



# FINANCIAL RESULTS

Q1 2023



ARCTIC PAPER

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**THIS PRESENTATION  
CONTAINS FINANCIAL  
RESULTS FOR Q1 2023.**

# AGENDA

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PRESENTERS:

**Michał Jarczyński** / CEO Arctic Paper

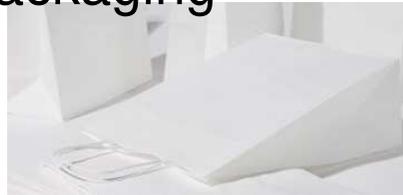
**Göran Eklund** / CFO Arctic Paper

Summary Q1 2023

Paper



Packaging



Financials



Pulp



Power



Focus



# SUMMARY Q1 2023

Arctic Paper Group Q1 2023 vs. Q1 2022

Net sales  
(PLN mn)

**1 032.2** / 1 110.8  
(Q1 2023) / (Q1 2022)

EBITDA  
(PLN mn)

**185.5** / 205.7  
(Q1 2023) / (Q1 2022)

Operating CF  
(PLN mn)

**62.5** / 17.9  
(Q1 2023) / (Q1 2022)

ROCE\*

**34.5%** / 20.8%  
(Q1 2023) / (Q1 2022)

Paper/Pulp EBITDA  
(PLN mn)

**114/72** / 130/76  
(Q1 2023) / (Q1 2022)

Net debt/EBITDA\*  
(PLN mn)

**-0.27x** / 0.33x  
(EOP Q1 2023) / (EOP Q1 2022)

Paper sales  
volume

**113k t** / 166k t  
(Q1 2023) / (Q1 2022)

Pulp sales  
volume

**87k t** / 100k t  
(Q1 2023) / (Q1 2022)

\* rolling 12 months



# MARKET DATA

Fine paper average market prices

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## MAR 2023 COMPARED TO DEC 2022

UWF average price change - 1,5%

CWF average price change - 2,1%

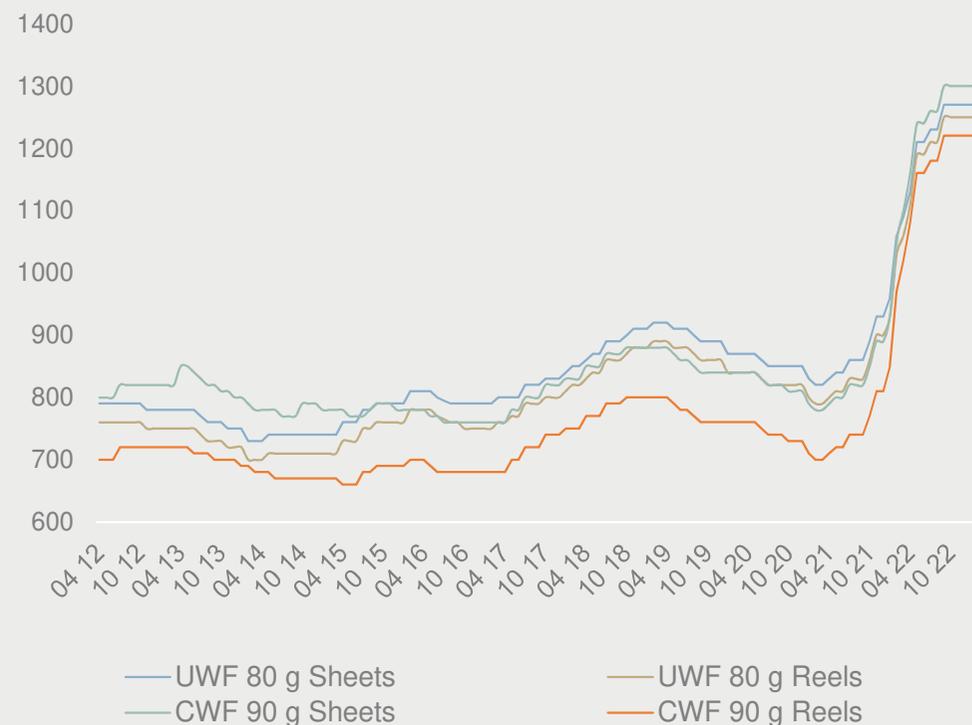
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## MAR 2023 COMPARED TO MAR 2022

UWF average price change +15%

CWF average price change +18%

GRAPHIC FINE PAPER PRICES – GERMAN MARKET



Source: Arctic Paper based on RISI data.

# OPERATING DATA

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Average Q1 2023 use of production capacity: **71%**

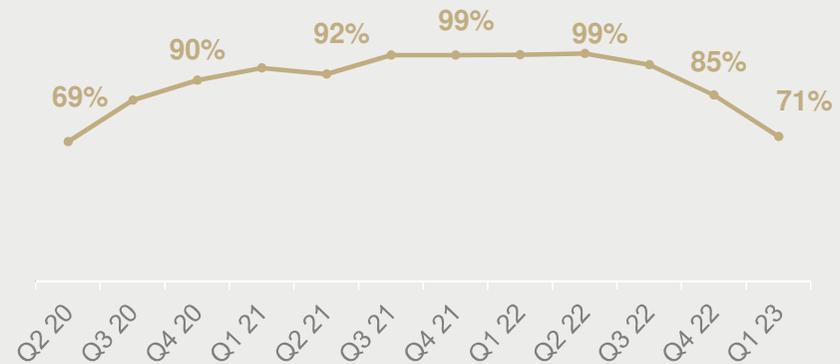
**14% LESS THAN IN Q4 2022**  
**28% LESS THAN IN Q1 2022**

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Q1 2023 total sales volume: **113k tons**

**4% LESS THAN IN Q4 2022**  
**32% LESS THAN IN Q1 2022**

PRODUCTION CAPACITY FOR ARCTIC PAPER MILLS



# OPERATING DATA

Total revenue Q1 2023 (**PLN 722mn**)

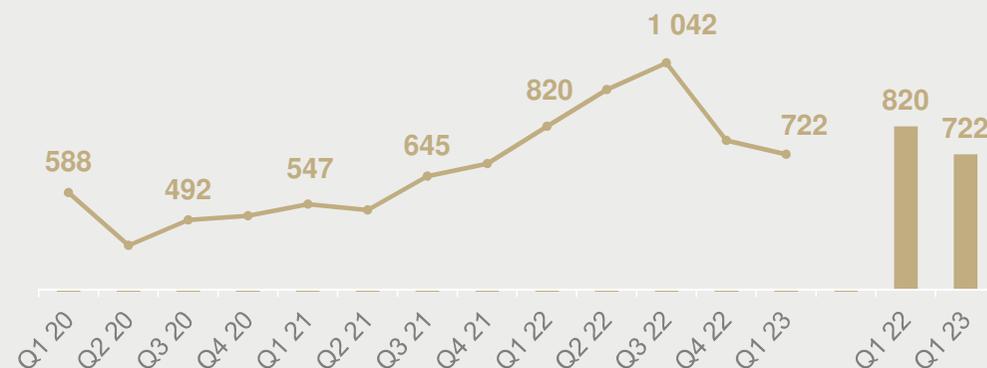
**DECREASED BY 12% COMPARED TO Q1 2022**

Average price Q1 2023 (**PLN 6.39k**)

**INCREASED BY 30% COMPARED TO AVERAGE IN Q1 2022**

\* 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



MOST COMPLETE MATT  
COATED PAPER ASSORTMENT



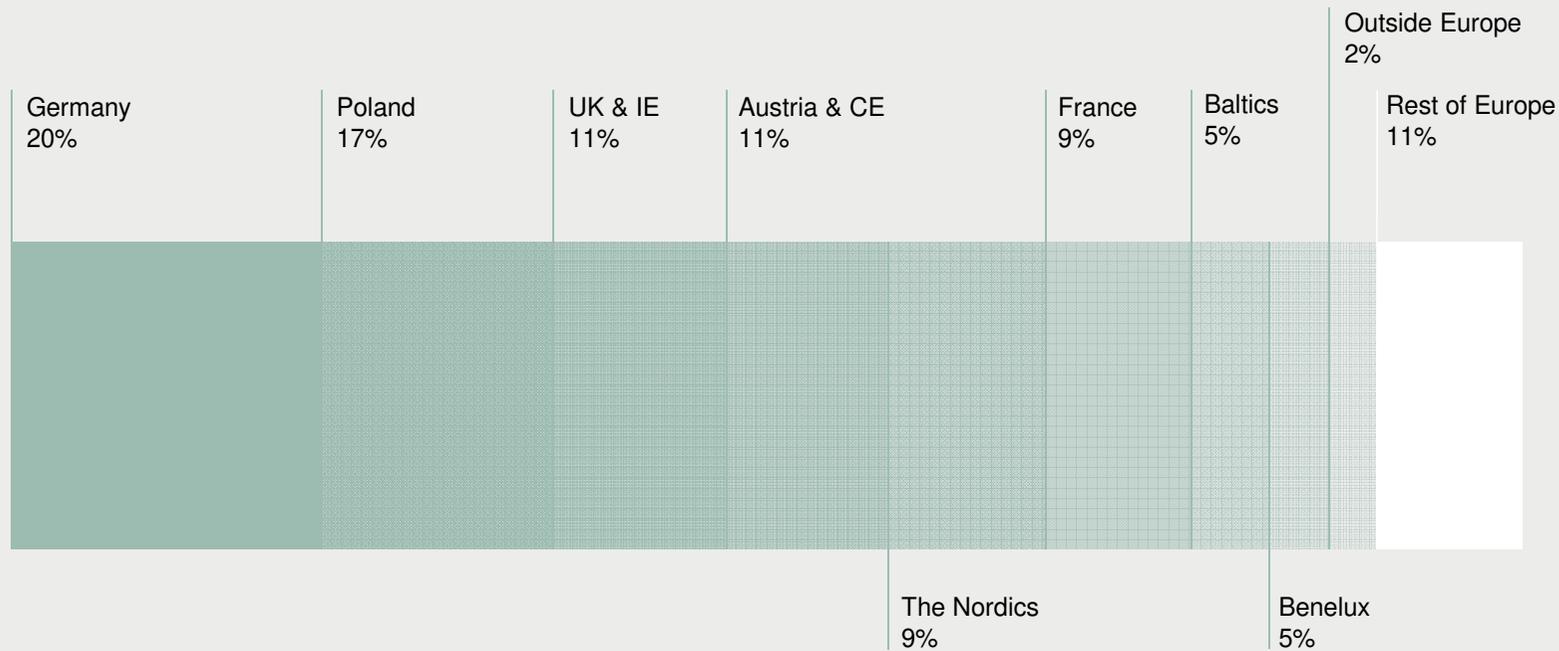
**MUNKEN**

BIGGEST UNCOATED  
DESIGN BRAND

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

# 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.

## Merchants

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.



# PULP

# MARKET DATA

Pulp – European pulp prices

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## AVERAGE PRICE Q1 2023 COMPARED TO Q1 2022

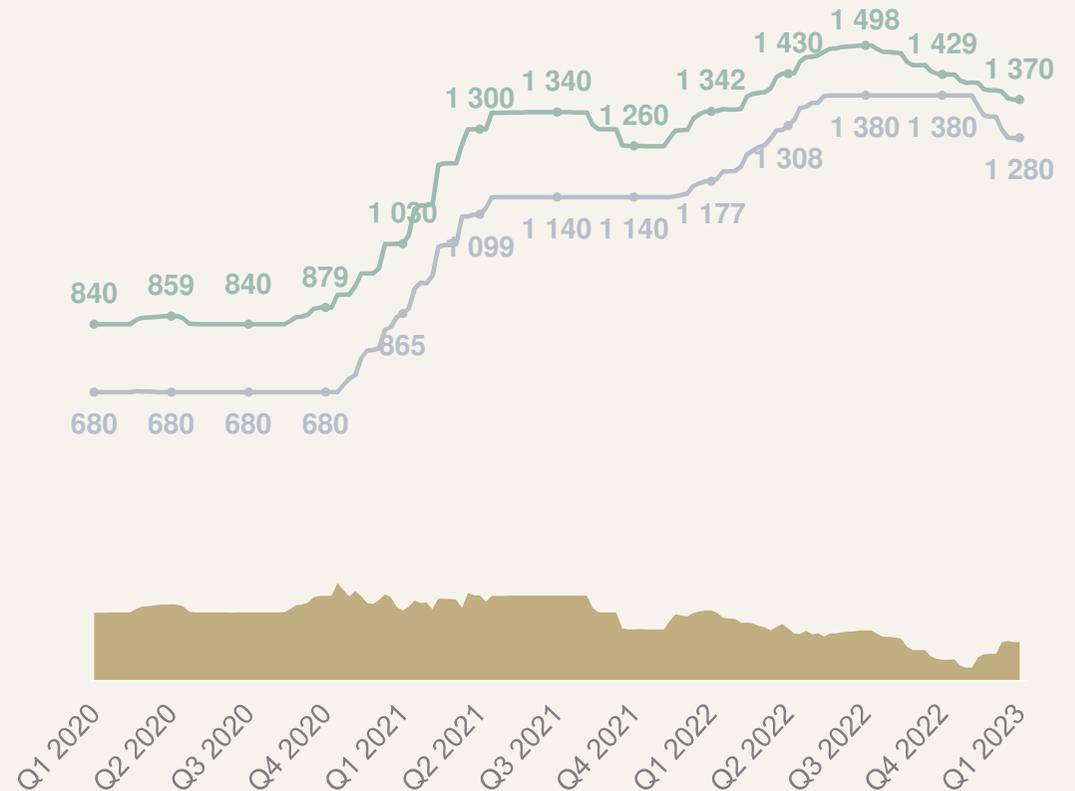
NBSK (long fiber): **8% higher**  
 BHKP (short fiber): **16% higher**

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## AVERAGE PRICE Q1 2023 COMPARED TO Q4 2022

NBSK (long fiber): **4% lower**  
 BHKP (short fiber): **3% lower**

PULP PIX INDEXES EUROPE



Source: Arctic Paper based on Foex data

# OPERATING DATA

Pulp production & deliveries

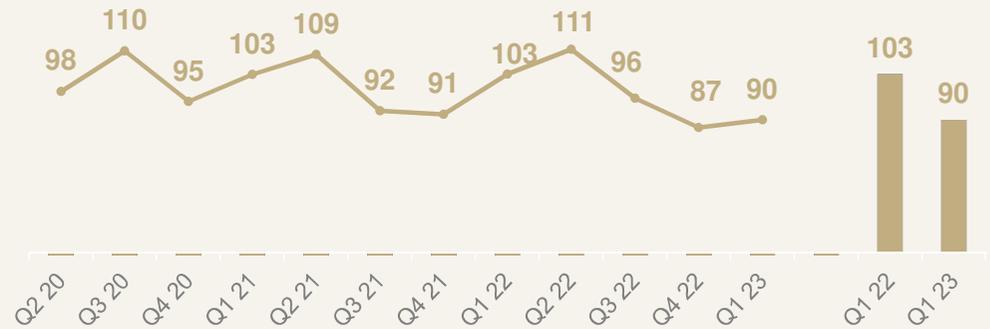
Q1 2023 total production: **90k tons**

**3% HIGHER THAN IN Q4 2022**  
**13% LOWER THAN IN Q1 2022**

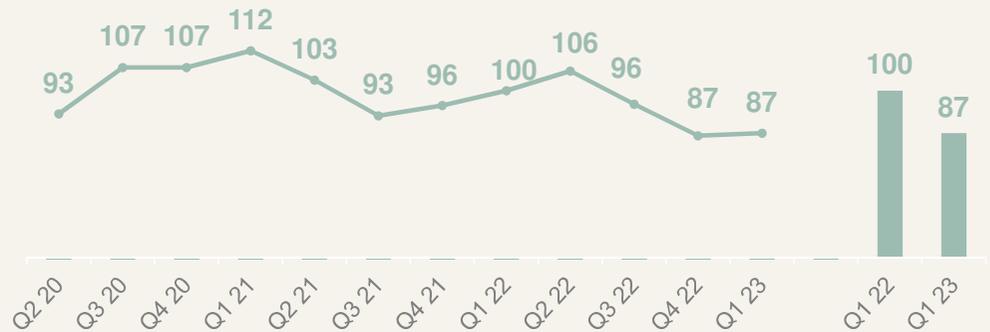
Q1 2023 total deliveries: **87k tons**

**1% HIGHER THAN IN Q4 2022**  
**13% LOWER THAN IN Q1 2022**

PULP PRODUCTION (1,000 TONNE)



PULP DELIVERIES (1,000 TONNE)



# OPERATING DATA

Revenue and prices

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Total revenue Q1 2023 (**SEK 744mn**)

**INCREASED BY 13% COMPARED TO Q1 2022**

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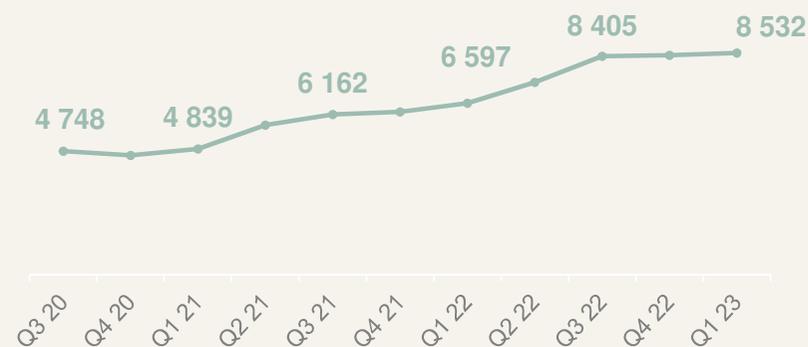
Average price in Q1 2023 (**SEK 8.5k per tonne**)

**INCREASED BY 30% COMPARED TO Q1 2022**

PULP SALES REVENUE (SEK mn)

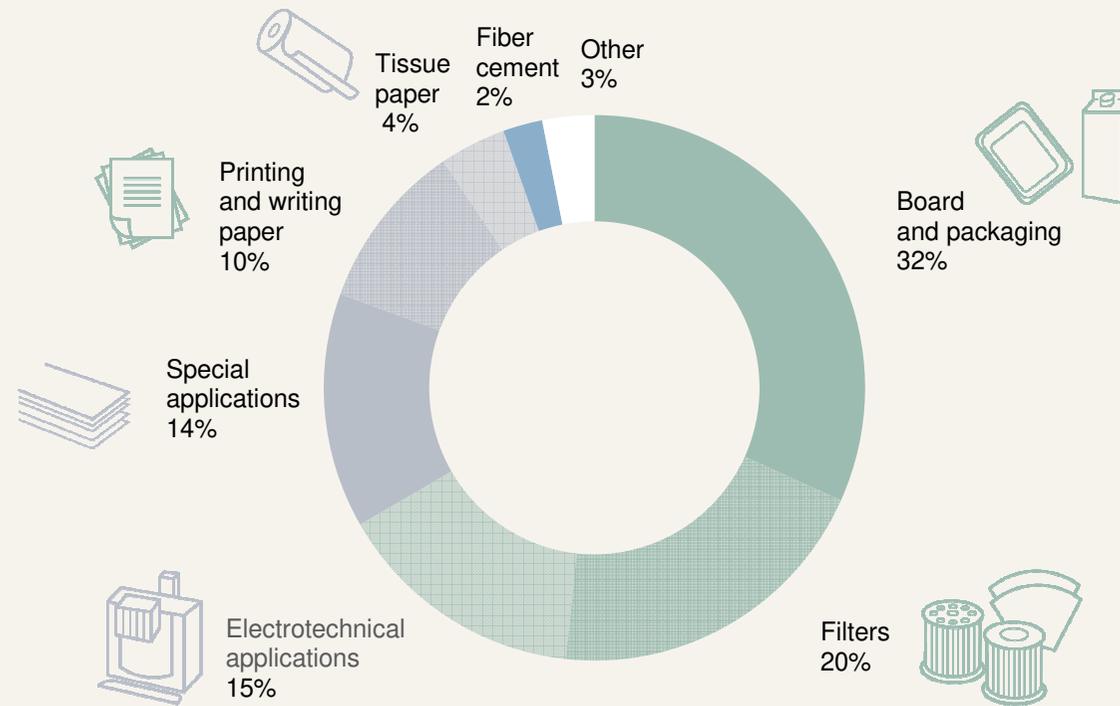


PULP SALES REVENUE PER TONNE (SEK)



# PULP – REPLACEMENT MATERIAL FOR PLASTIC

Pulp Sales (Rottneros) by application 2022



# PULP

## Geographical split of sales





# DEVELOPMENT

## PACKAGING PAPERS:

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### **Munken Kraft**

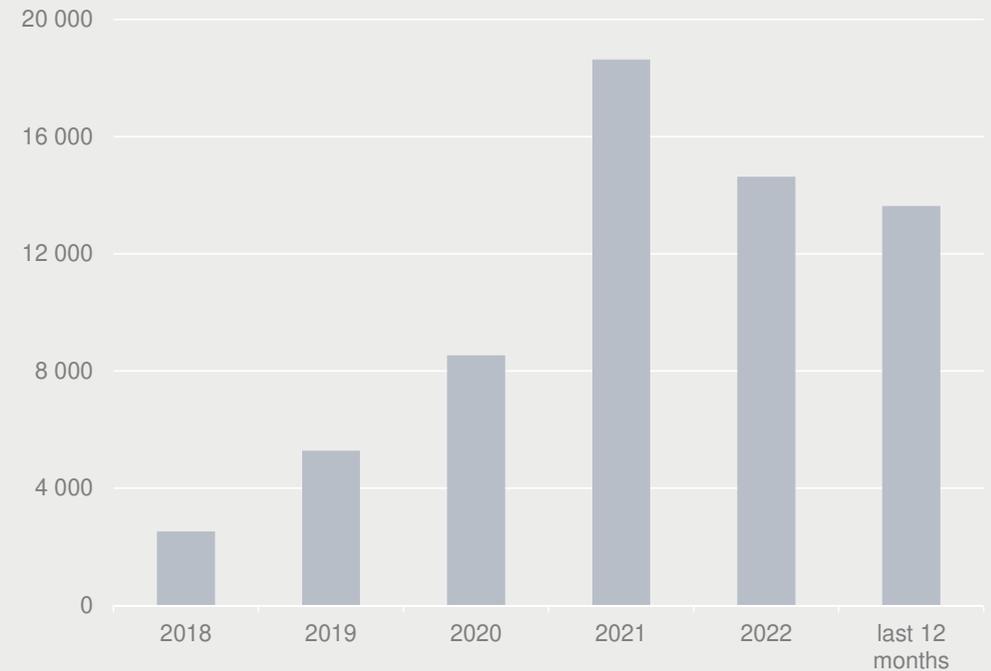
Uncoated packaging paper

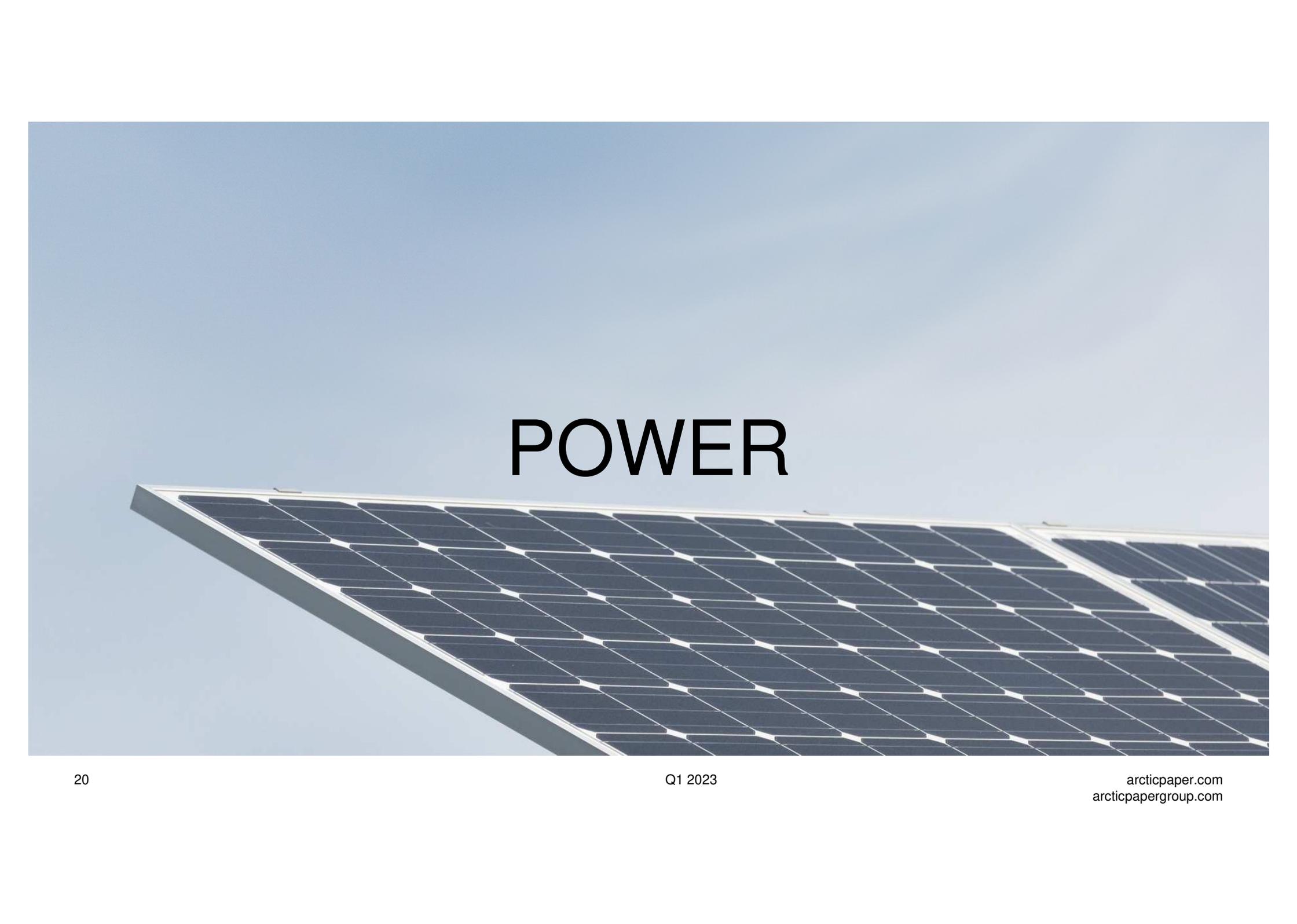
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### **G-Flexmatt**

Coated packaging paper

PACKAGING PAPER SALES DEVELOPMENT (t)





# POWER

# ARCTIC PAPER GROUP POWER GENERATION

## MUNKEDAL

- Hydro power plant
- Flexible multifuel boiler plant
- LPG boiler
- Connected to Swedish national grid

## GRYCKSBO

- Biomass power plant
- Connected to Swedish national grid

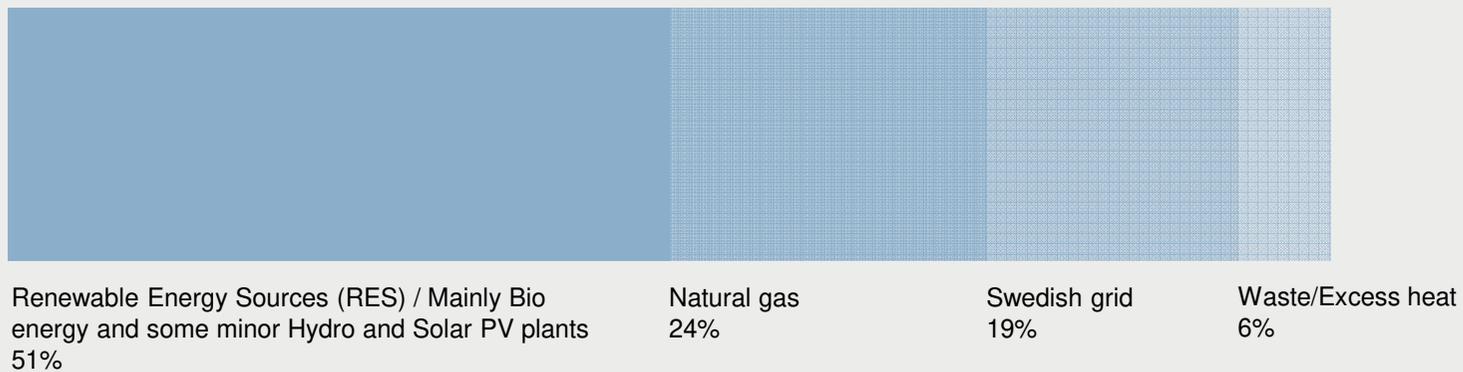
## KOSTRZYN

- CHP power plant (gas from local PL source)
- Solar park
- Sales of energy to the grid



# ARCTIC PAPER GROUP POWER BALANCE

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The total Energy produced on sites and taken from outside sources in 2022 is: 3.225 GWh

The total Energy used in our production units in 2022 is: 3.095 GWh

A background image showing a close-up of paper mill machinery, including rollers and brushes, with a large, semi-transparent diagonal overlay on the right side. The word "FINANCIALS" is centered in a bold, black, sans-serif font.

# FINANCIALS

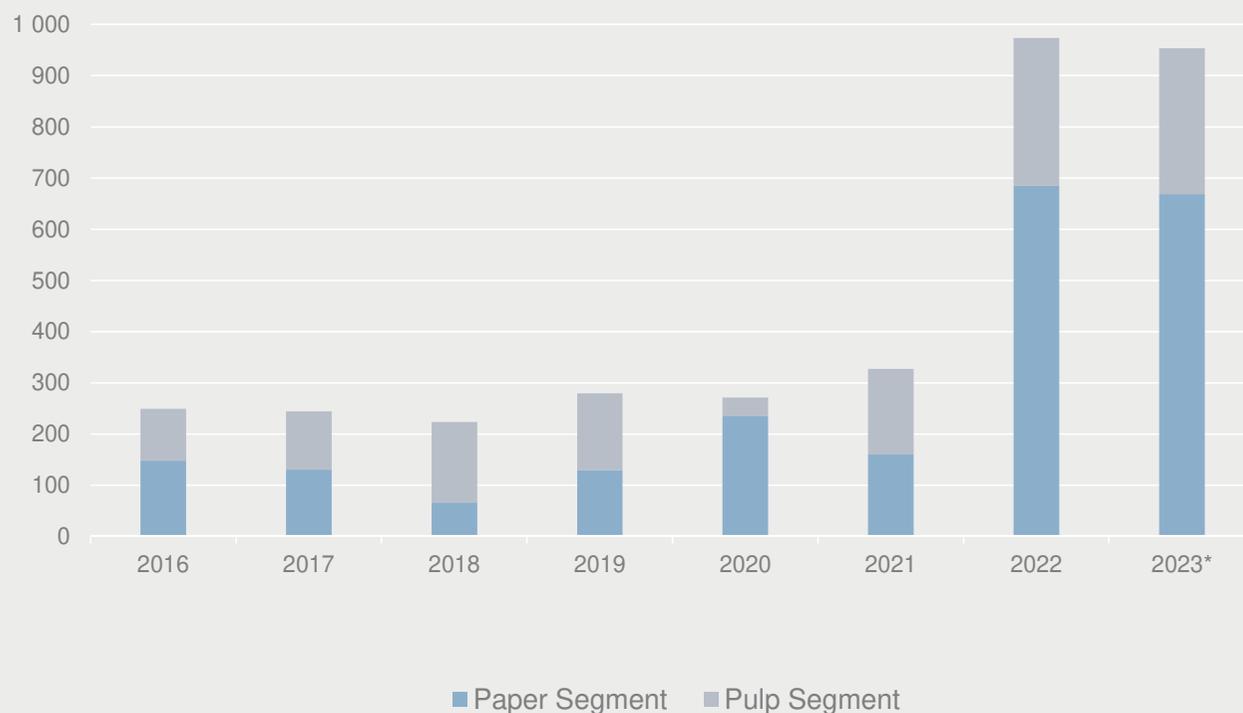
# EBITDA EVOLUTION 2014 – 2023 (PLN mn)

Effective hedging of both segments – to stabilize financial results

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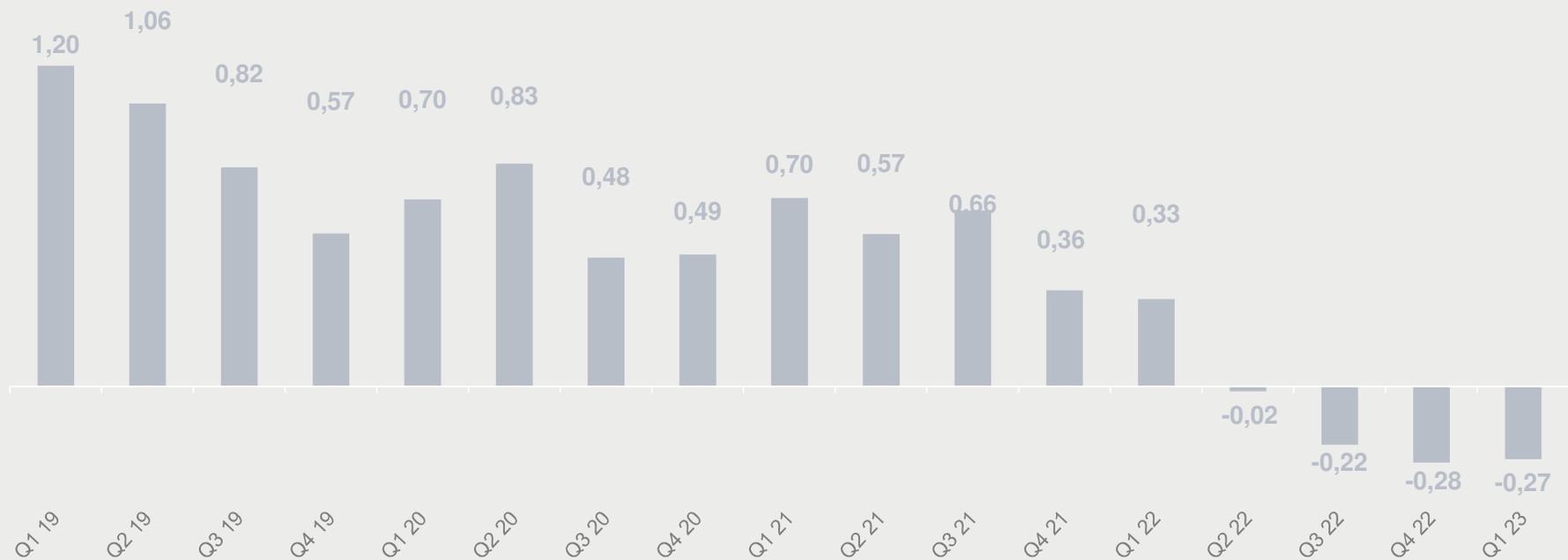
**Q1 2023 EBITDA PLN 185.5mn**

**PLN 46mn HIGHER THAN Q4 2022**  
**PLN 20mn LOWER THAN Q1 2022**

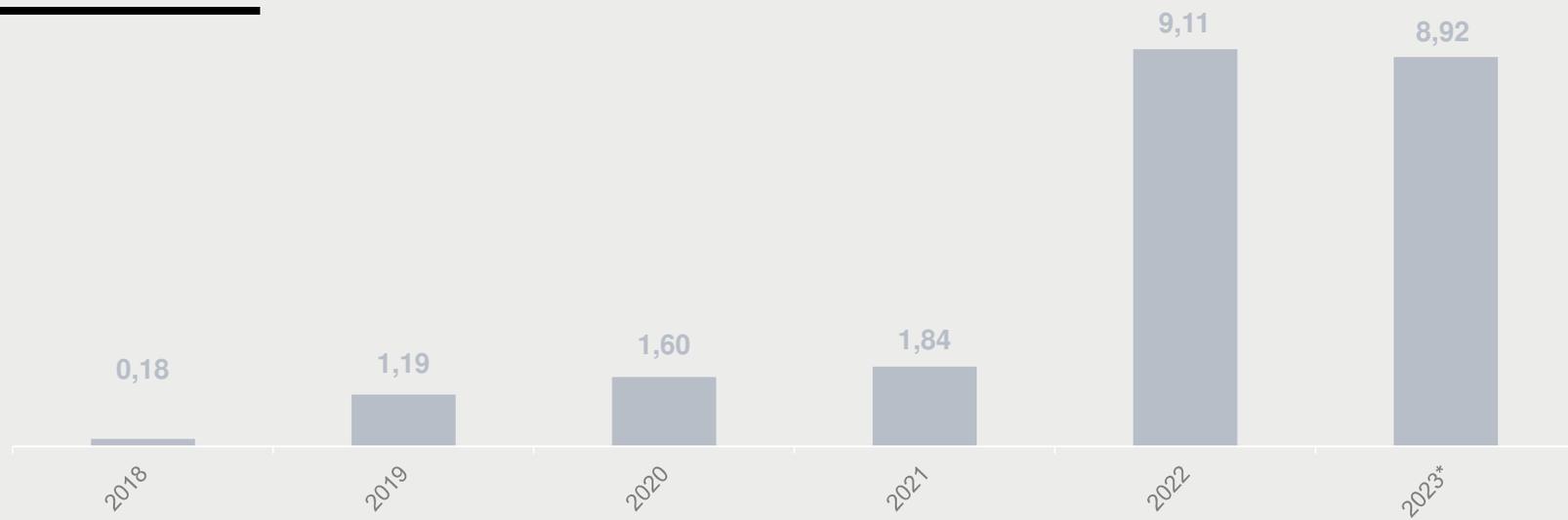


\* rolling 12 months

# NET DEBT/EBITDA 2019 – 2023



# NET PROFIT PER SHARE



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



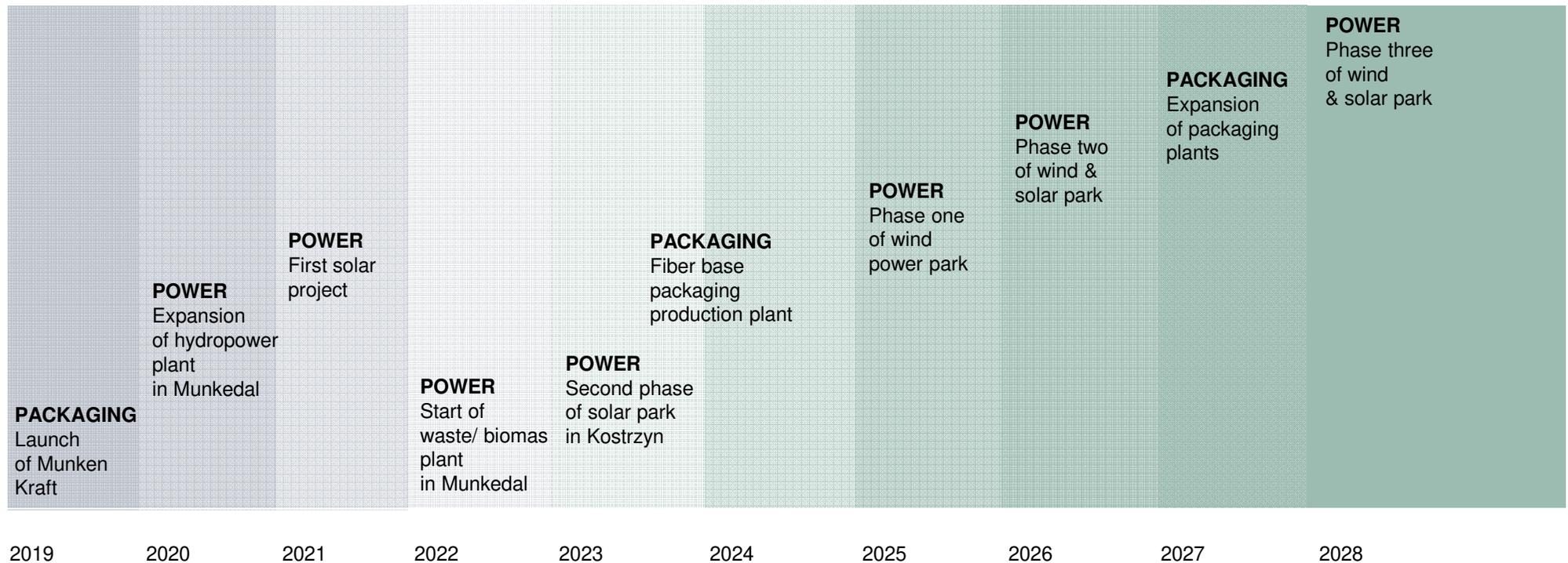
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- Uncertain market outlook, more challenging year is expected
  - Continued focus on margins over volumes to maintain profitability despite weaker demand
  - The energy projects are running according to plan. Several new energy and energy efficiency projects are in planning phases of different state
  - The establishment of a moulded tray facility in Kostrzyn is proceeding according to plan
  - Decision has been made to invest in Rottneros during 2023-2024 180 MSEK in an expansion of the capacity to produce CTMP pulp in Rottneros Mill and 86 MSEK in a solar park that will produce 3 GWh per year



# THE ROAD MAP

Milestones ahead

## THE WAY FORWARD



# 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

# 4P FOR FUTURE ARCTIC



Paper



Packaging



Pulp



Power

