

22.FEB 2022

# Financial results

## Q4 2021



ARCTIC PAPER

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This Presentation contains financial results for Q4 2021 as well as for full FY 2021.

# Agenda

- Q4 / FY 2021 summary
- Paper
  - market
  - operating data
  - products
- Pulp / Rottneros
- Packaging
- Power
- Outlook

Presenters:

Göran Eklund – CFO Arctic Paper



# Summary Q4 2021

Arctic Paper Group Q4 2021 vs. Q4 2020

**Net sales**  
(PLNmn)

**953,5**  
(Q4 2021)  
vs.  
**714,7**  
(Q4 2020)

**EBITDA**  
(PLNmn)

**69,2**  
(Q4 2021)  
vs.  
**25,1**  
(Q4 2020)

**Operating CF**  
(PLNmn)

**132,9**  
(Q4 2021)  
vs.  
**23,9**  
(Q4 2020)

**ROCE\***

**14,7%**  
(Q4 2021)  
vs.  
**10,6%**  
(Q4 2020)

**Paper/Pulp  
EBITDA** (PLNmn)

**31/38**  
(Q4 2021)  
vs.  
**51/-26**  
(Q4 2020)

**Net debt/  
EBITDA\***

**0,36x**  
(EOP 2021)  
vs.  
**0,49x**  
(EOP 2020)

**Paper sales  
volume**

**168k t**  
(Q4 2021)  
vs.  
**146k t**  
(Q4 2020)

**Pulp sales  
volume**

**96k t**  
(Q4 2021)  
vs.  
**107k t**  
(Q4 2020)

\*Rolling 12 months

# Summary YTD DEC 2021

Arctic Paper Group YTD DEC 2021 vs. YTD DEC 2020

**Net sales**  
(PLNmn)

**3 412,6**  
(YTD DEC 2021)  
vs.  
**2 847,5**  
(YTD DEC 2020)

**EBITDA**  
(PLNmn)

**327,8**  
(YTD DEC 2021)  
vs.  
**271,4**  
(YTD DEC 2020)

**Operating CF**  
(PLNmn)

**238,2**  
(YTD DEC 2021)  
vs.  
**211,5**  
(YTD DEC 2020)

**ROCE\***

**14,7%**  
(YTD DEC 2021)  
vs.  
**10,6%**  
(YTD DEC 2020)

**Paper/Pulp  
EBITDA** (PLNmn)

**160/168**  
(YTD DEC 2021)  
vs.  
**235/36**  
(YTD DEC 2020)

**Net debt/  
EBITDA\***

**0,36x**  
(EOP 2021)  
vs.  
**0,49x**  
(EOP 2020)

**Paper sales  
volume**

**647k t**  
(YTD DEC 2021)  
vs.  
**574k t**  
(YTD DEC 2020)

**Pulp sales  
volume**

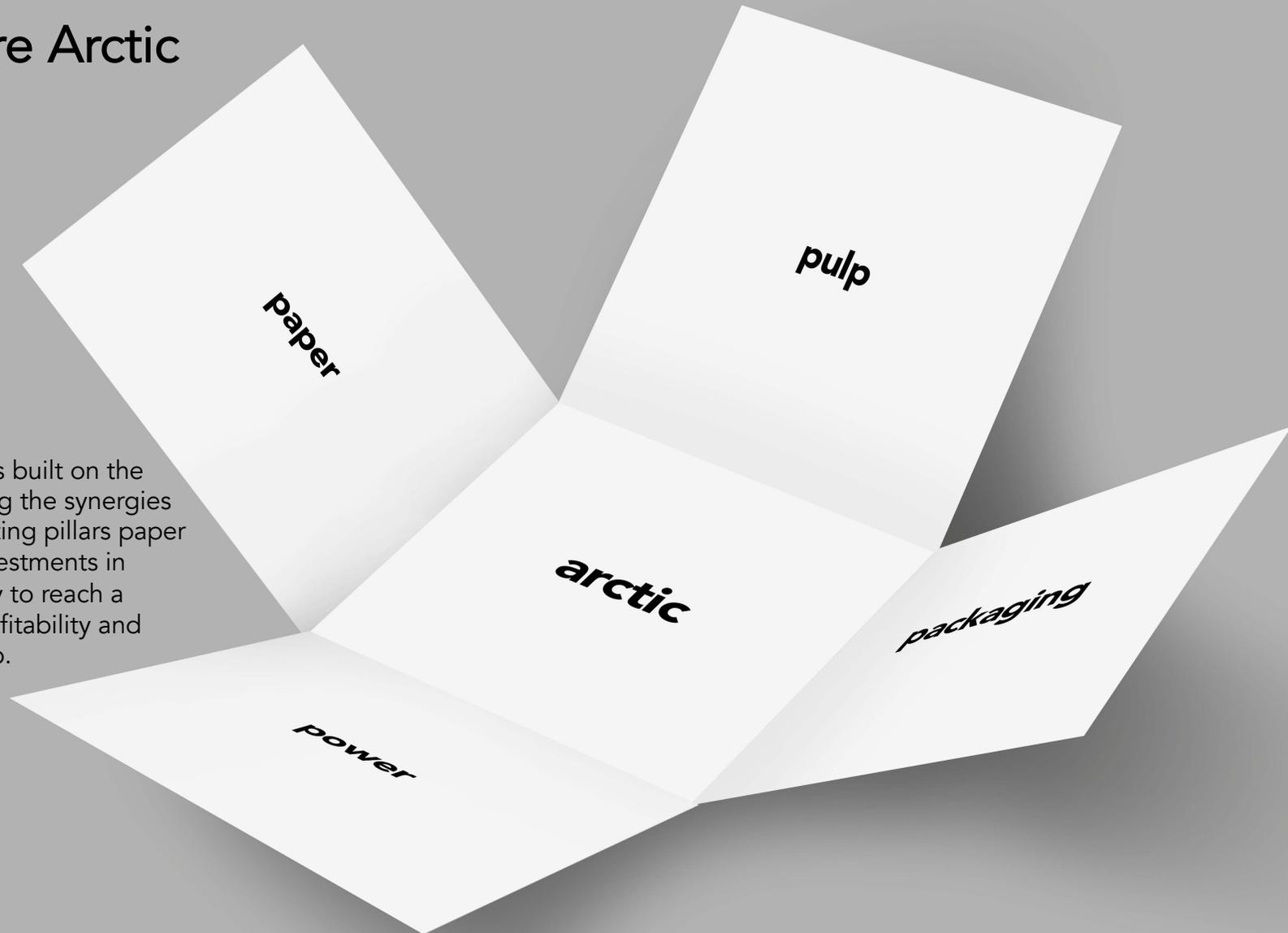
**403k t**  
(YTD DEC 2021)  
vs.  
**417k t**  
(YTD DEC 2020)

\*Rolling 12 months

New strategy

## 4P for future Arctic

The new 4P strategy is built on the ambition to grow using the synergies between the two existing pillars paper and pulp and new investments in packaging and energy to reach a sustainably higher profitability and resilience of the group.



# Paper

1687  
102

7

5164  
1674  
120



1674  
120  
106  
356

5156  
74  
74  
mitte

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[arcticpaper.com](http://arcticpaper.com)

# 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



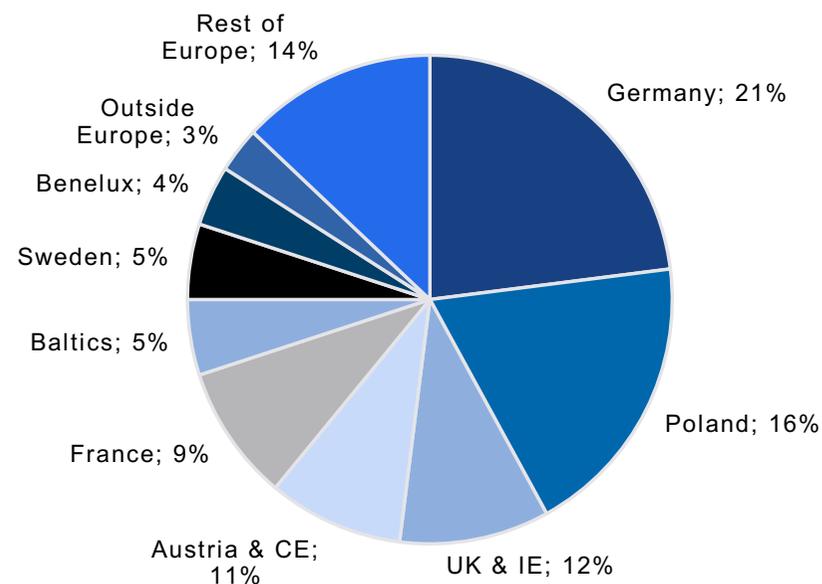
Most complete matt  
coated paper  
assortment



## Novel products

Arctic Paper develops its packaging line, Munken Kraft sales volumen YTD DEC 2021 vs. YTD DEC 2020 +118%.  
New coated product G-Flexmatt launched 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

# Market data

Fine paper average market prices

## DEC 2021 compared to SEP 2021

**UWF** average price change **+7%**

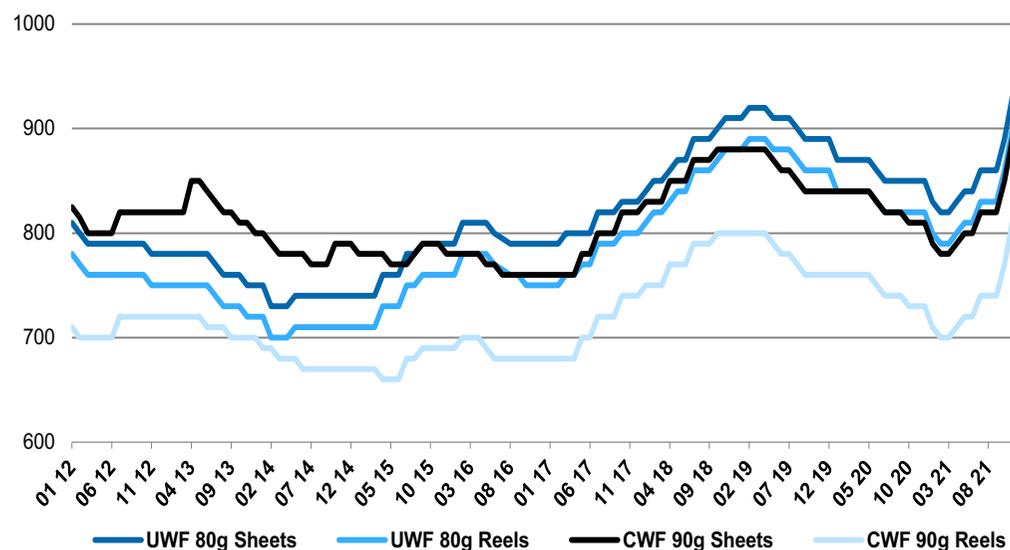
**CWF** average price change **+8%**

## DEC 2021 compared to DEC 2020

**UWF** average price change **+11%**

**CWF** average price change **+13%**

## Graphic fine paper prices – German market



Source: Arctic Paper based on RISI data.

# Arctic Paper - paper - operating data

**Average Q4 2021** use of production capacity: **99%**

Same level as in Q3 2021

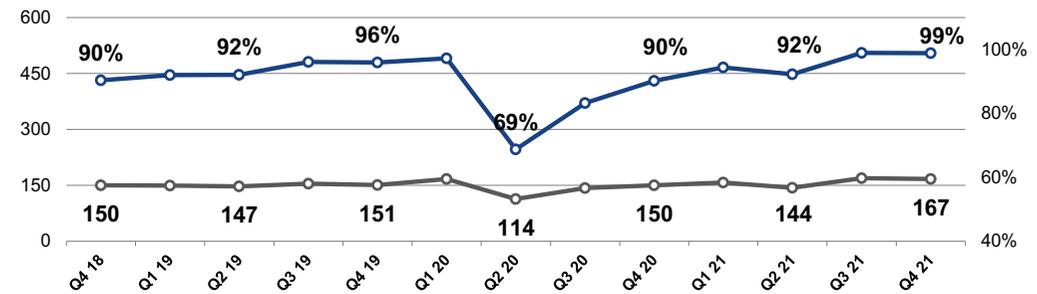
9% higher than in Q4 2020

**Q4 2021 total production volume:**  
**167k tons**

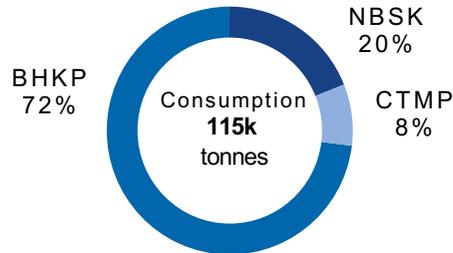
1% lower than in Q3 2021

12% higher than in Q4 2020

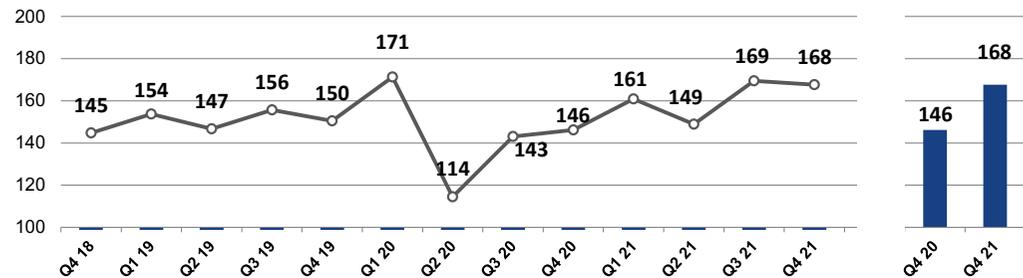
**Production and use of production capacity for all paper mills**



**Structure of pulp consumption Q4 2021**



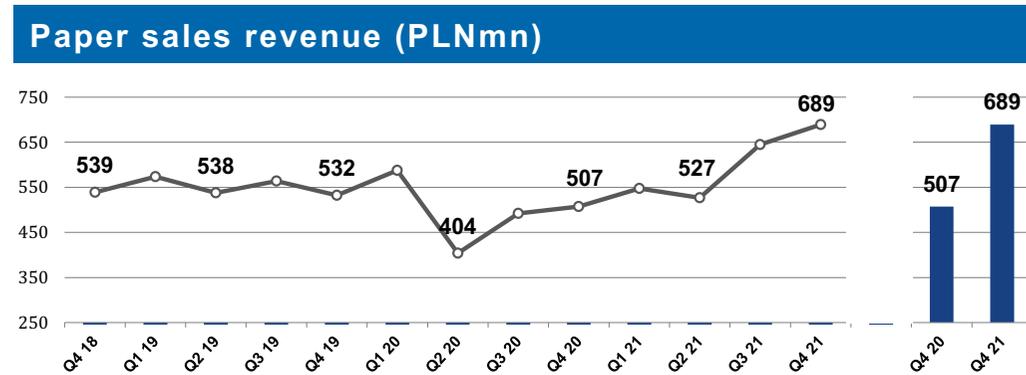
**Paper sales volume**



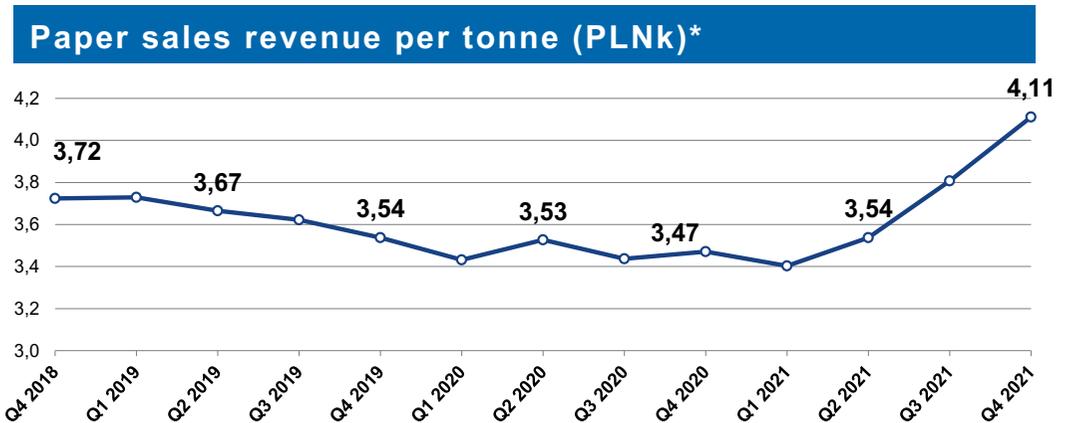
# Arctic Paper - paper - operating data

Revenue and revenue per tonne

**Total revenue Q4 2021 (PLN 689mn)  
increased by 36% compared to Q4 2020**



**Average price Q4 2021 (PLN 4.11k)  
increased by 18% compared to average  
in Q4 2020**



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

# Pulp

**Q4**  
2021

BOKSLUTSKOMMUNIKÉ  
JAN-DEC 2021

**Mycket stark avslutning på året**

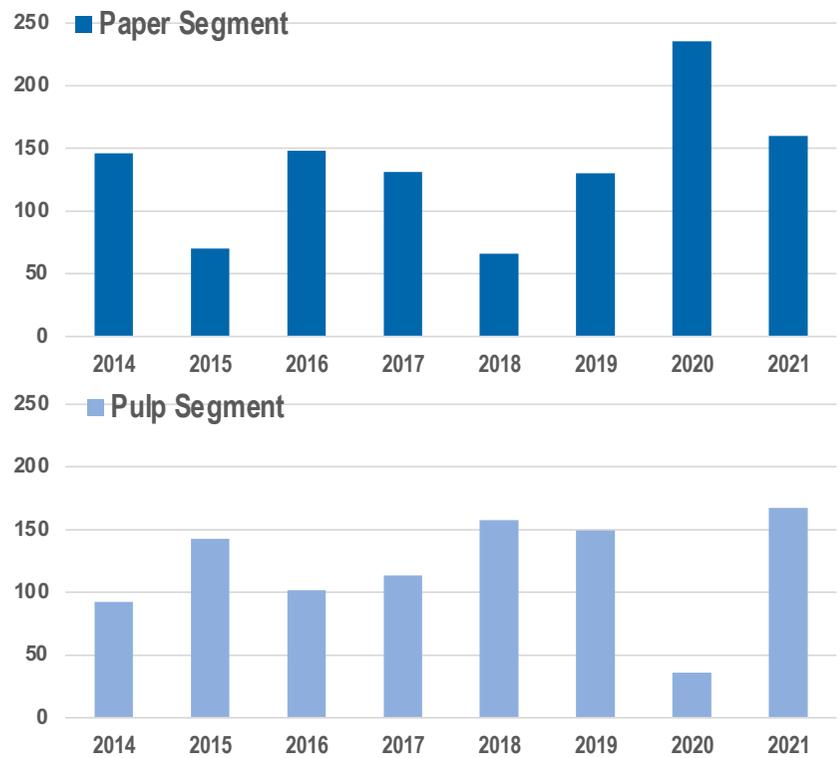
EBIT ökade med 153 MSEK      Stark kassa och balansräkning      Styrelsen föreslår 60 öre i utdelning

 **ROTTNEROS**      PURE POSSIBILITIES

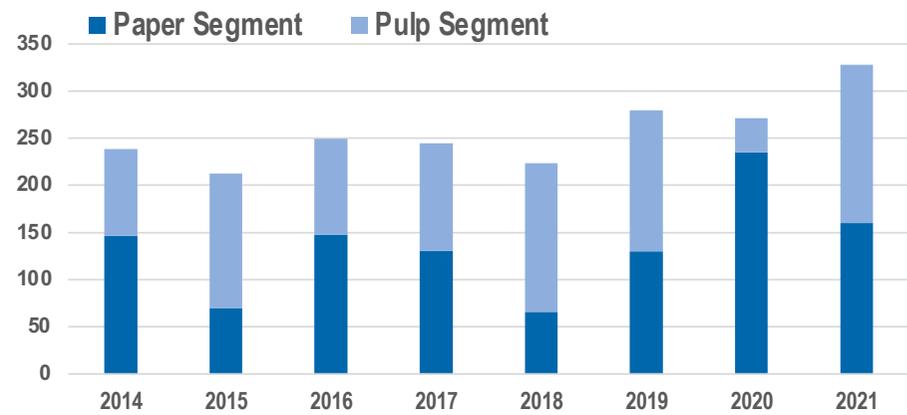
# Arctic Paper Group

EBITDA evolution 2014 - 2021 (PLNm)

Effective hedging of both segments – to stabilize financial results in last 8 years



\* Rolling 12 months





# Packaging

# Packaging - development

## Packaging papers:

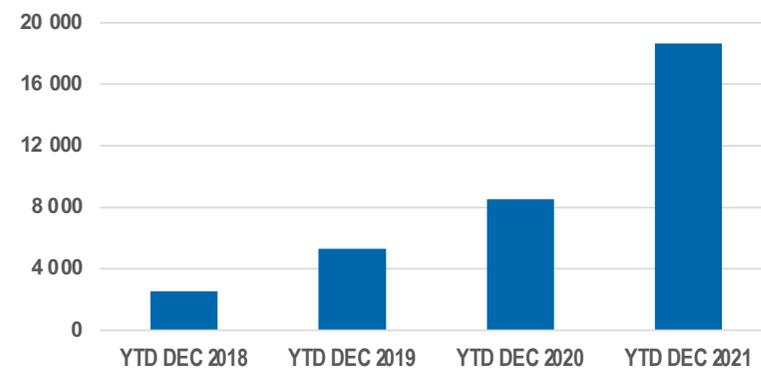
### Munken Kraft

Uncoated packaging  
paper

### G-Flexmatt

New coated product G-Flexmatt  
launched on the market in Q2  
2021

## Packaging paper sales development (t)



# Power



# Power generation

New hydroelectric power plant in Munkedal produced over 20 GWh of green energy in 2021. Biomass power plant in Grycksbo produced over 16 GWh of green energy and 747 000 GJ of green heat in 2021.



Phase 1 of PV solar farm in Kostrzyn runs since August. In December there was contract signed with external company to support in preparation of documentation and obtaining necessary permits to start building solar power plant with a capacity of 17 MW.





# Outlook

# Outlook

- Strong demand, expected high production utilization
- Energy costs pressure – significant increase of energy prices across the whole Europe
- Logistics challenges related to the limited availability of means of transport and higher freight costs
- High demand of pulp contributes to the profitability of that segment
- Decision is taken to develop moulded tray production in Arctic Paper's premises in Kostrzyn
- Identification of new development opportunities in the energy segment
- Management Board will recommend a dividend of PLN 0.40 per share

# Sharing our story with you

**Hedged against  
volatility of  
profitability &  
high fluctuation  
of energy**

**Growth in  
packaging**

**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**

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# Questions?



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