

Q2 10/8/2022

# FINANCIAL RESULTS

## Q2 2022



ARCTIC PAPER

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**THIS PRESENTATION  
CONTAINS FINANCIAL  
RESULTS FOR Q2 2022.**

# AGENDA

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PRESENTERS:

**Michał Jarczyński** / CEO Arctic Paper  
**Göran Eklund** / CFO Arctic Paper

Summary Q2 2022

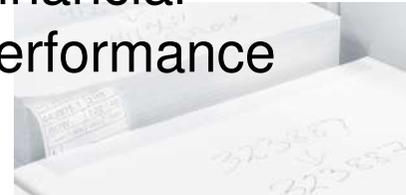
Paper



Packaging



Financial performance



Pulp



Power



Focus



# SUMMARY H1 2022

Arctic Paper Group H1 2022 vs. H1 2021

Net sales  
(PLN mn)

**2 407.0** / 1 569.4  
(H1 2022) / (H1 2021)

EBITDA  
(PLN mn)

**535.8** / 156.4  
(H1 2022) / (H1 2021)

Operating CF  
(PLN mn)

**236.2** / 54.7  
(H1 2022) / (H1 2021)

ROCE\*

**25.7%** / 9.5%  
(H1 2022) / (H1 2021)

Paper/Pulp EBITDA  
(PLN mn)

**357/179** / 83/74  
(H1 2022) / (H1 2021)

Net debt/EBITDA\*

**-0.02x** / 0.60x  
(EOP H1 2022) / (EOP H1 2021)

Paper sales  
volume

**332k t** / 314k t  
(H1 2022) / (H1 2021)

Pulp sales  
volume

**206k t** / 215k t  
(H1 2022) / (H1 2021)

\* rolling 12 months

# SUMMARY Q2 2022

Arctic Paper Group Q2 2022 vs. Q2 2021

Net sales  
(PLN mn)

**1 296.3** / 786.6  
(Q2 2022) / (Q2 2021)

EBITDA  
(PLN mn)

**330.1** / 84.2  
(Q2 2022) / (Q2 2021)

Operating CF  
(PLN mn)

**218.3** / 30.6  
(Q2 2022) / (Q2 2021)

ROCE\*

**25.7%** / 9.5%  
(Q2 2022) / (Q2 2021)

Paper/Pulp EBITDA  
(PLN mn)

**227/103** / 26/58  
(Q2 2022) / (Q2 2021)

Net debt/EBITDA\*

**-0.02x** / 0.60x  
(EOP Q2 2022) / (EOP Q2 2021)

Paper sales  
volume

**165k t** / 149k t  
(Q2 2022) / (Q2 2021)

Pulp sales  
volume

**106k t** / 103k t  
(Q2 2022) / (Q2 2021)

\* rolling 12 months



# PAPER

# MARKET DATA

Fine paper average market prices

## JUN 2022 COMPARED TO MAR 2022

UWF average price change **+10%**

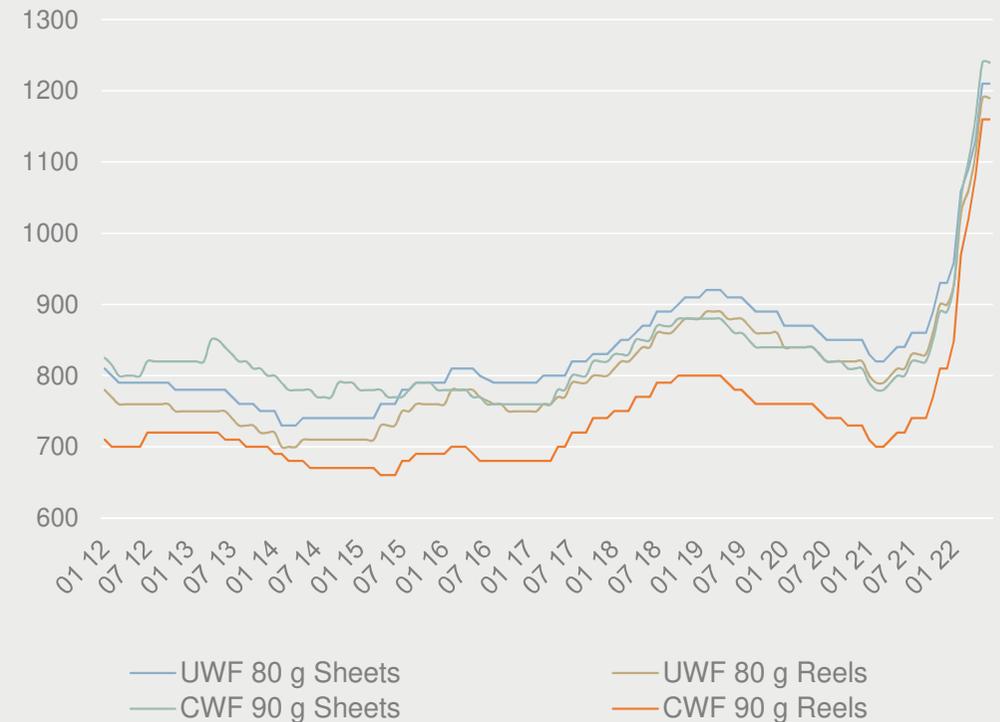
CWF average price change **+14%**

## JUN 2022 COMPARED TO JUN 2021

UWF average price change **+43%**

CWF average price change **+61%**

## GRAPHIC FINE PAPER PRICES – GERMAN MARKET



Source: Arctic Paper based on RISI data.

# OPERATING DATA

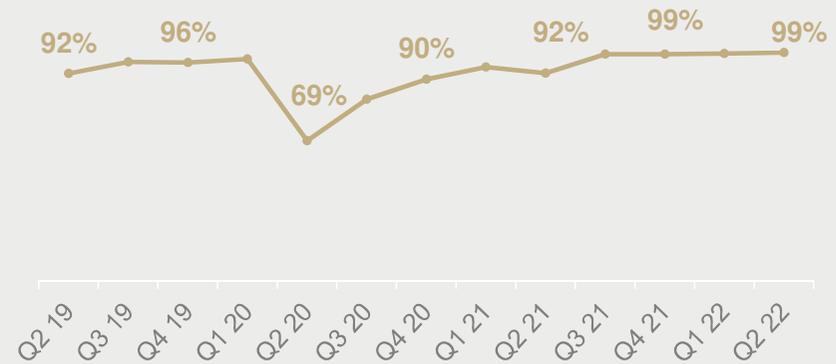
Average Q2 2022 use of production capacity: **99%**

**SAME LEVEL AS IN Q1 2022**  
**7% HIGHER THAN IN Q2 2021**

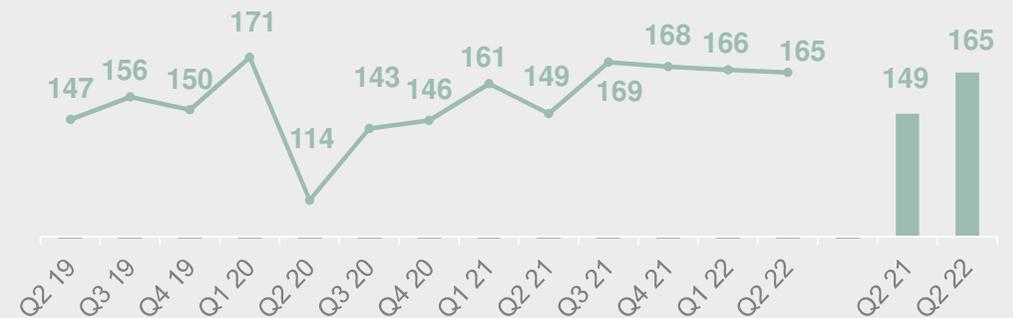
Q2 2022 total production volume: **169k tons**

**2% HIGHER THAN IN Q1 2022**  
**18% HIGHER THAN IN Q2 2021**

## PRODUCTION CAPACITY FOR ARCTIC PAPER MILLS



## PAPER SALES VOLUME



# OPERATING DATA

Total revenue Q2 2022 (PLN 949mn)

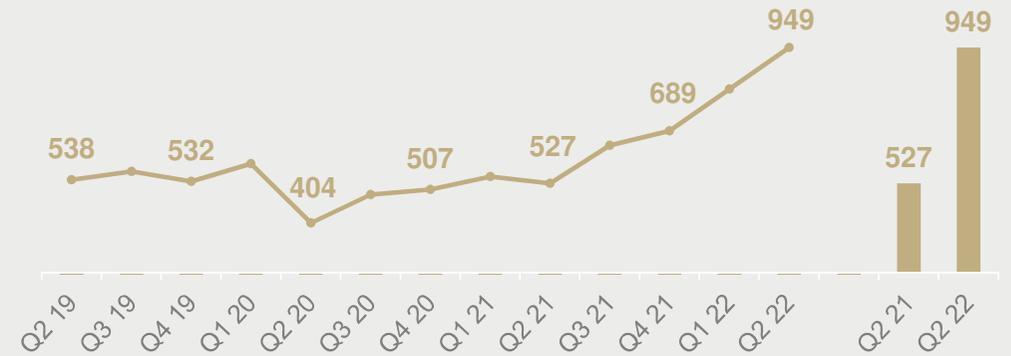
INCREASED BY 80% COMPARED TO Q2 2021

Average price Q2 2022 (PLN 5.74k)

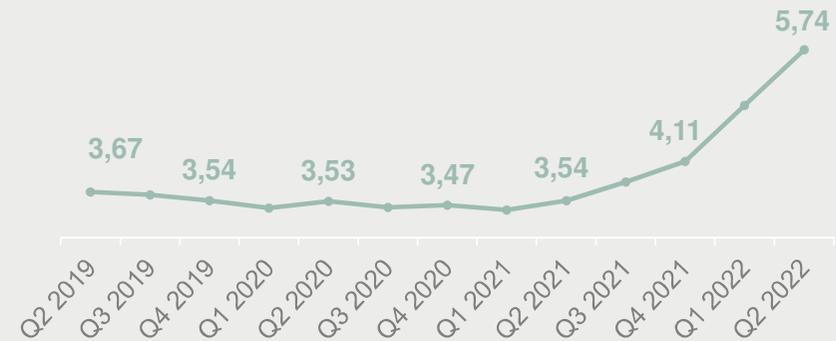
INCREASED BY 62% COMPARED TO AVERAGE IN Q2 2021

\* 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



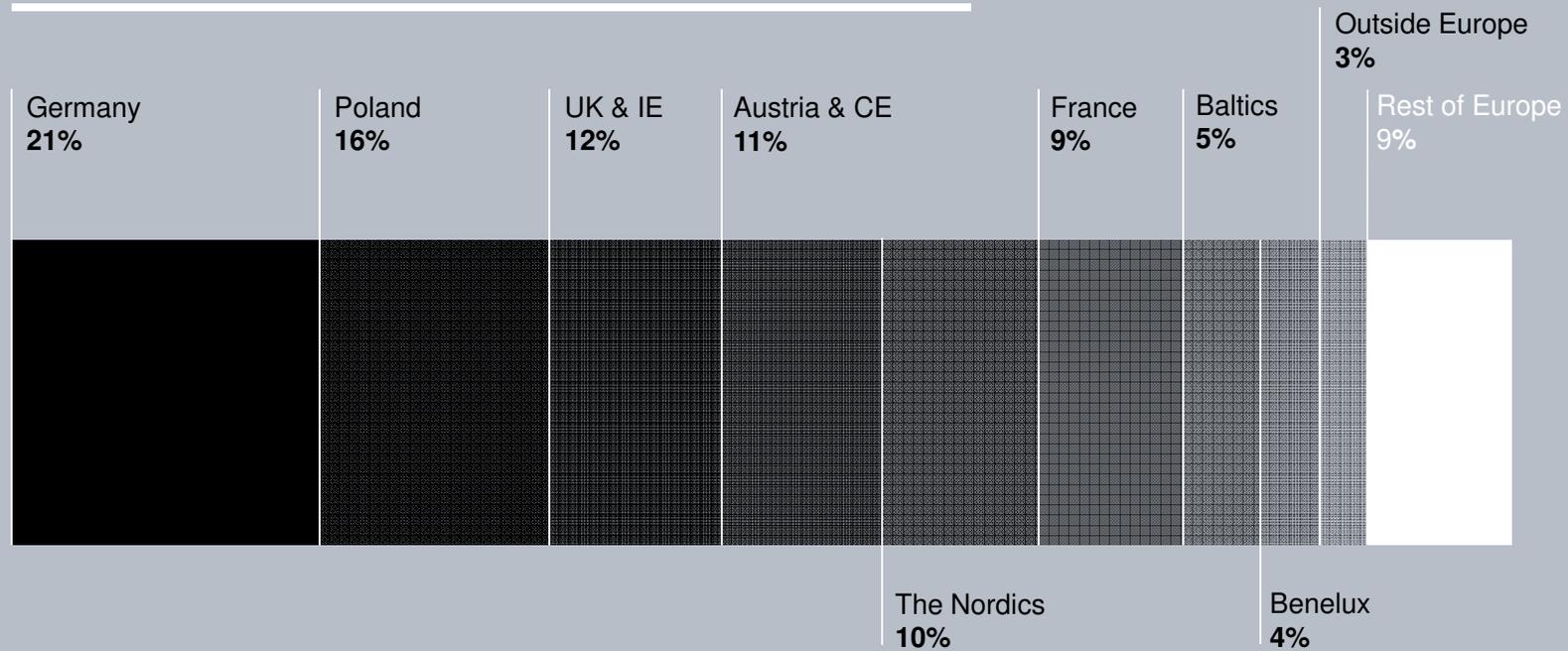
## MUNKEN

BIGGEST UNCOATED  
DESIGN BRAND



# 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 use 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.



# MARKET DATA

Pulp – European pulp prices

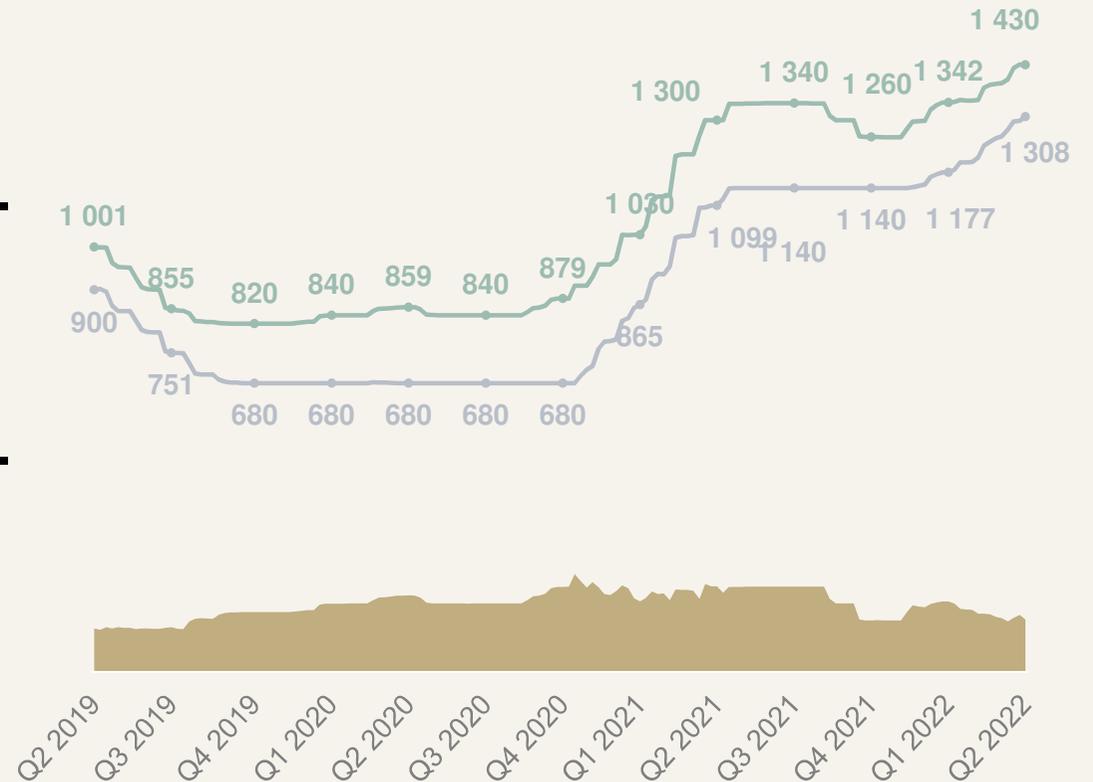
## AVERAGE PRICE Q2 2022 COMPARED TO Q2 2021

NBSK (long fiber): **15% higher**  
 BHKP (short fiber): **23% higher**

## AVERAGE PRICE Q2 2022 COMPARED TO Q1 2022

NBSK (long fiber): **7% higher**  
 BHKP (short fiber): **8% higher**

## PULP PIX INDEXES EUROPE



# OPERATING DATA

Pulp production & deliveries

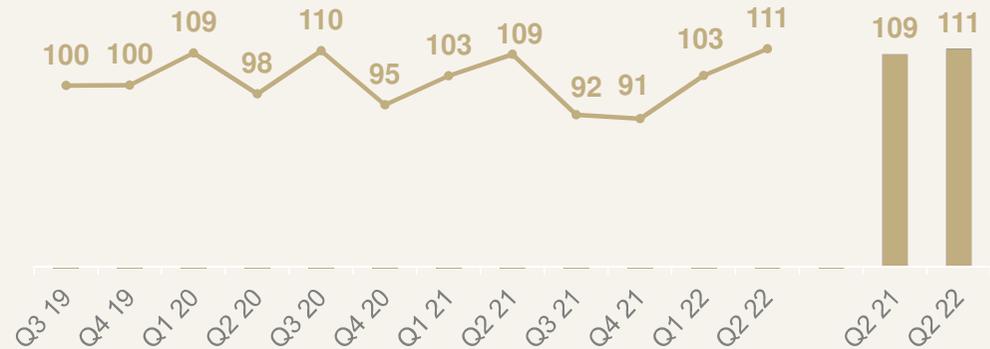
Q2 2022 total production: **111k tons**

**7% HIGHER THAN IN Q1 2022**  
**1% HIGHER THAN IN Q2 2021**

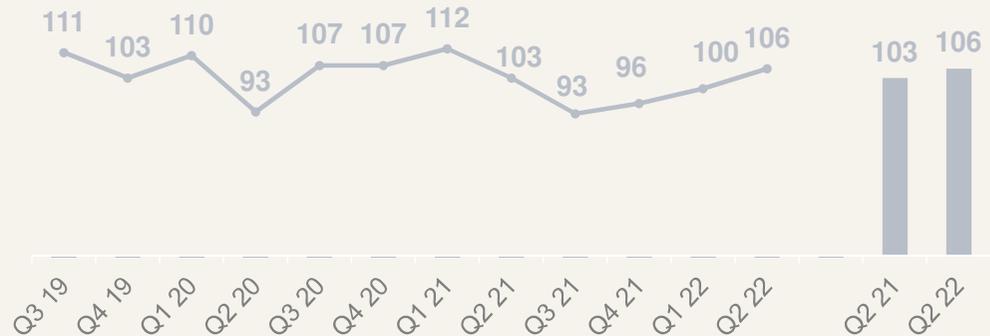
Q2 2022 total deliveries: **106k tons**

**6% HIGHER THAN IN Q1 2022**  
**3% HIGHER THAN IN Q2 2021**

### PULP PRODUCTION (1,000 TONNE)



### PULP DELIVERIES (1,000 TONNE)



# OPERATING DATA

Revenue and prices

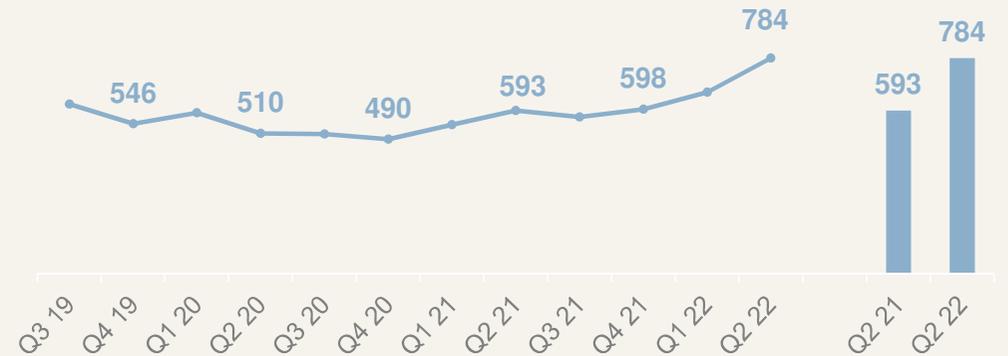
Total revenue Q2 2022 (SEK 784mn)

INCREASED BY 32% COMPARED TO Q2 2021

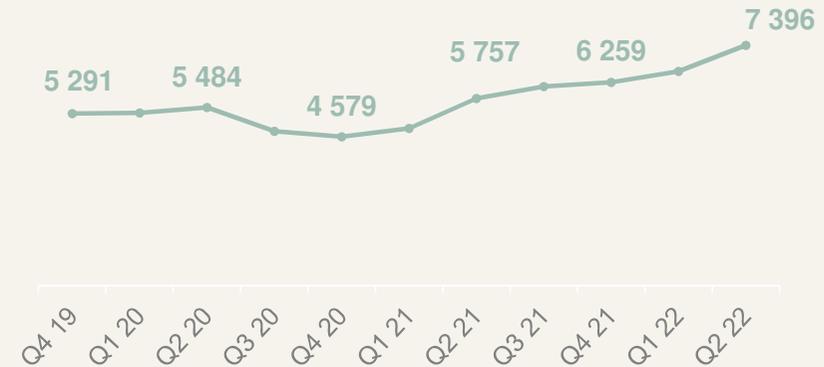
Average price in Q2 2022 (SEK 7.4k per tonne)

INCREASED BY 29% COMPARED TO Q2 2021

PULP SALES REVENUE (SEK mn)



PULP SALES REVENUE PER TONNE (SEK)





# PACKAGING

# DEVELOPMENT

## PACKAGING PAPERS:

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### **Munken Kraft**

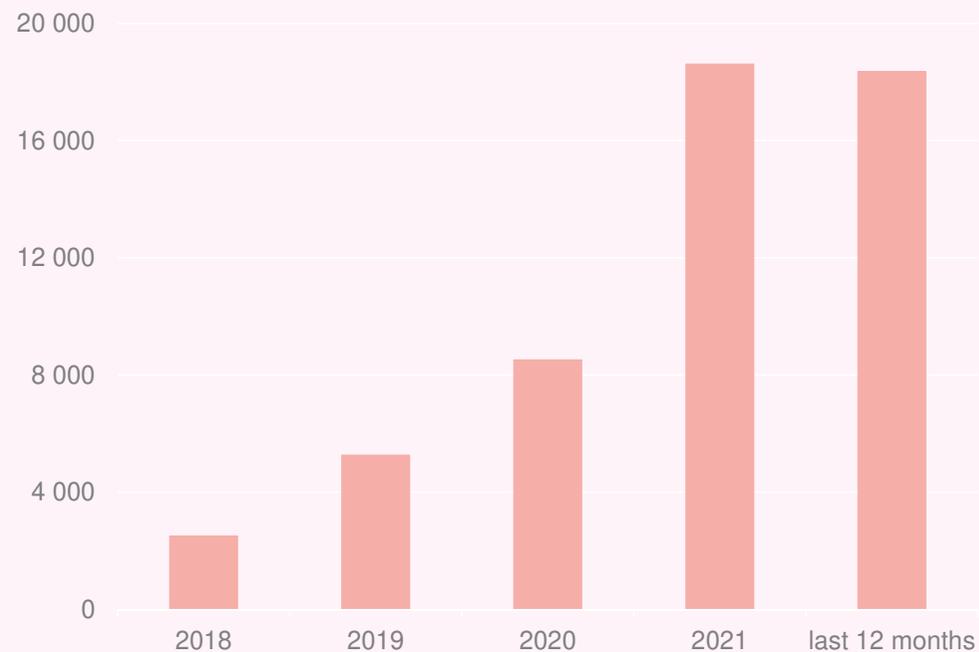
Uncoated packaging paper

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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 9 GWh of green energy in H1 2022.**

Biomass power plant in Grycksbo produced **over 10 GWh of green energy and 412,000 GJ of green heat in H1 2022.**

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Solar farm in Kostrzyn, which has been running since August last year **produced in H1 2022 0.7 GWh of green energy.**



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The biomass boiler in Munkedal will be put into operation during the summer of 2022



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PV farms owned by Arctic Paper Group – as a next step to carbon-neutral sales & administration units



# FINANCIAL PERFORMANCE

# EBITDA EVOLUTION 2014 – 2022 (PLN mn)

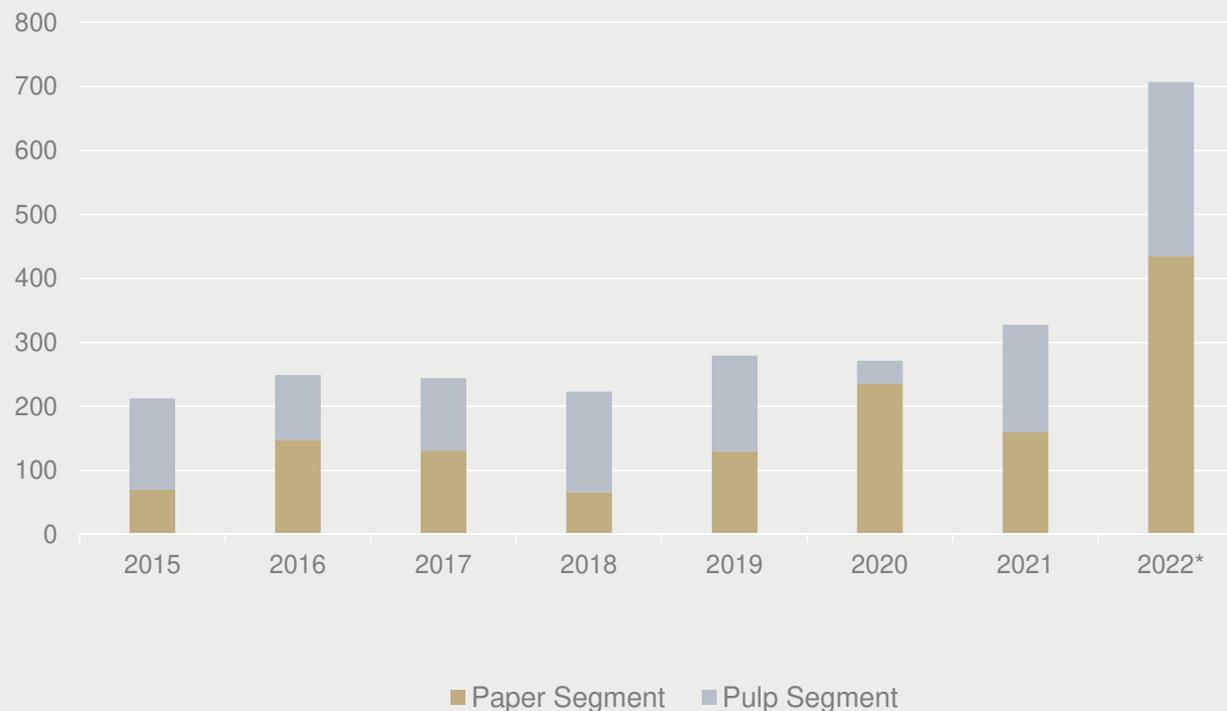
Effective hedging of both segments – to stabilize financial results

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**Q2 2022 EBITDA PLN 330.1mn**

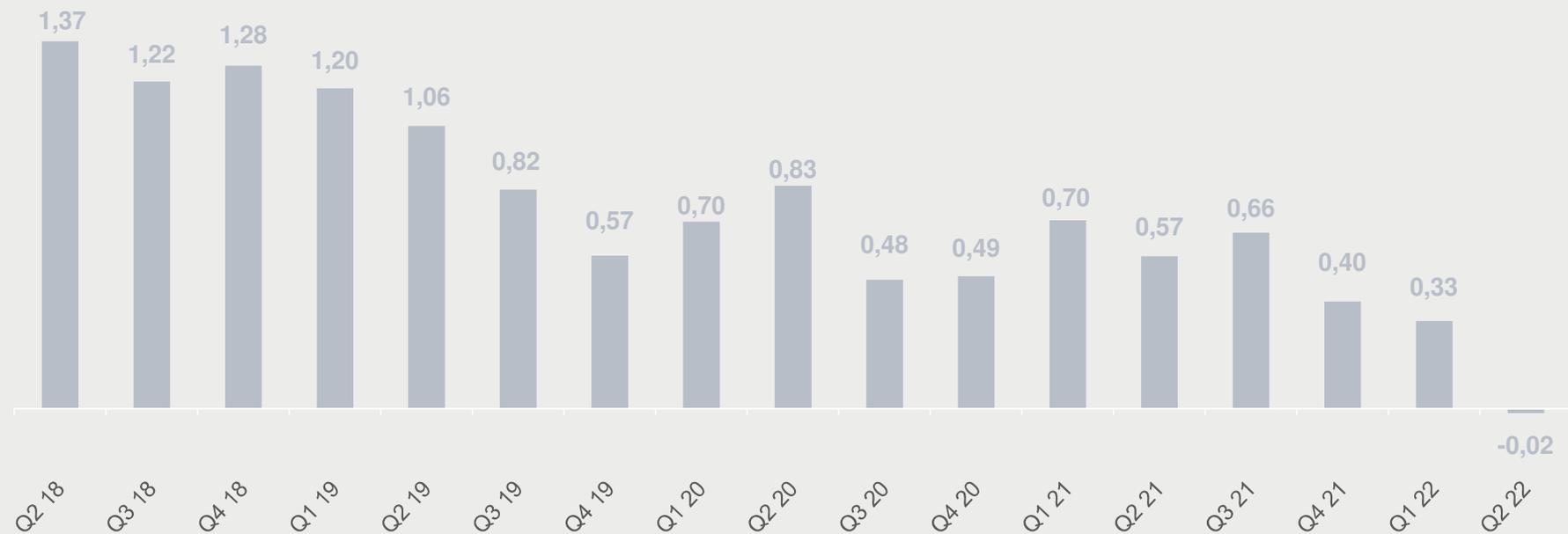
**PLN 124mn HIGHER THAN Q1 2022**

**PLN 246mn HIGHER THAN Q2 2021**



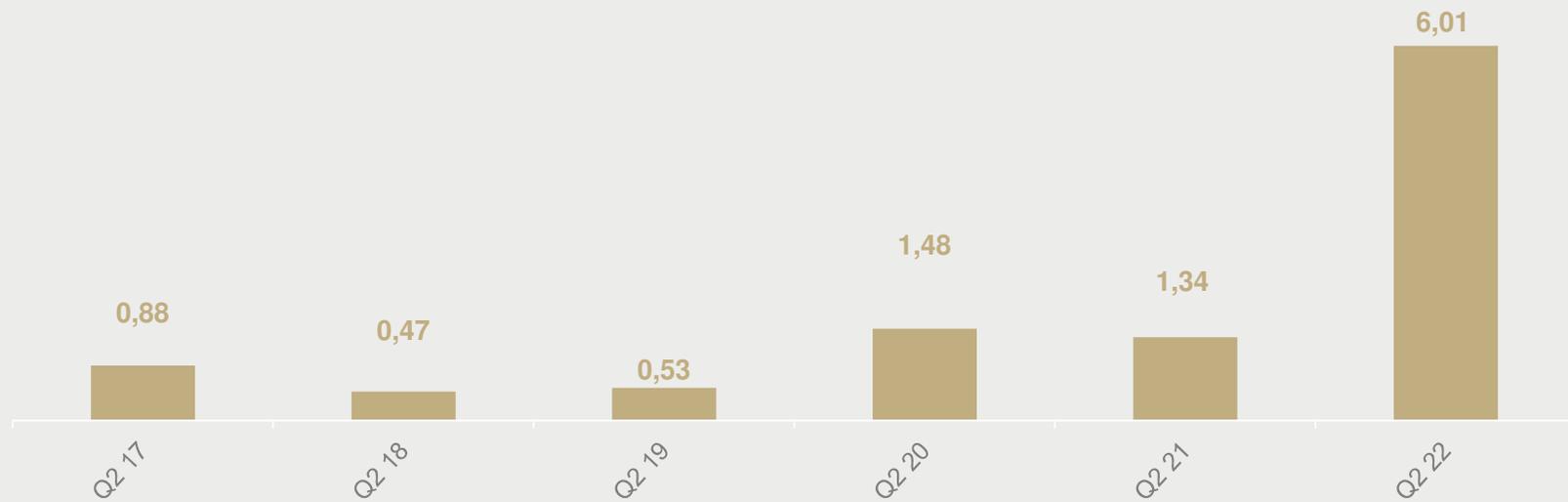
\* rolling 12 months

# 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

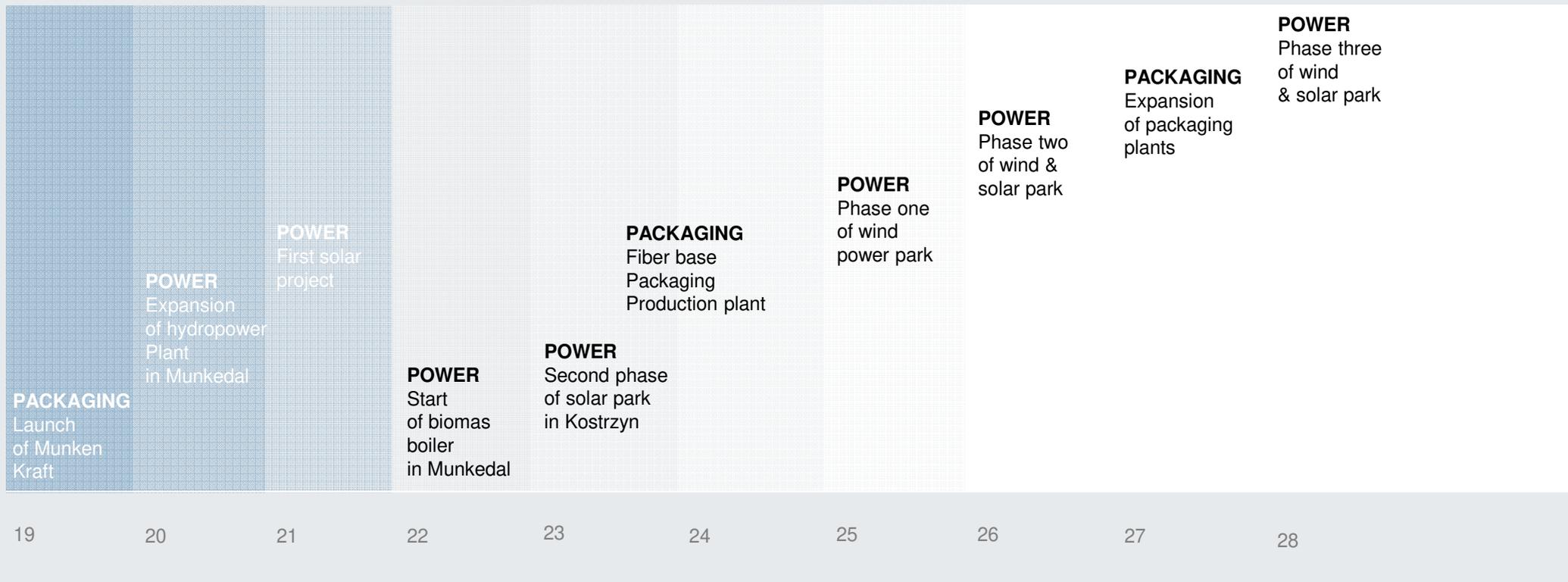
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- Strong demand, expected high production utilization
  - Energy costs pressure – high volatility on gas market
  - Logistics challenges related to the limited availability of trucks & ships and high freight costs
  - Capex for Q2 2022 was PLN 35mn (PLN 29mn)
  - Dividend policy for the Group has been approved
  - The biomass boiler in Munkedal will be put into operation during the summer of 2022
  - Plan to invest EUR 15 million in new production capacity in Kostrzyn in the segment of sustainable packaging is progressing according to plan, start-up scheduled for the end of 2023
  - Important part of our strategy to accelerate the path to self-sufficiency with the goal of becoming carbon neutral of energy in 2030



# 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

