

Q1 9/5/2022

# FINANCIAL RESULTS

## Q1 2022



ARCTIC PAPER



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**THIS PRESENTATION  
CONTAINS FINANCIAL  
RESULTS FOR Q1 2022.**

# AGENDA

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PRESENTERS:

**Michał Jarczyński** / CEO Arctic Paper

**Göran Eklund** / CFO Arctic Paper

Summary Q1 2022

Paper



Packaging



Financial performance



Pulp



Power



Focus



# SUMMARY Q1 2022

Arctic Paper Group Q1 2022 vs. Q1 2021

Net sales  
(PLN mn)

**1 110.8** / 782.8  
(Q1 2022) / (Q1 2021)

EBITDA  
(PLN mn)

**205.7** / 72.2  
(Q1 2022) / (Q1 2021)

Operating CF  
(PLN mn)

**17.9** / 24.1  
(Q1 2022) / (Q1 2021)

ROCE\*

**19.7%** / 8.1%  
(Q1 2022) / (Q1 2021)

Paper/Pulp EBITDA  
(PLN mn)

**130/76** / 57/15  
(Q1 2022) / (Q1 2021)

Net debt/EBITDA\*

**0.33x** / 0.70x  
(EOP Q1 2022) / (EOP Q1 2021)

Paper sales  
volume

**166k t** / 161k t  
(Q1 2022) / (Q1 2021)

Pulp sales  
volume

**100k t** / 112k t  
(Q1 2022) / (Q1 2021)

\* rolling 12 months



# PAPER

# MARKET DATA

Fine paper average market prices

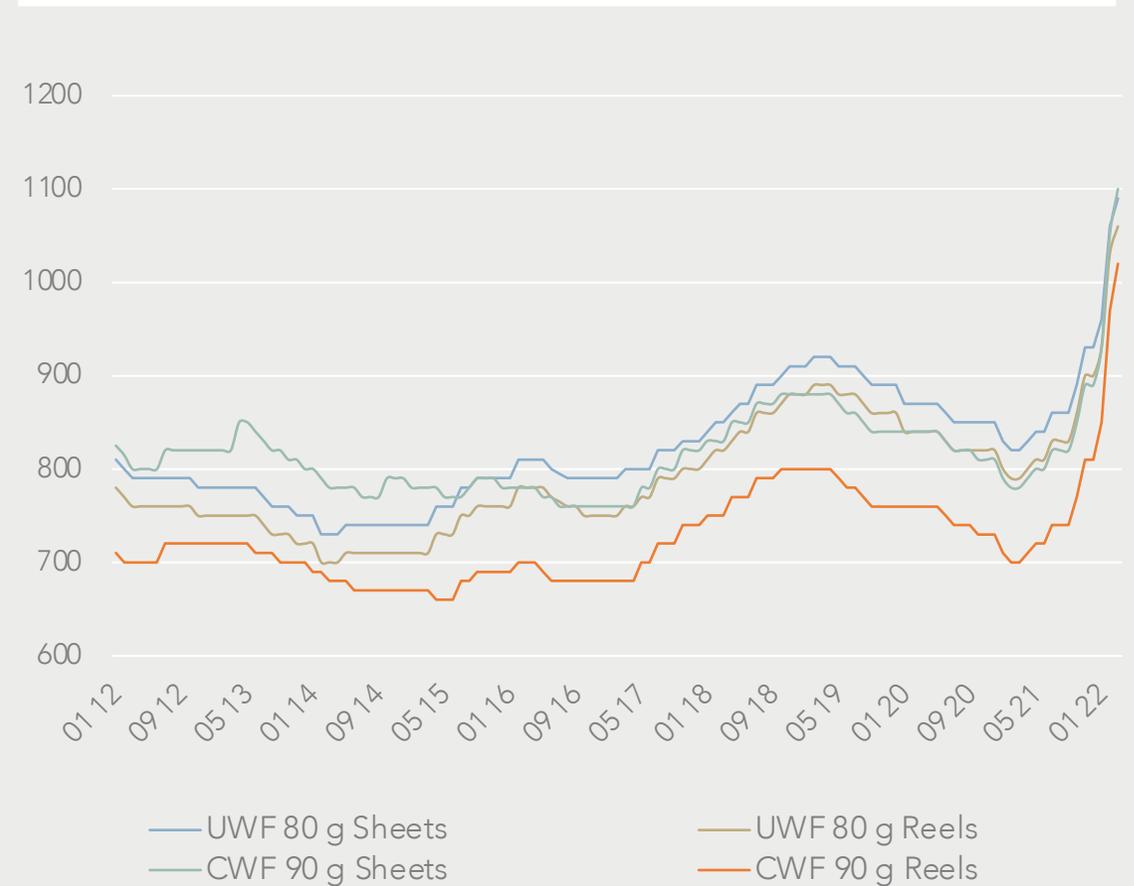
## MAR 2022 COMPARED TO DEC 2021

UWF average price change **+18%**  
CWF average price change **+27%**

## MAR 2022 COMPARED TO MAR 2021

UWF average price change **+34%**  
CWF average price change **+47%**

## GRAPHIC FINE PAPER PRICES – GERMAN MARKET



Source: Arctic Paper based on RISI data.

# OPERATING DATA

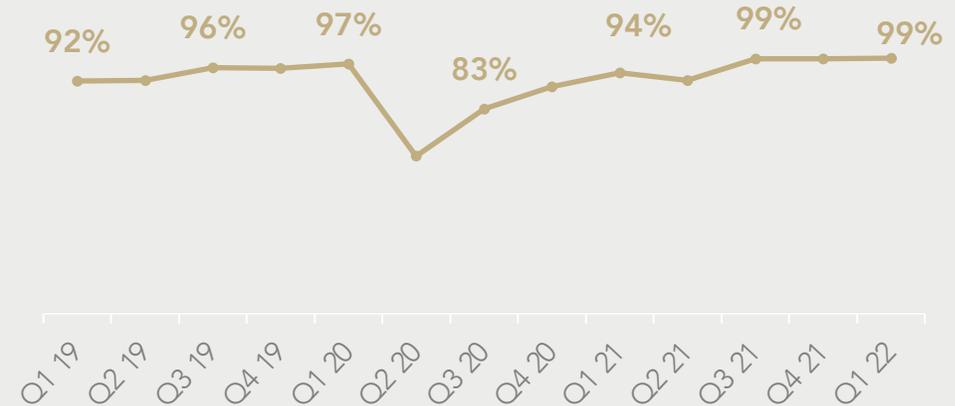
Average Q1 2022 use of production capacity: **99%**

**SAME LEVEL AS IN Q4 2021**  
**5% HIGHER THAN IN Q1 2021**

Q1 2022 total production volume: **165k tons**

**1% LOWER THAN IN Q4 2021**  
**5% HIGHER THAN IN Q1 2021**

## PRODUCTION CAPACITY FOR ARCTIC PAPER MILLS



## PAPER SALES VOLUME



# OPERATING DATA

Total revenue Q1 2022 (**PLN 820mn**)

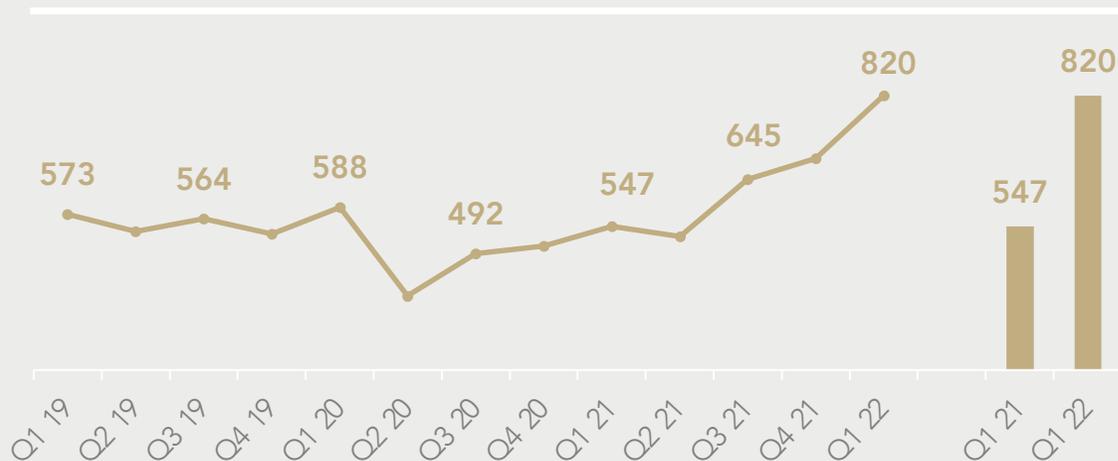
**INCREASED BY 50% COMPARED TO Q1 2021**

Average price Q1 2022 (**PLN 4.93k**)

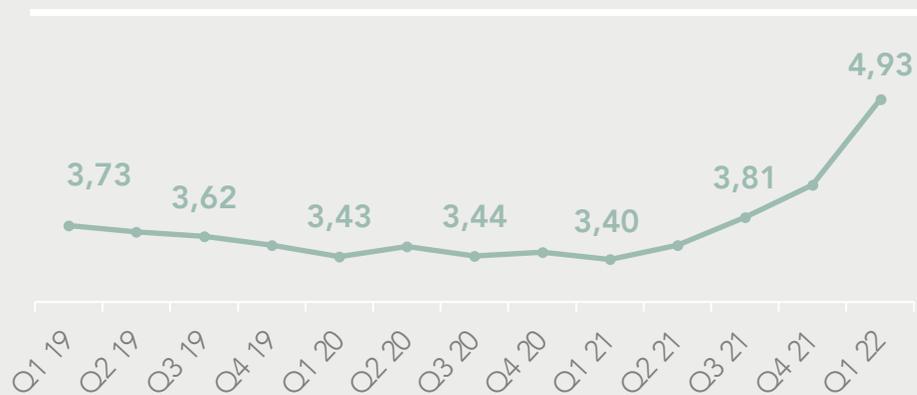
**INCREASED BY 45% COMPARED TO AVERAGE IN Q1 2021**

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

### PAPER SALES REVENUE (PLN mn)



### PAPER SALES REVENUE PER TONNE (PLN k)\*



# PRODUCTS

## AMBER

ADVANCED OFFSET PRODUCTION  
IN HEART OF EUROPE

- Top 3 brands in revenue share
- No 1 in European High Quality Bookpaper Sales
- No 1 in European Design Paper Sales

## NOVEL PRODUCTS

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Arctic Paper develops its packaging line Munken Kraft.  
New coated product G-Flexmatt launched in Q2 2021.



MOST COMPLETE MATT  
COATED PAPER ASSORTMENT



## MUNKEN

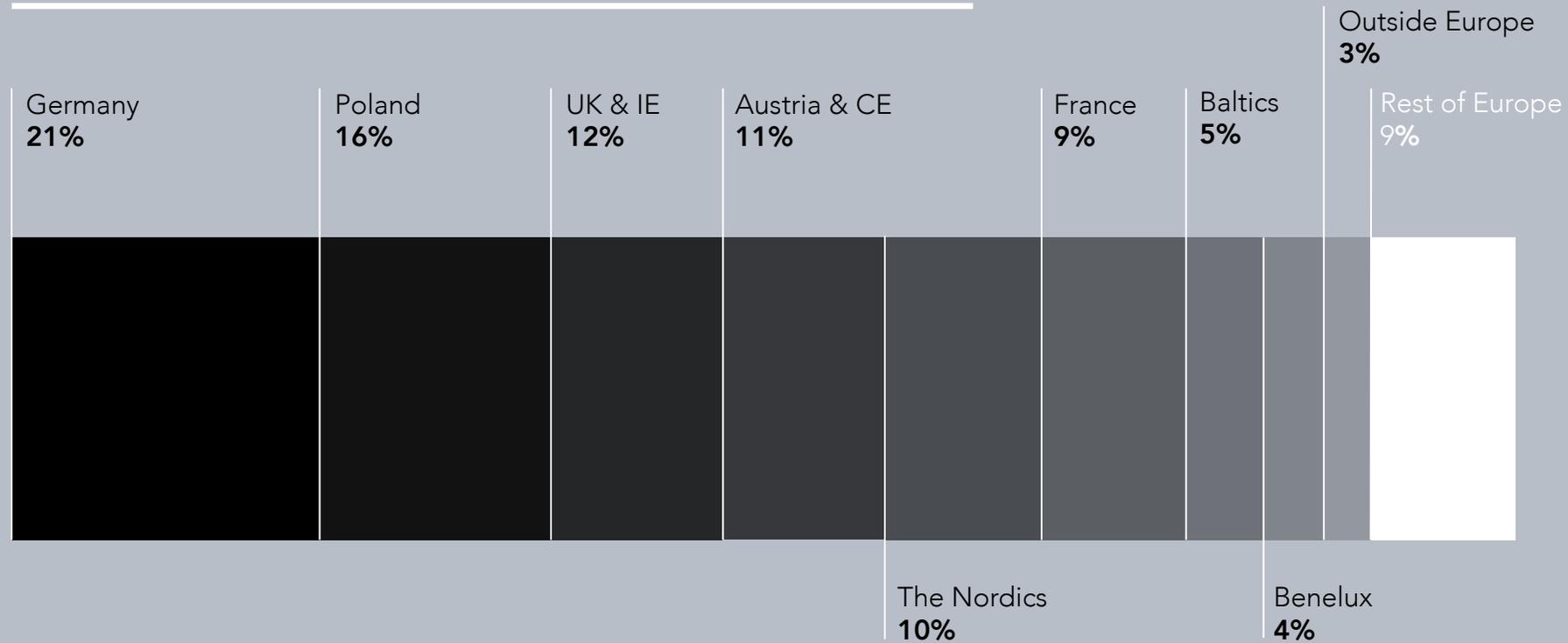
BIGGEST UNCOATED  
DESIGN BRAND

enjoy new experiences.  
Sharing is a vital part  
of collaboration and  
essential to our cultural  
identity.

This is Munke  
This is Munke  
This is Munke

# PRODUCTS

## GEOGRAPHICAL SPLIT OF SALES



# CLIENT STRUCTURE

Market segments/products portfolio/target groups

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## 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.

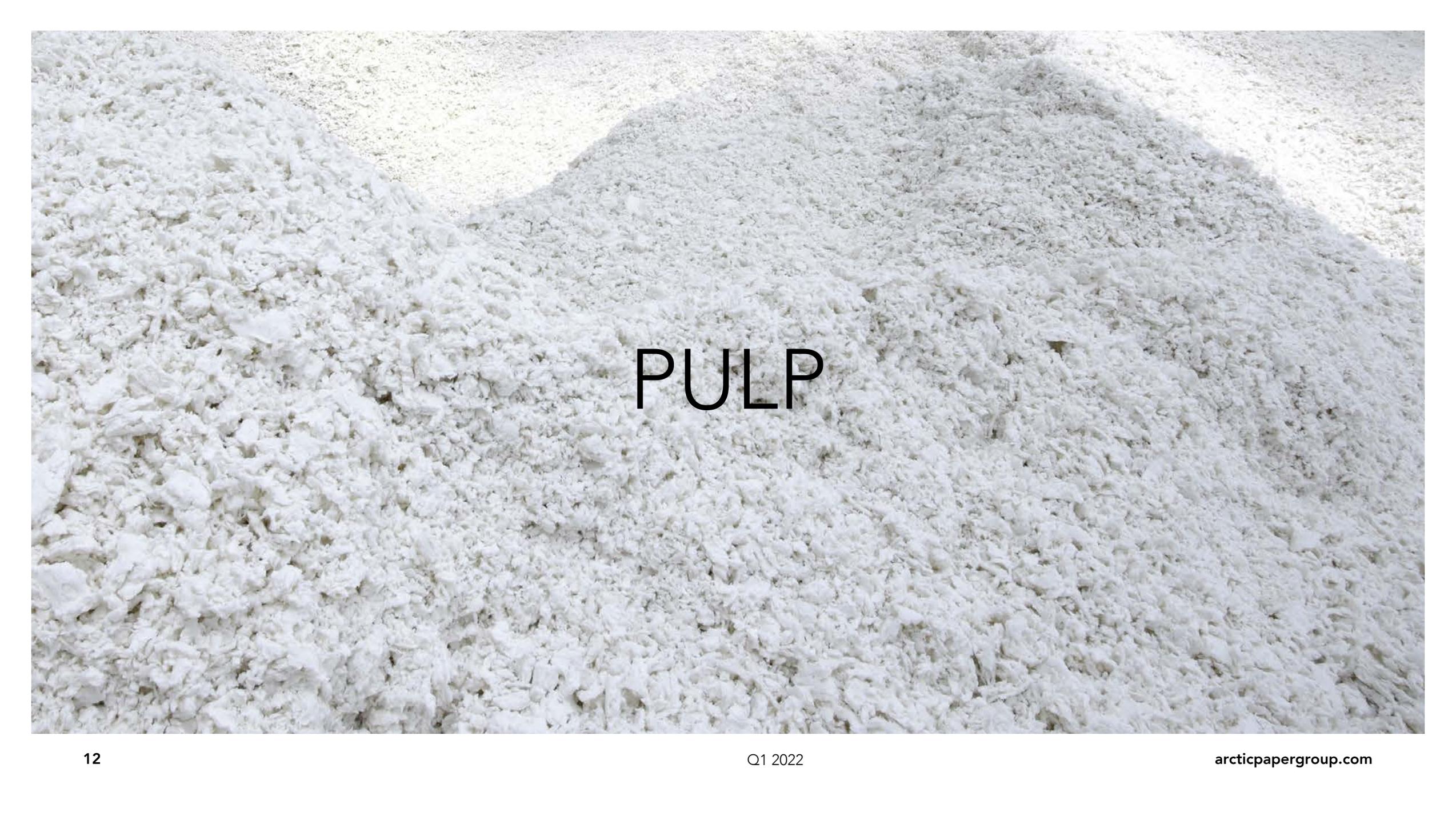


## Advertising Industry

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

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

A large, textured pile of white wood pulp, likely in a storage or processing area, with the word "PULP" overlaid in the center in a large, black, sans-serif font.

# PULP

# MARKET DATA

Pulp – European pulp prices

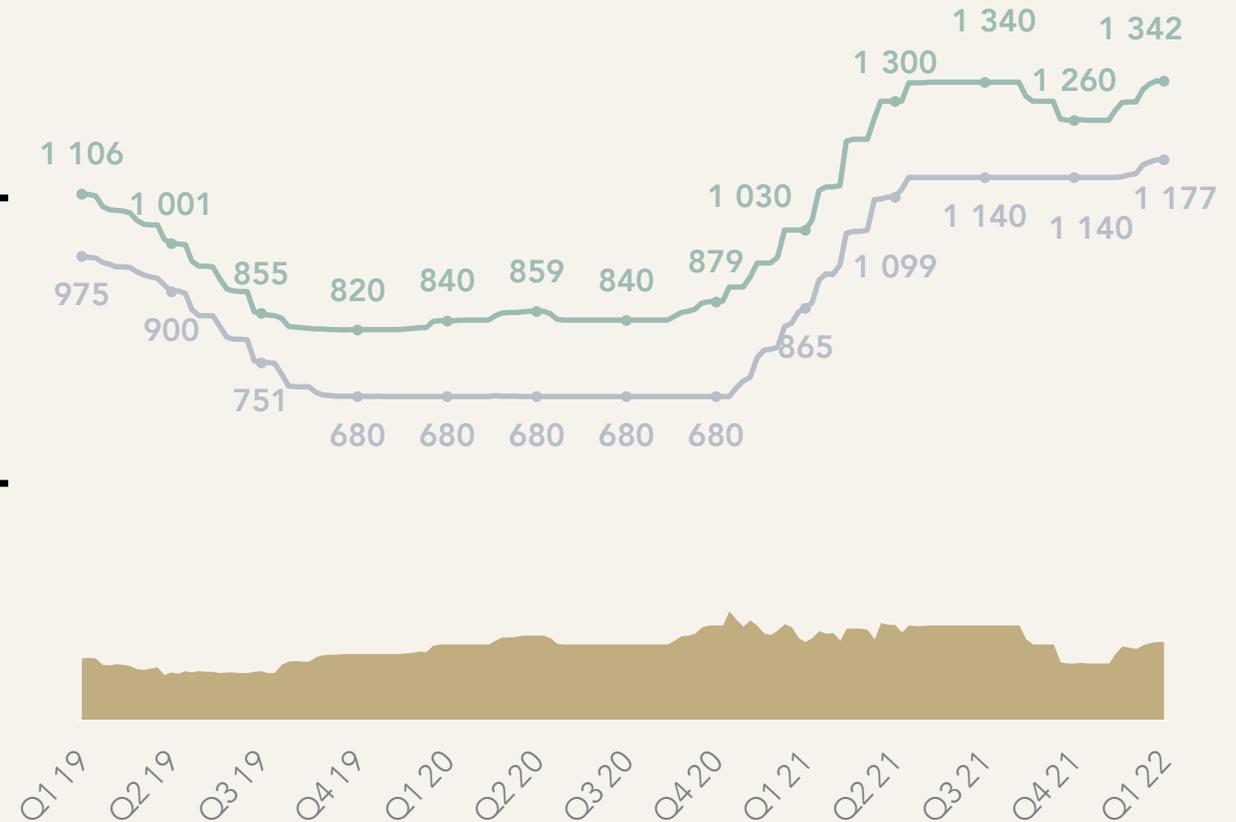
## AVERAGE PRICE Q1 2022 COMPARED TO Q1 2021

NBSK (long fiber): **35% higher**  
BHKP (short fiber): **50% higher**

## AVERAGE PRICE Q1 2022 COMPARED TO Q4 2021

NBSK (long fiber): **1% lower**  
BHKP (short fiber): **1% higher**

## PULP PIX INDEXES EUROPE



# OPERATING DATA

Pulp production & deliveries

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Q1 2022 total production: **103k tons**

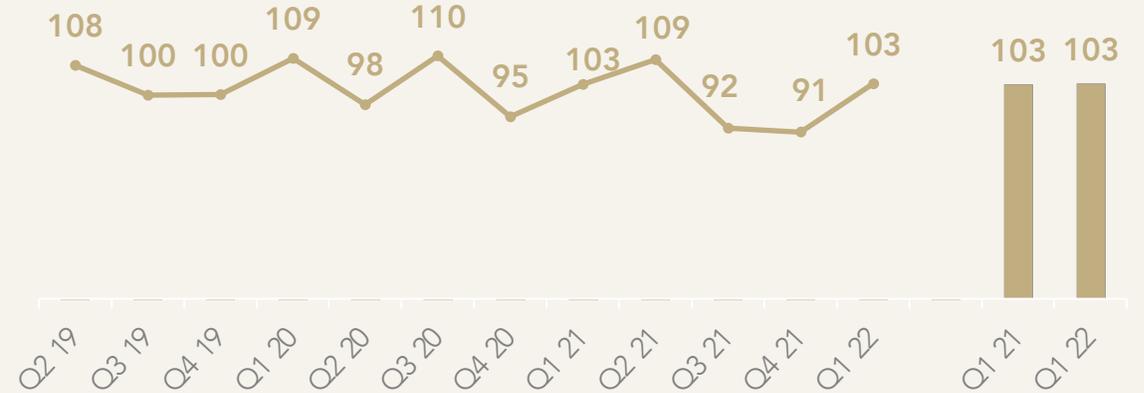
**13% HIGHER THAN IN Q4 2021**  
**SAME LEVEL AS Q1 2021**

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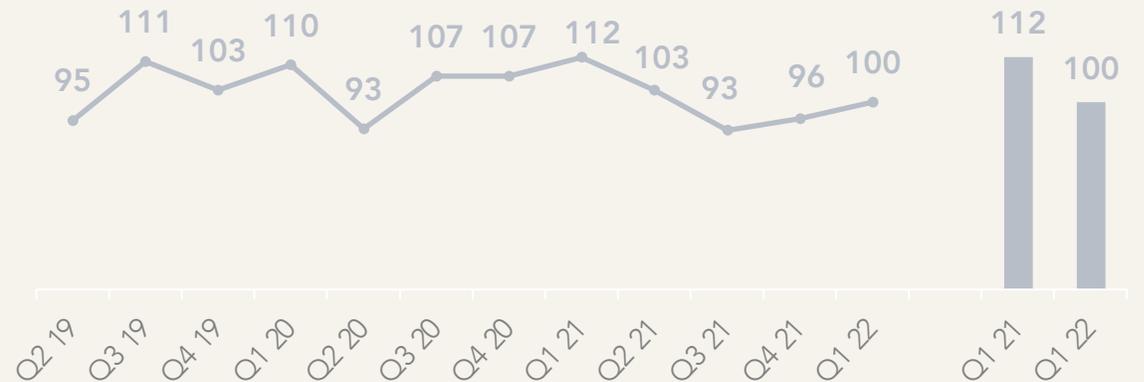
Q1 2022 total deliveries: **100k tons**

**5% HIGHER THAN IN Q4 2021**  
**11% LOWER THAN IN Q1 2021**

PULP PRODUCTION (1,000 TONNE)



PULP DELIVERIES (1,000 TONNE)



# OPERATING DATA

Revenue and prices

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Total revenue Q1 2022 (**SEK 660mn**)

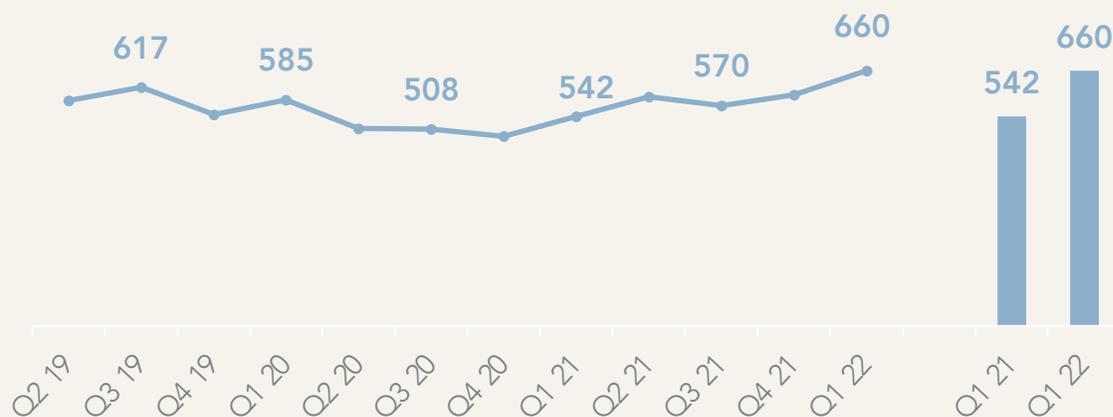
**INCREASED BY 22% COMPARED TO Q1 2021**

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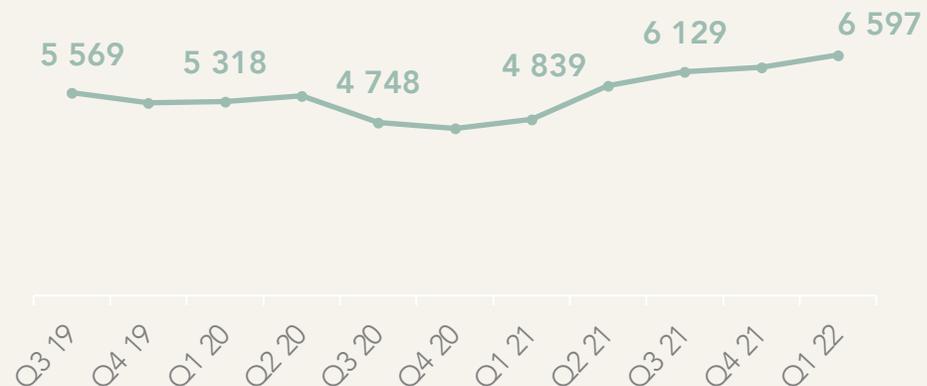
Average price in Q1 2022 (**SEK 6.6k per tonne**)

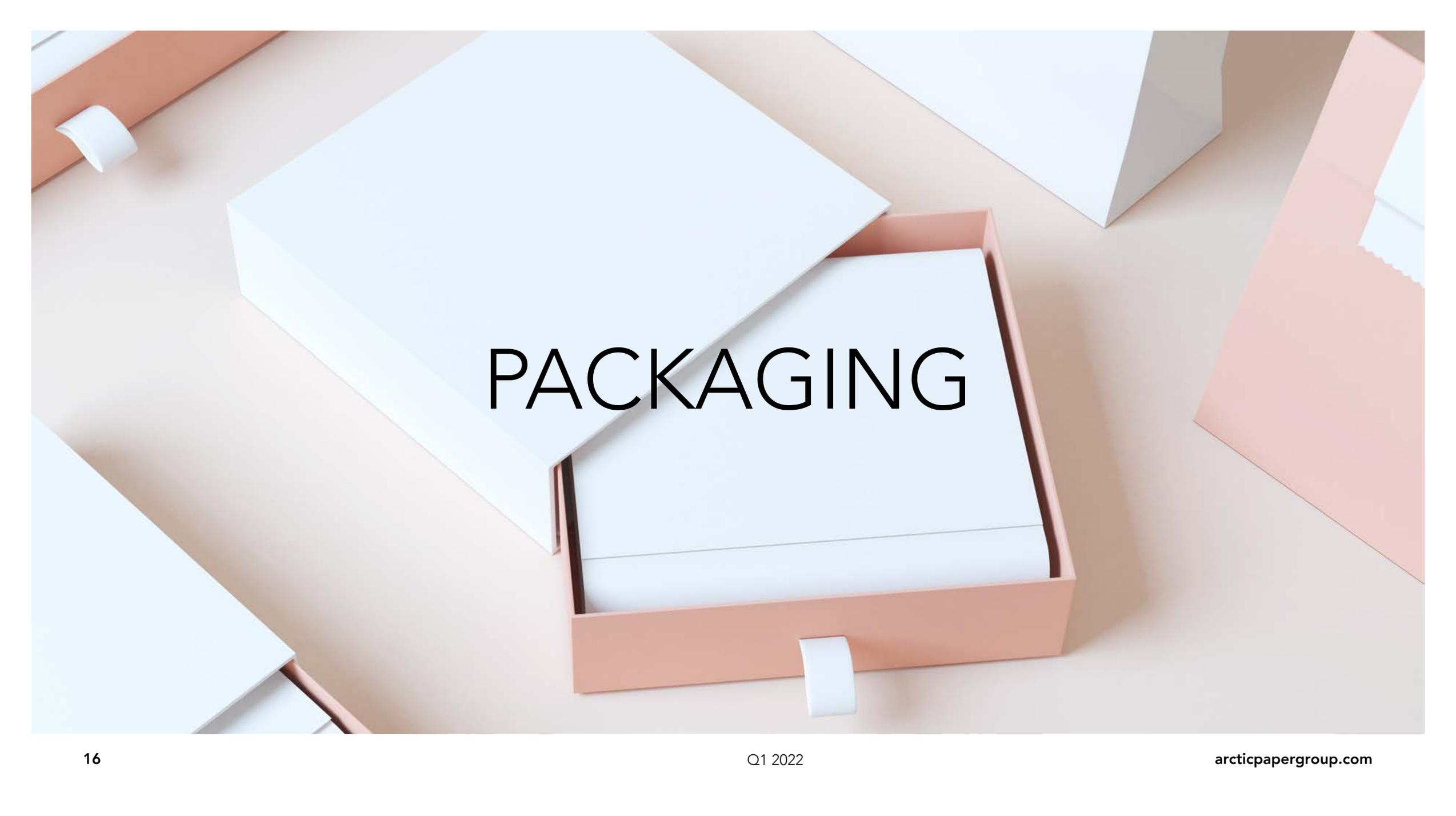
**INCREASED BY 36% COMPARED TO Q1 2021**

PULP SALES REVENUE (SEK mn)



PULP SALES REVENUE PER TONNE (SEK)





# PACKAGING

# DEVELOPMENT

## PACKAGING PAPERS:

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### **Munken Kraft**

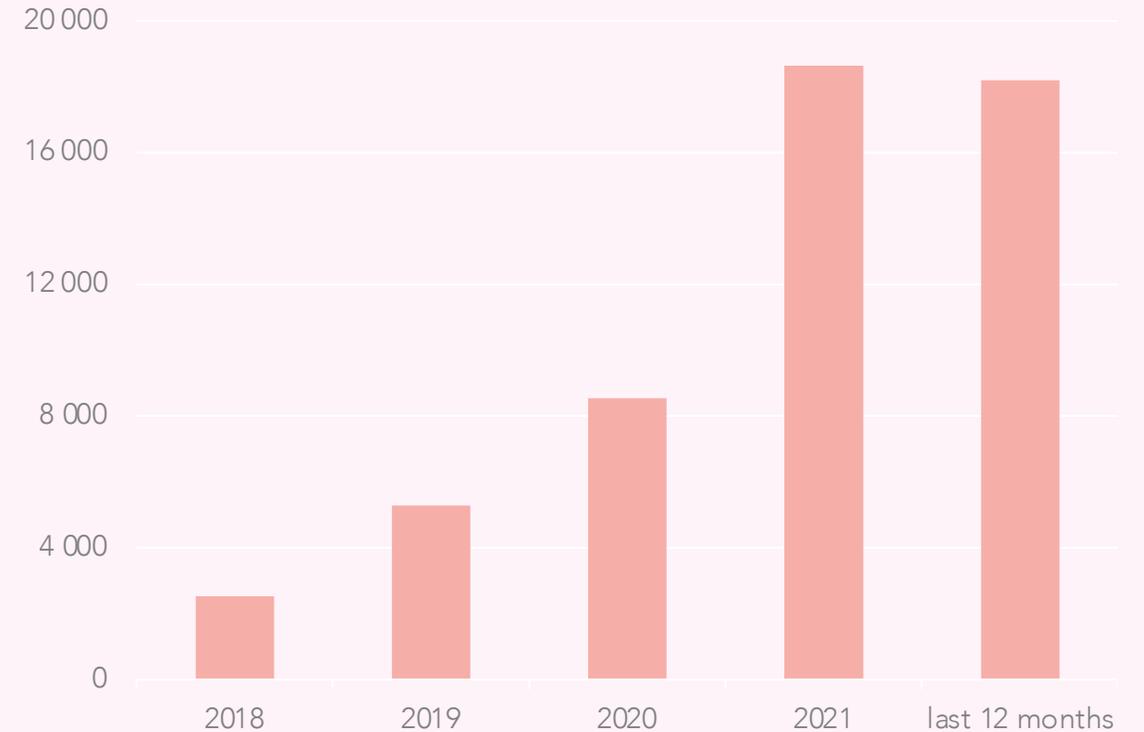
Uncoated packaging paper

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### **G-Flexmatt**

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

PACKAGING PAPER SALES DEVELOPMENT (t)





# POWER GENERATION

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Hydroelectric power plant in Munkedal produced **over 8 GWh of green energy in Q1 2022.**

Biomass power plant in Grycksbo produced **over 6 GWh of green energy and 217,000 GJ of green heat in Q1 2022.**

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Solar farm in Kostrzyn, which has been running since August last year **produced in Q1 2022 0.2 GWh of green energy.**



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Biomass boiler project will be completed by end of Q2



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PV farms owned by Arctic Paper Polska, Arctic Paper SA and EC Kostrzyn – as a next step to carbon-neutral sales & administration units



# FINANCIAL PERFORMANCE

# EBITDA EVOLUTION 2014 – 2022 (PLN mn)

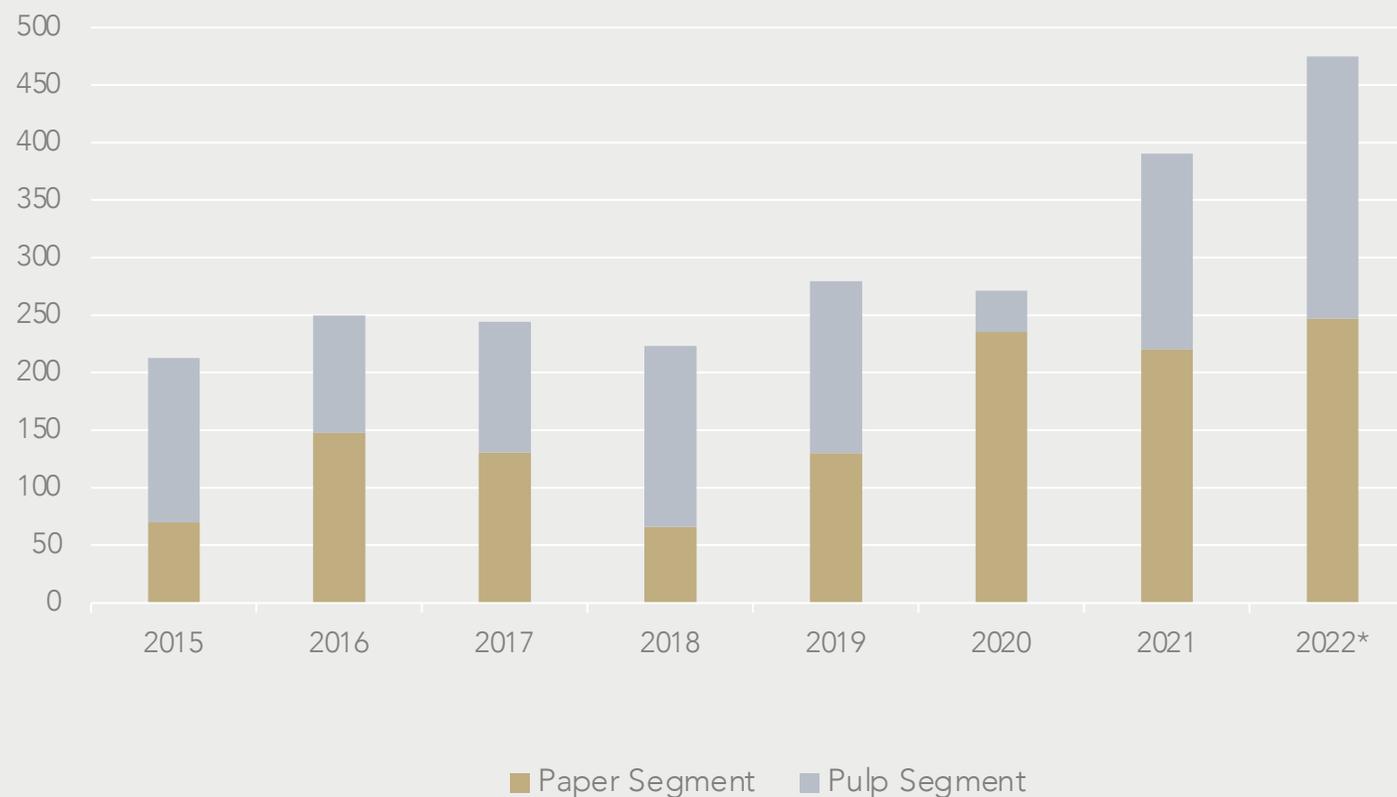
Effective hedging of both segments – to stabilize financial results

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Q1 2022 EBITDA PLN **205.7mn**

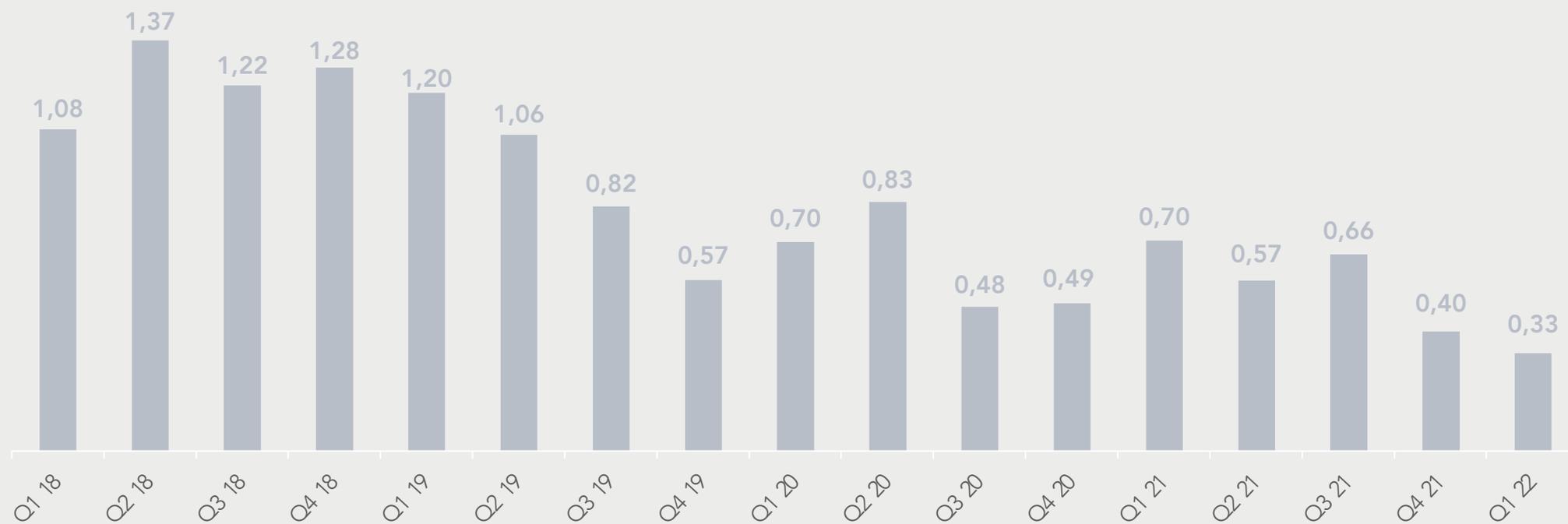
PLN 136mn HIGHER THAN Q4 2021

PLN 133mn HIGHER THAN Q1 2021



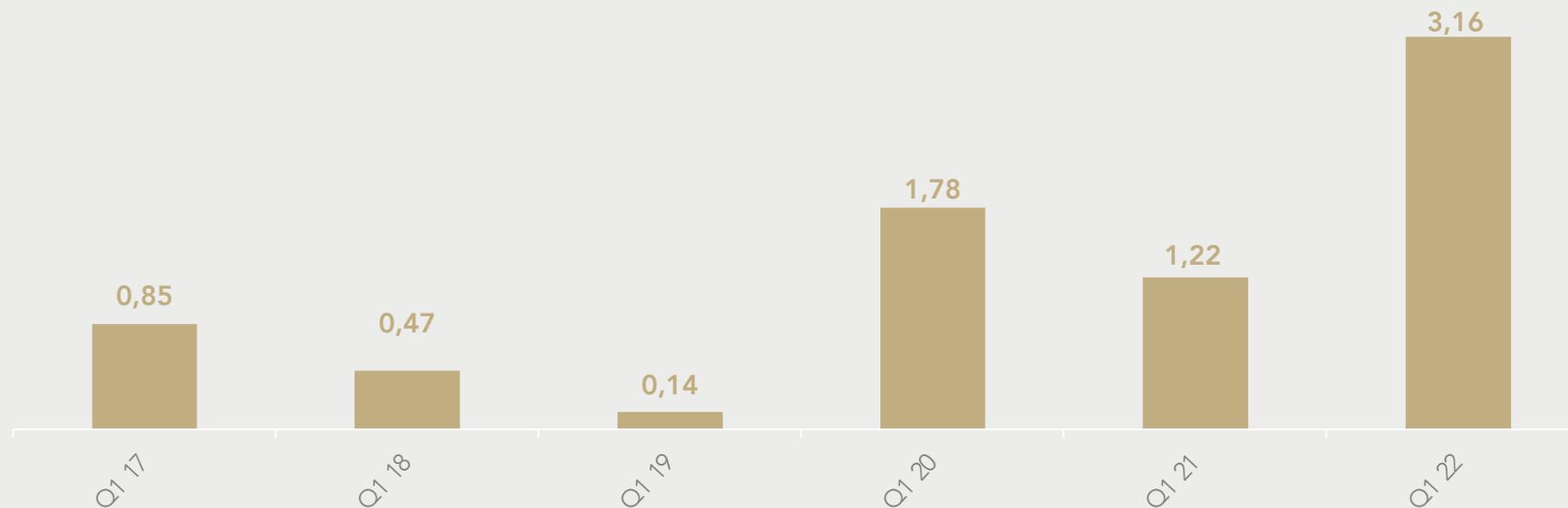
\* rolling 12 months

# NET DEBT/EBITDA 2018 – 2022



# NET PROFIT PER SHARE

12 rolling months\*



\* rolling 12 months net profit for the paper segment plus 51% of the net profit for Rottneros divided by the number of shares.

# FOCUS

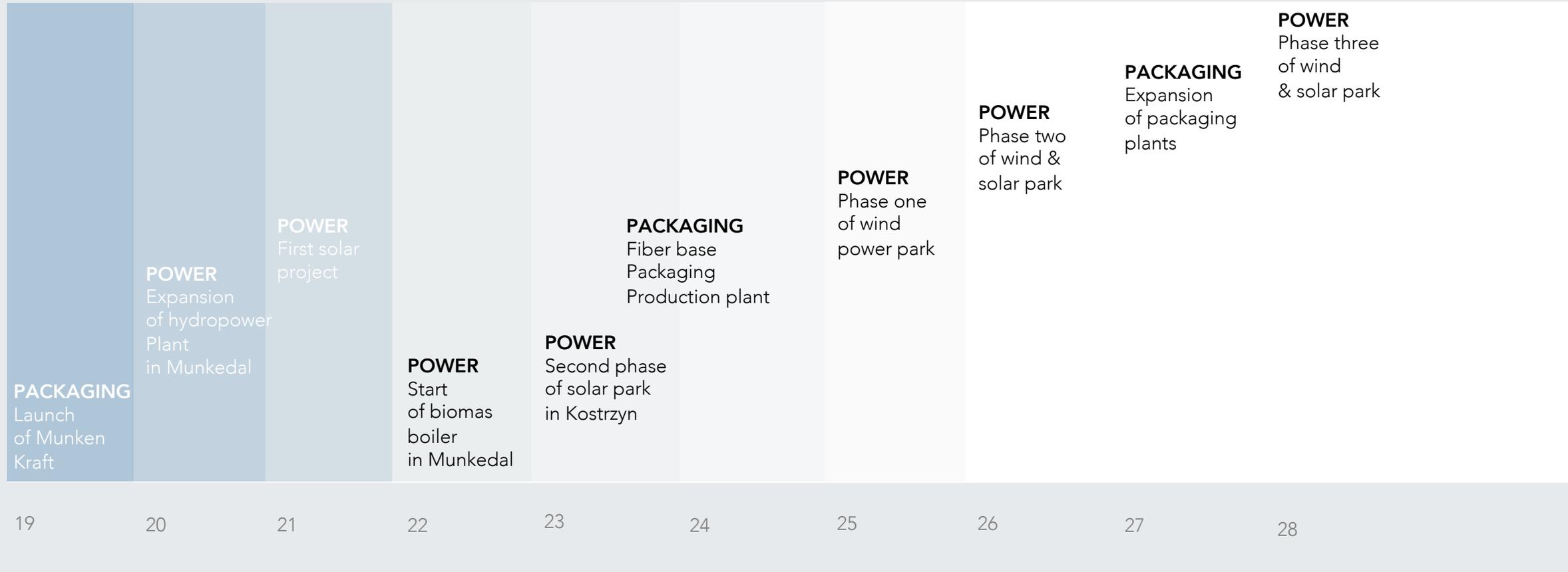
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- Strong demand, expected high production utilization
  - Energy costs pressure – high volatility on gas market
  - Logistics challenges related to the limited availability of trucks & ships and high freight costs
  - Biomass boiler project will be completed by end of Q2
  - Plan to invest in new production capacity in the developing segment of sustainable packaging
  - Development phase of solar energy park in Kostrzyn



# THE ROAD MAP

Milestones ahead

## THE WAY FORWARD



# SHARING OUR STORY WITH YOU

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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

New strategy

# 4P FOR FUTURE ARCTIC



ARCTIC PAPER

paper

pulp

power

packaging