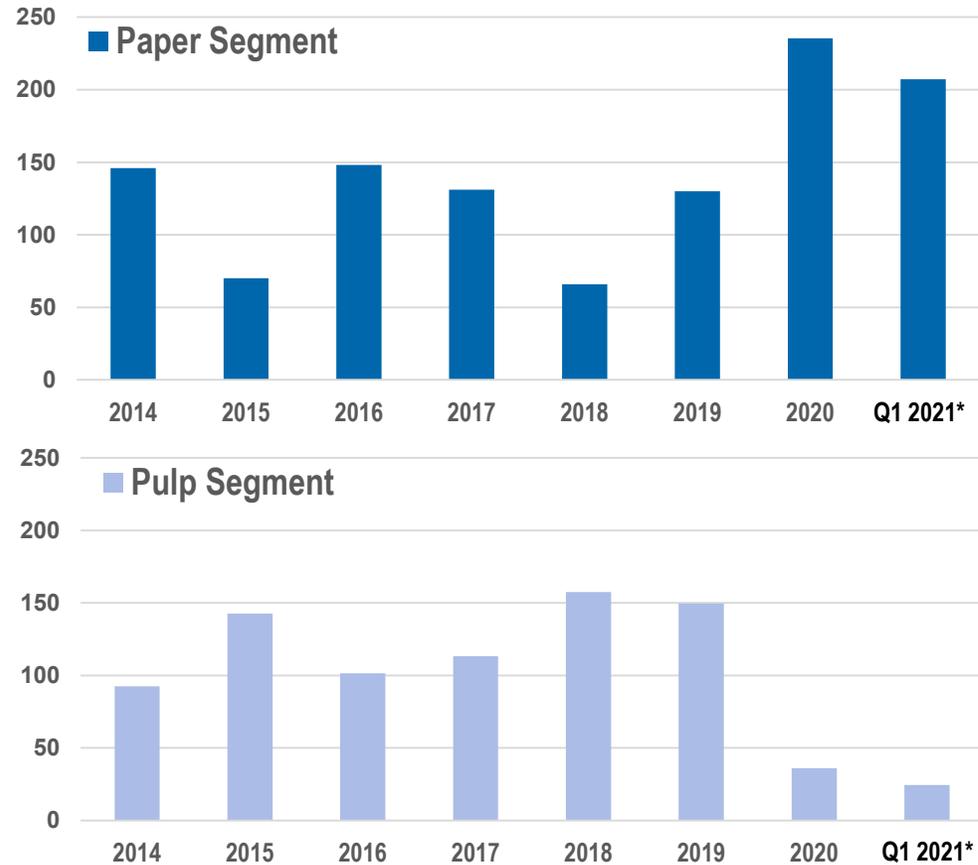
Key consolidated figures

- Q1 2021 total revenues down - 3.8% compared to Q1 2020 (-6.9% paper segment, +4.1% pulp segment)
- Q1 2021 EBITDA down by PLN 39,6mn compared to Q1 2020 (PLN 56,7mn paper segment: PLN -28,1mn; PLN 15,5mn pulp segment: PLN -11,6mn)
- Q1 2021 Net result PLN -30,0mn compared to Q1 2020 (PLN 25,8mn paper segment: PLN -21,5mn; PLN 6,5mn pulp segment: PLN -8,5mn)
- Cash on the level of PLN 218,3mn (PLN 67,5mn paper segment: PLN -39,0mn; PLN 150,8mn pulp segment: PLN -8,4mn)
- Net debt on the level of PLN 163,2mn vs PLN 215,9mn in MAR 2020
- Net debt/EBITDA ratio on the level of 0.70 (same as in MAR 2020)

Arctic Paper Group

EBITDA evolution 2014 - 2021 (PLNmn)

Effective hedging of both segments in the period of 8 years



* Rolling 12 months

Q1 2021 EBITDA Arctic Paper Group

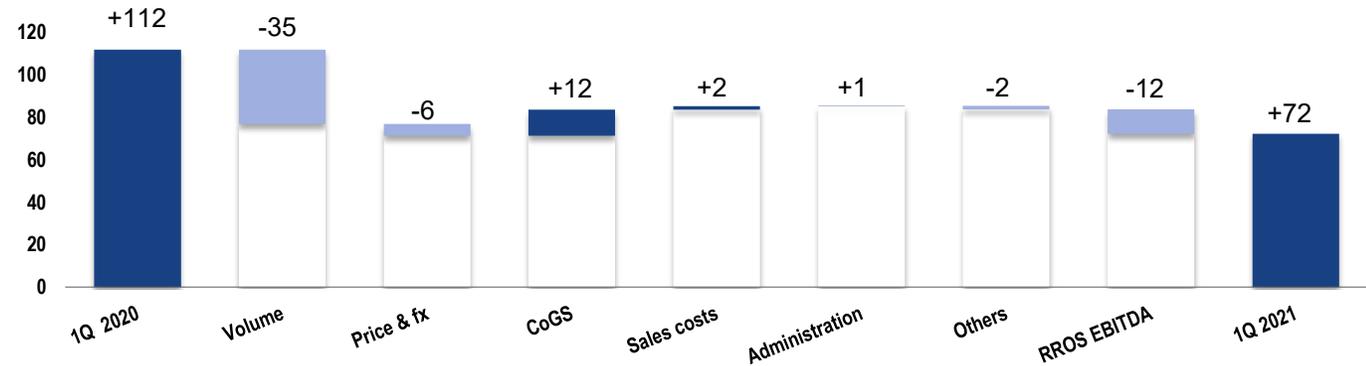
Total

Q1 2021 EBITDA PLN 72,2mn

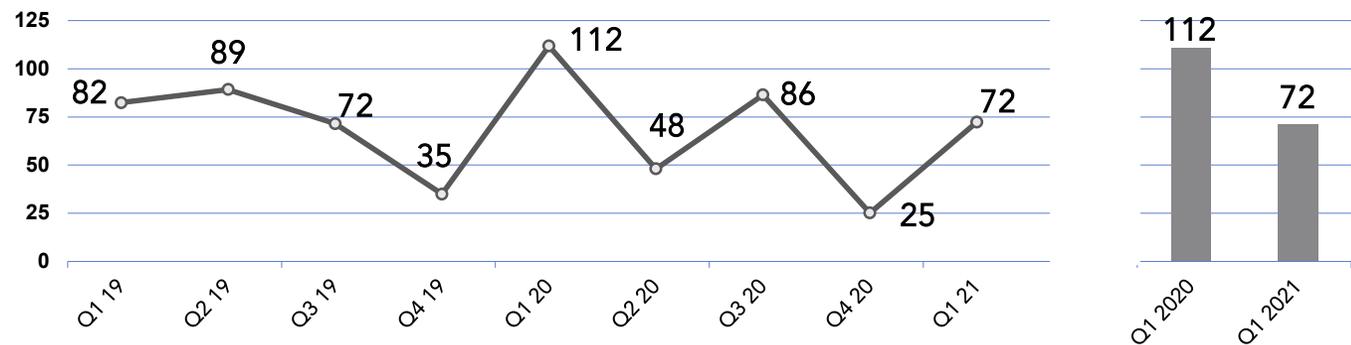
PLN 47,1mn higher than Q4 2020

PLN 40,0mn lower than Q1 2020

Q1 2021 EBITDA Bridge



EBITDA evolution





Outlook

Outlook for 2021

- The Impact of the hikes of paper prices on the results expected in 2Q21
- The Impact of the increase in pulp prices on the results expected in 2Q21
- Soaring prices of pulp are favourable for pulp segment profitability
- We are observing new legislation about Single Use of Plastic directive, and getting ready for changes on the packaging market, leveraging development group R&D unit
- Further growth of packaging grades in product mix
- Combination of pulp and paper continues to stabilize results as fluctuations offset each other
- Management plans to keep reasonable and safe level of leveraging
- Company is resistant for high prices of electricity in Sweden and in Poland due to Energy prices hedging policy

Sharing our story with you

Hedged against volatility of profitability & high fluctuation of energy

Balanced profit-sharing proposition

Increasing share of renewable and fossil-free energy

Predictable capex aimed at continued improvements

Owner of brands valued by Customers

Established position on the market with a high entry barrier

Stable ownership structure

Sustainable production Processes

Arctic Paper Vision:

Turning ideas into experiences.



GOLD