

10.NOV 2021

# Financial results

## Q3 2021



ARCTIC PAPER

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This Presentation contains financial results for Q3 2021.

# Agenda

- Q3 2021 summary
- Paper
  - market
  - operating data
  - products
- Pulp
  - market
  - operating data
  - products
- Packaging
- Power
- Financials
- Outlook

Presenters:

Michał Jarczyński – CEO Arctic Paper

Göran Eklund – CFO Arctic Paper



# Summary Q3 2021

Arctic Paper Group Q3 2021 vs. Q3 2020

**Net sales**  
(PLNmn)

**889,7**

(Q3 2021)

vs.

**702,8**

(Q3 2020)

**EBITDA**  
(PLNmn)

**102,1**

(Q3 2021)

vs.

**86,4**

(Q3 2020)

**Operating CF**  
(PLNmn)

**50,6**

(Q3 2021)

vs.

**117,5**

(Q3 2020)

**ROCE\***

**10,1%**

(Q3 2021)

vs.

**11,9%**

(Q3 2020)

**Paper/Pulp  
EBITDA** (PLNmn)

**46/56**

(Q3 2021)

vs.

**70/17**

(Q3 2020)

**Net debt/  
EBITDA\***

**0,66x**

(EOP 2021)

vs.

**0,48x**

(EOP 2020)

**Paper sales  
volume**

**169k t**

(Q3 2021)

vs.

**143k t**

(Q3 2020)

**Pulp sales  
volume**

**93k t**

(Q3 2021)

vs.

**107k t**

(Q3 2020)

\*Rolling 12 months

# Summary YTD SEP 2021

Arctic Paper Group YTD SEP 2021 vs. YTD SEP 2020

**Net sales**  
(PLNmn)

**2 459,0**  
(YTD SEP 2021)  
vs.  
**2 132,8**  
(YTD SEP 2020)

**EBITDA**  
(PLNmn)

**258,5**  
(YTD SEP 2021)  
vs.  
**246,3**  
(YTD SEP 2020)

**Operating CF**  
(PLNmn)

**105,3**  
(YTD SEP 2021)  
vs.  
**187,6**  
(YTD SEP 2020)

**ROCE\***

**10,1%**  
(YTD SEP 2021)  
vs.  
**11,9%**  
(YTD SEP 2020)

**Paper/Pulp  
EBITDA** (PLNmn)

**129/130**  
(YTD SEP 2021)  
vs.  
**184/62**  
(YTD SEP 2020)

**Net debt/  
EBITDA\***

**0,66x**  
(EOP 2021)  
vs.  
**0,48x**  
(EOP 2020)

**Paper sales  
volume**

**478k t**  
(YTD SEP 2021)  
vs.  
**429k t**  
(YTD SEP 2020)

**Pulp sales  
volume**

**308k t**  
(YTD SEP 2021)  
vs.  
**310k t**  
(YTD SEP 2020)

\*Rolling 12 months

# Paper

1687  
102

5164  
# 1674  
132

106  
356  
# 1674  
120

5156  
74

# Market data

## Deliveries of fine paper in Europe

### Q3 2021 compared to Q3 2020

Uncoated woodfree (UWF) up +8%

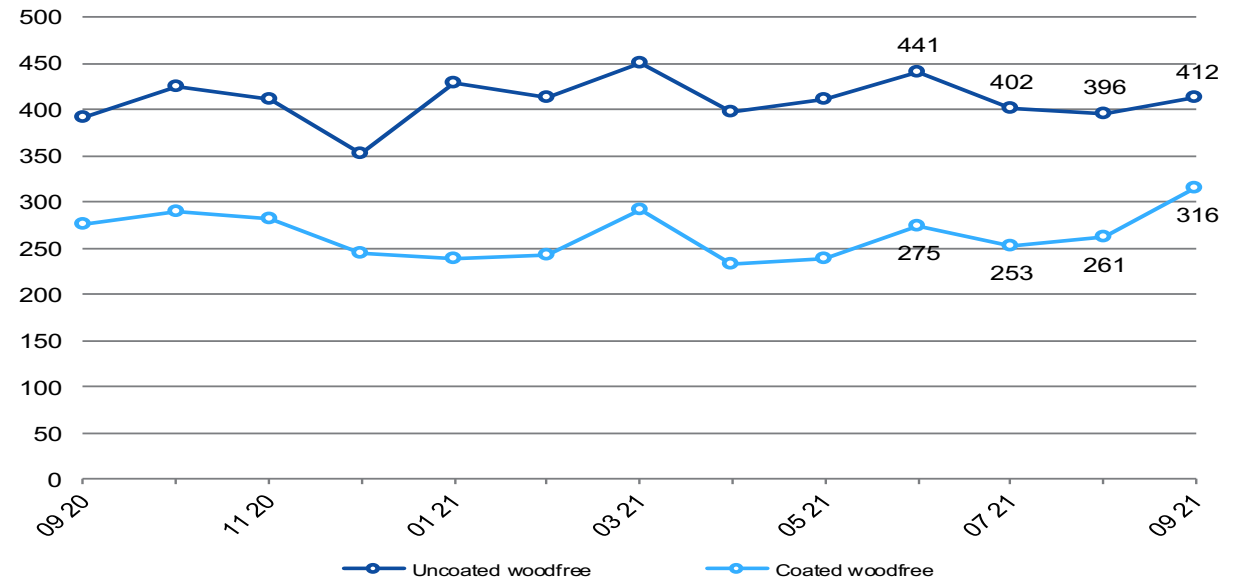
Coated woodfree (CWF) up +15%

### Q3 2021 compared to Q2 2021

Uncoated woodfree (UWF) down -3%

Coated woodfree (CWF) up +11%

### Monthly deliveries of fine paper in Europe (t)



Source: Arctic Paper based on EuroGraph data.

# Market data

Fine paper average market prices

## SEP 2021 compared to JUN 2021

**UWF** average price change **+2,6%**

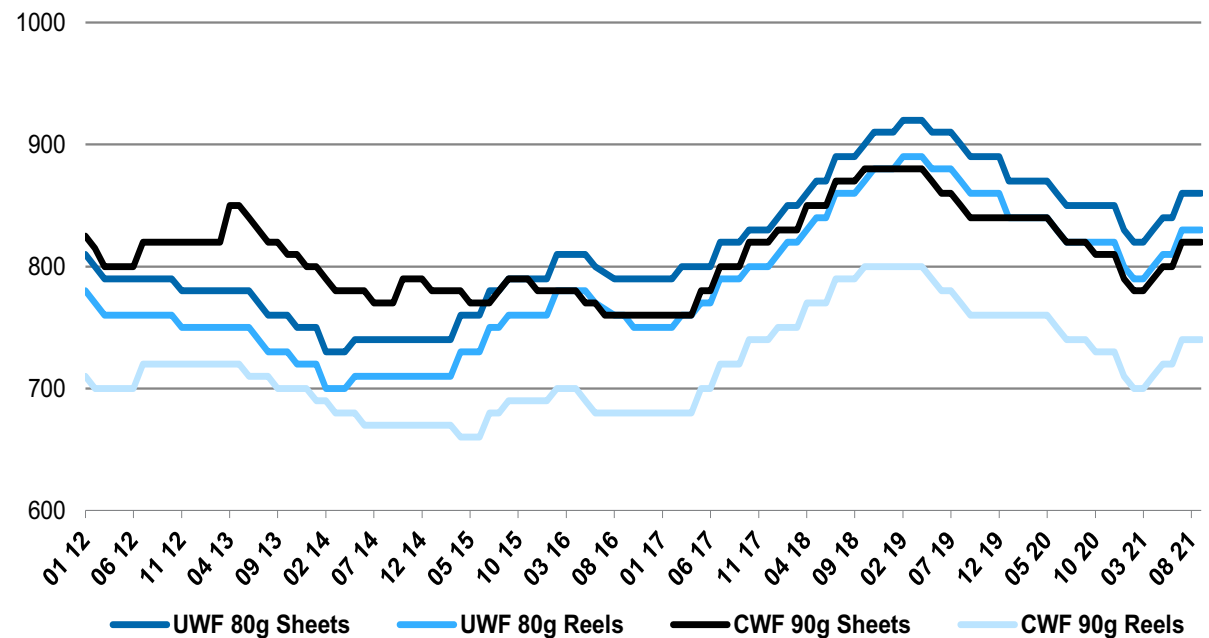
**CWF** average price change **+3,0%**

## SEP 2021 compared to SEP 2020

**UWF** average price change **+3,3%**

**CWF** average price change **+2,7%**

## Graphic fine paper prices – German market



Source: Arctic Paper based on RISI data.



# Arctic Paper - paper - operating data

Average Q3 2021 use of production capacity: **99%**

7% higher than in Q2 2021

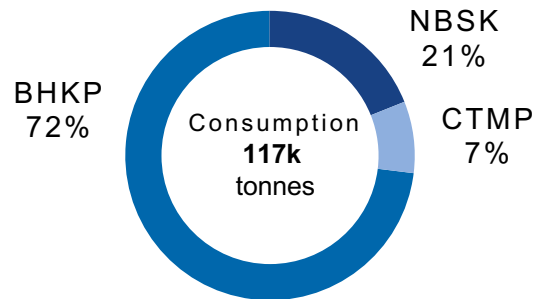
16% higher than in Q3 2020

Q3 2021 total production volume: **169k tons**

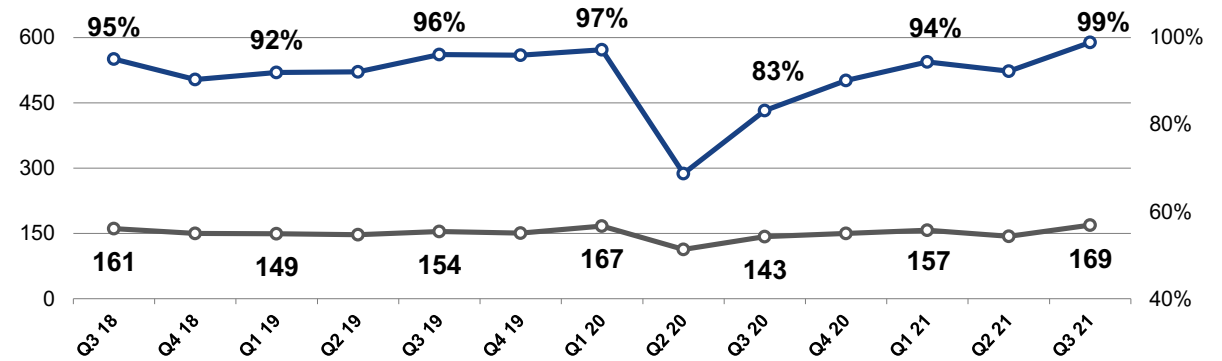
18% higher than in Q2 2021

18% higher than in Q3 2020

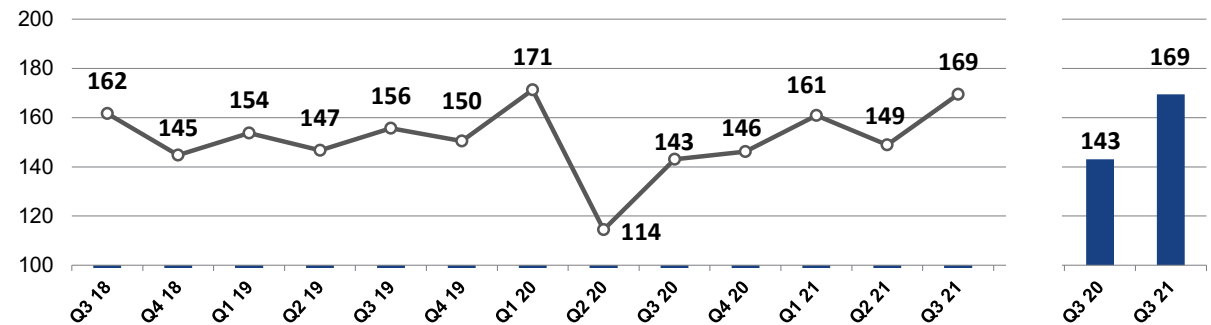
## Structure of pulp consumption Q3 2021



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



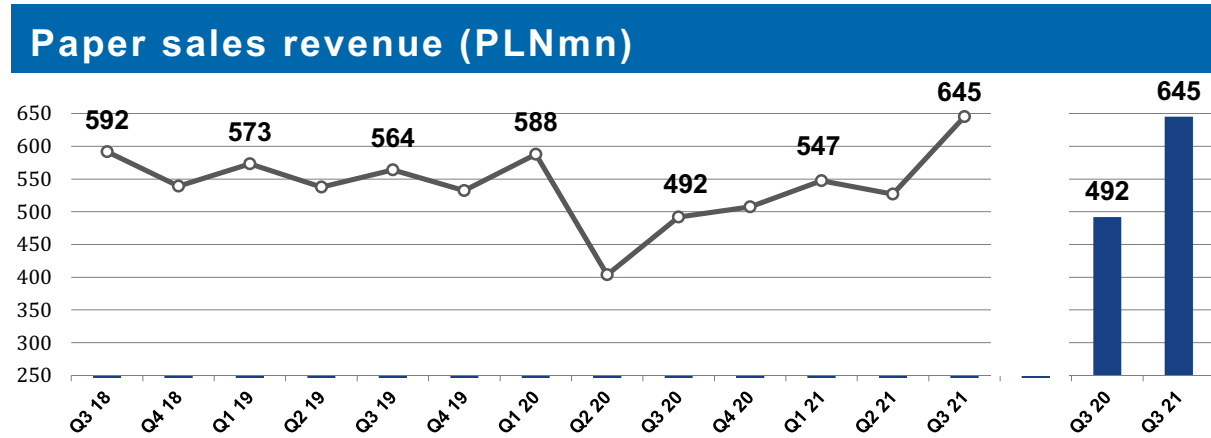
## Paper sales volume



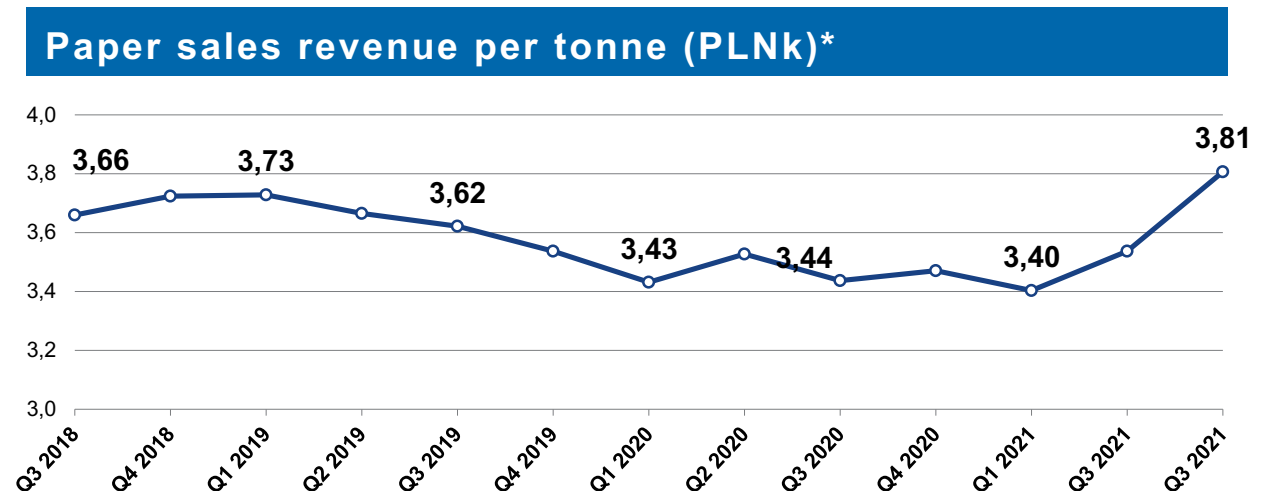
# Arctic Paper - paper - operating data

Revenue and revenue per tonne

**Total revenue Q3 2021 (PLN 645mn)  
increased by 22% compared to Q2 2021**



**Average price Q3 2021 (PLN 3.81k)  
increased by 8% compared to average in  
Q2 2021**



\*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



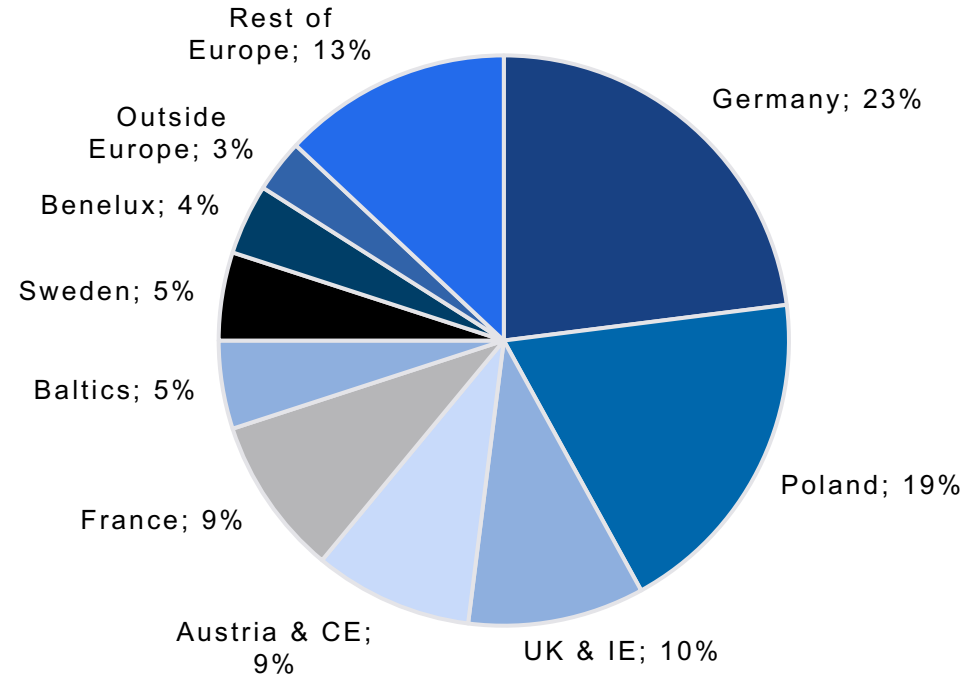
Advanced Offset production in heart of Europe



Most complete matt coated paper assortment

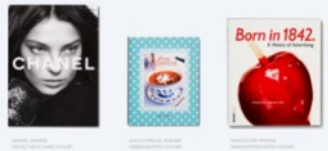


## Geographical split of sales



# 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



# Market data

Pulp – European pulp prices

## Average price Q3 2021 compared to Q3 2020

**NBSK (long fibre): 59% higher**

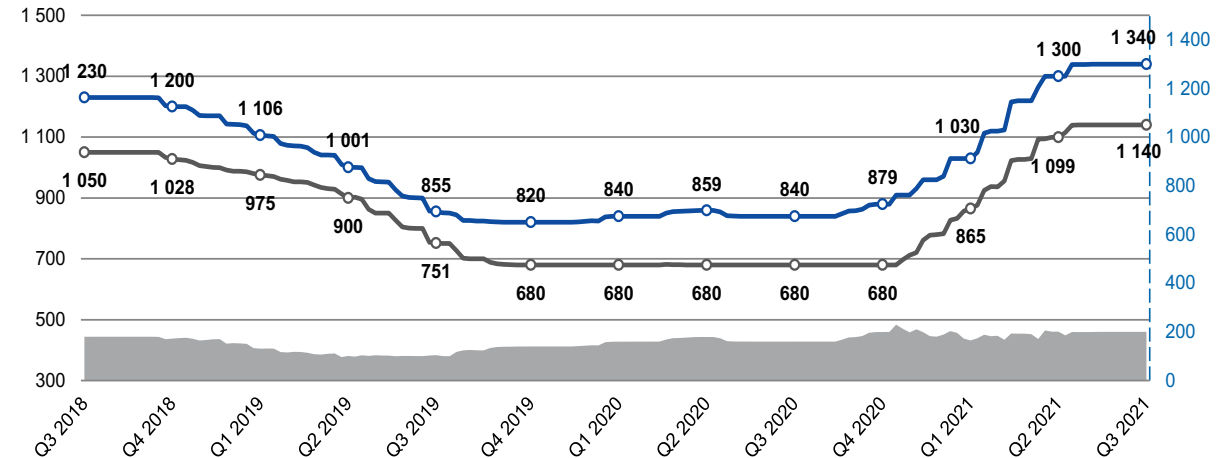
**BHKP (short fibre): 67% higher**

## Average price Q3 2021 compared to Q2 2021

**NBSK (long fibre): 12% higher**

**BHKP (short fibre): 13% higher**

## Pulp PIX Indexes Europe



Source: Arctic Paper based on Foex data.

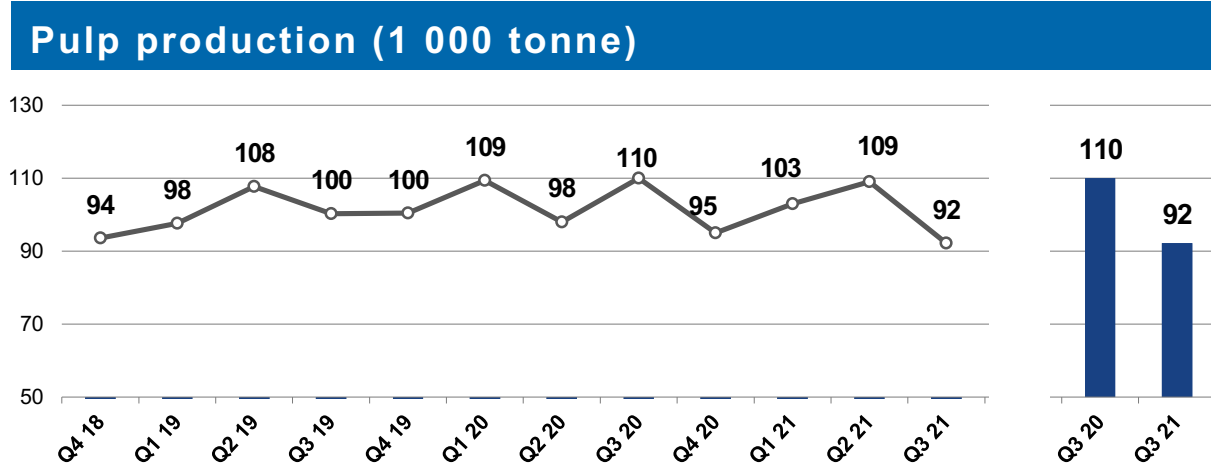
# Arctic Paper - pulp - operating data

## Pulp production & deliveries

**Q3 2021 total production: 92k tons**

**15% lower than in Q2 2021**

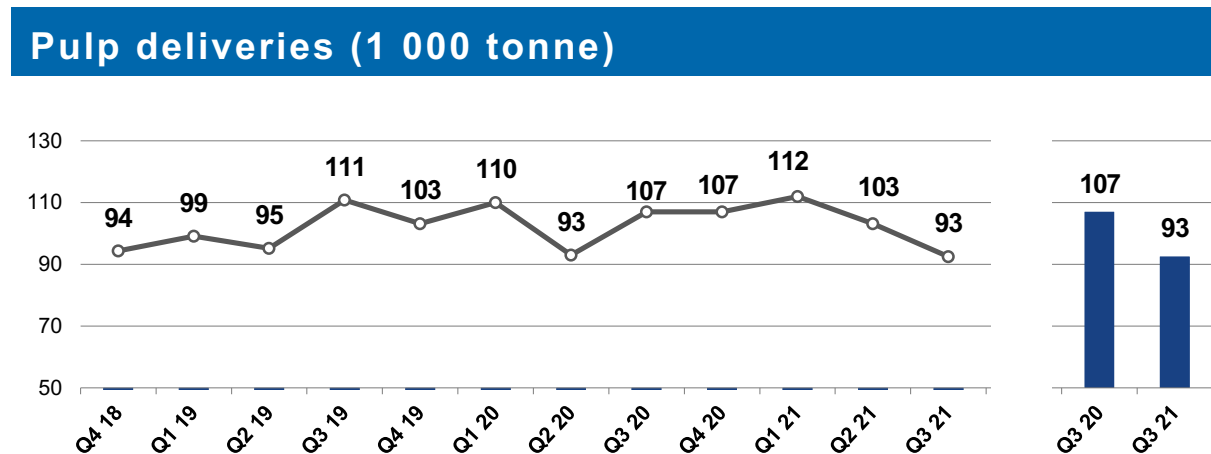
**16% lower than in Q3 2020**



**Q3 2021 total deliveries: 93k tons**

**10% lower than in Q2 2021**

**13% lower than in Q3 2020**

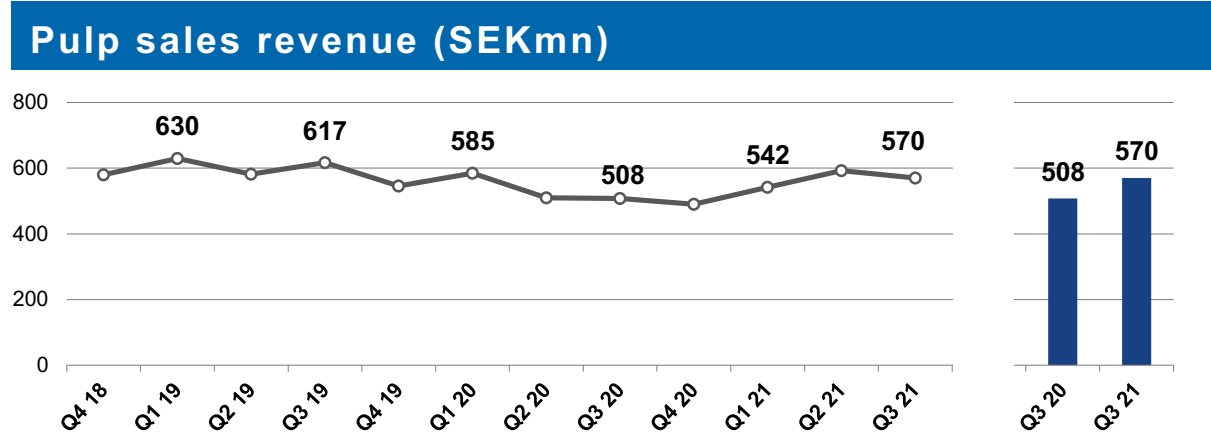




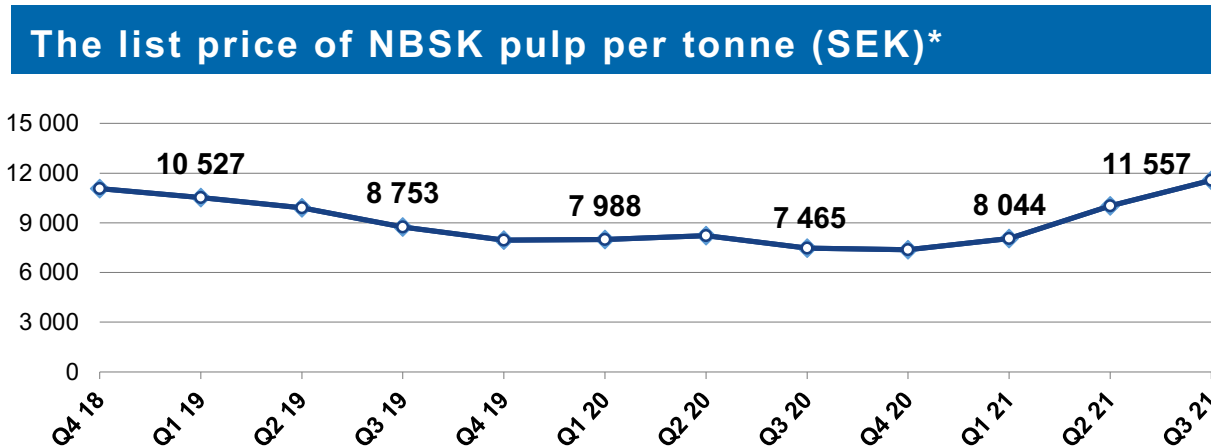
# Arctic Paper - pulp - operating data

## Revenue and prices

**Total revenue Q3 2021 (SEK 570mn) increased by 12% compared to Q3 2020**



**The list price of NBSK pulp in Q3 2021 (SEK 11 557 per tonne) increased by 55% compare to Q3 2020**

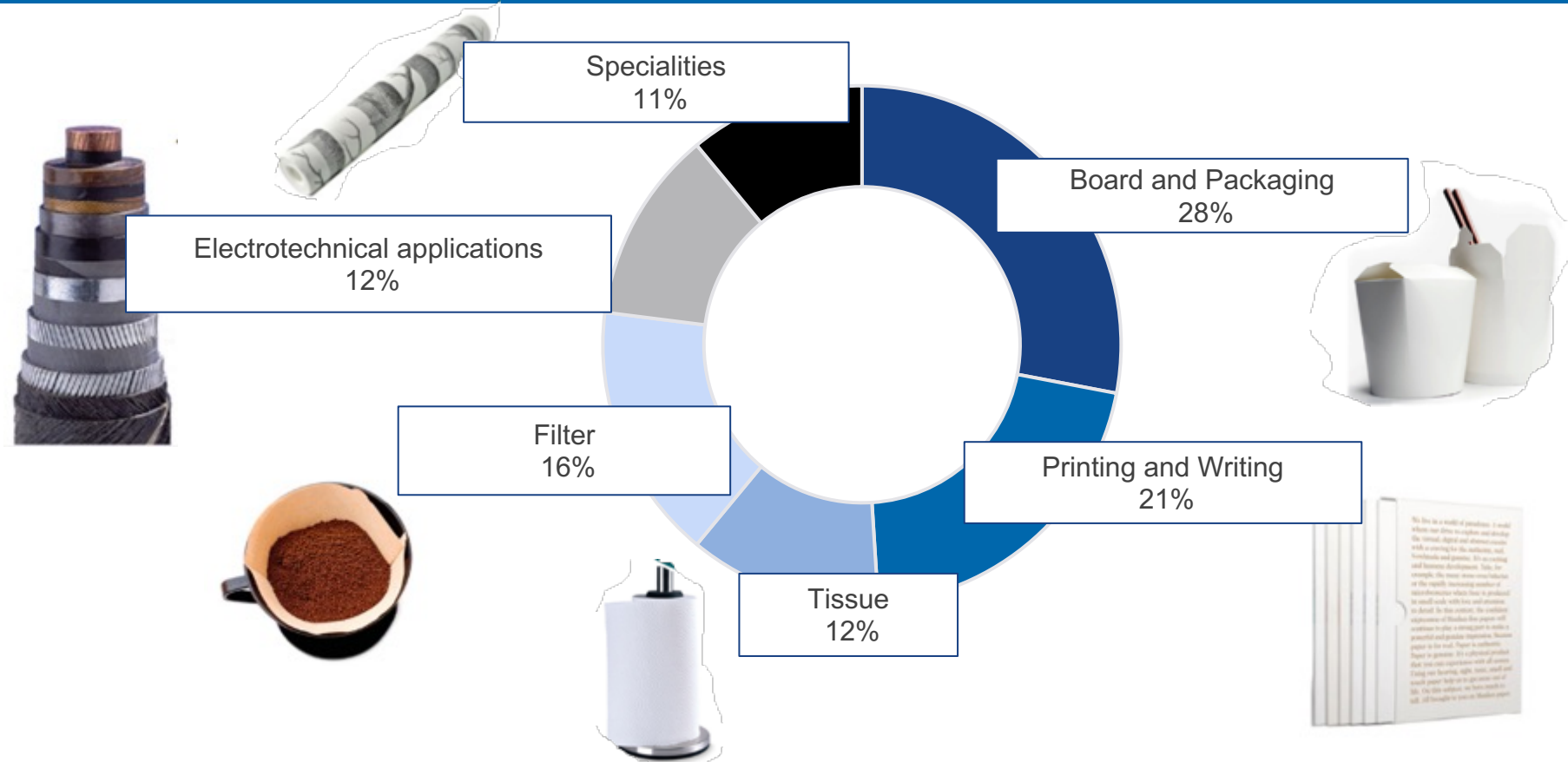


\*Market listing of gross prices once a week.  
Average for each period.

# Products

Pulp sales by application

## Rottneros' sales by application 2020





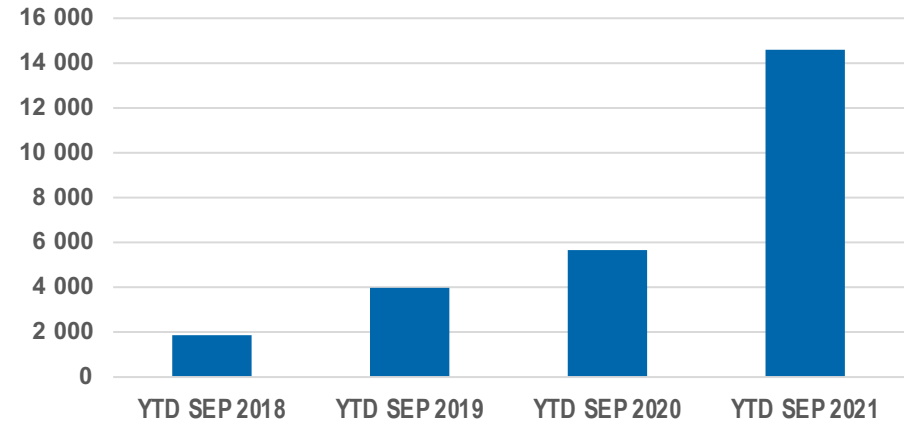
# Packaging

# Packaging - development

**Packaging papers:**

<b>Munken Kraft</b> Uncoated packaging paper	<b>G-Flexmatt</b> New coated product G-Flexmatt launched on the market in Q2 2021
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**Packaging paper sales development (t)**



# Power



# Power generation

New hydroelectric power plant in Munkedal produced over 13 GWh of green energy in YTD SEP 2021.


Biomass power plant in Grycksbo produced over 11 GWh of green energy and 540 000 GJ of green heat in YTD SEP 2021.



Phase 1 of PV solar farm in Kostrzyn runs since August.



# Financial performance

643788-1	1	14
ROI	170	46
900 * 640	250	3680
L		
	328876	
		

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Block.

3 411564/29/2021

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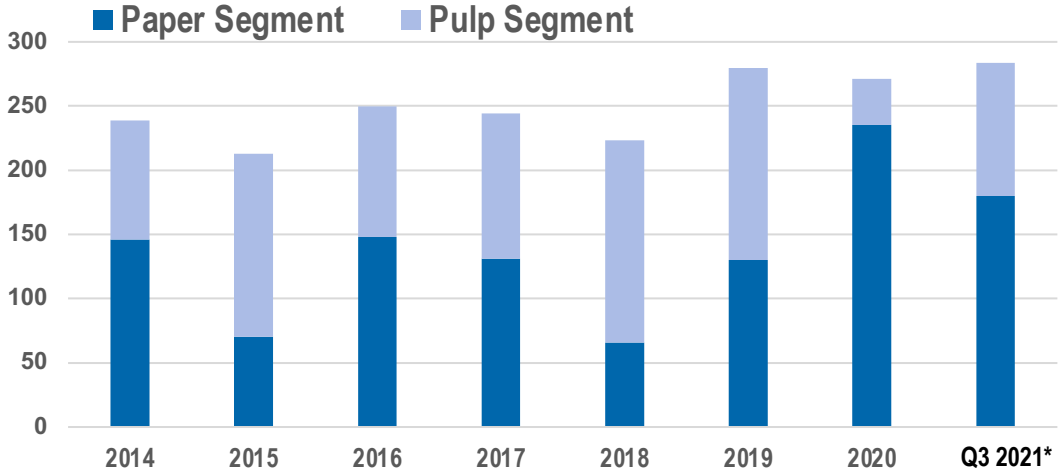
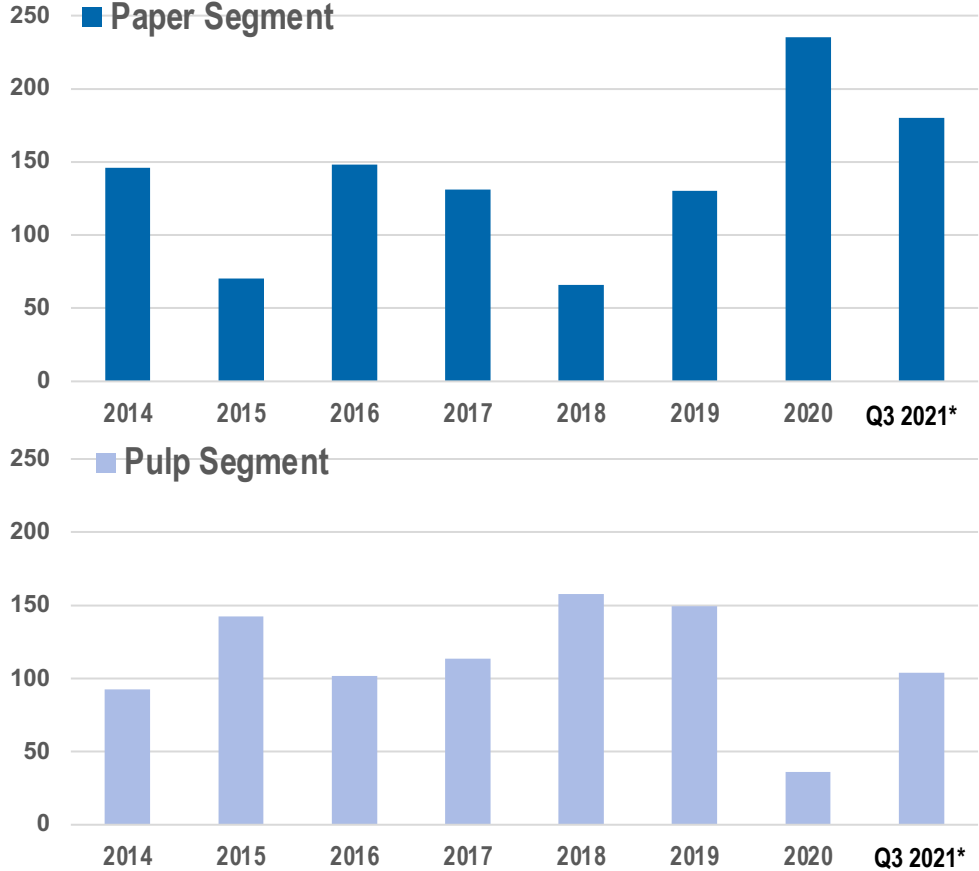
643975-1	2	10
ROW	120	46
640 * 900	250	2980
L		

323887  
↓  
323887

# Arctic Paper Group

EBITDA evolution 2014 - 2021 (PLNmn)

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



\* Rolling 12 months



# Arctic Paper Group Q3 2021 EBITDA

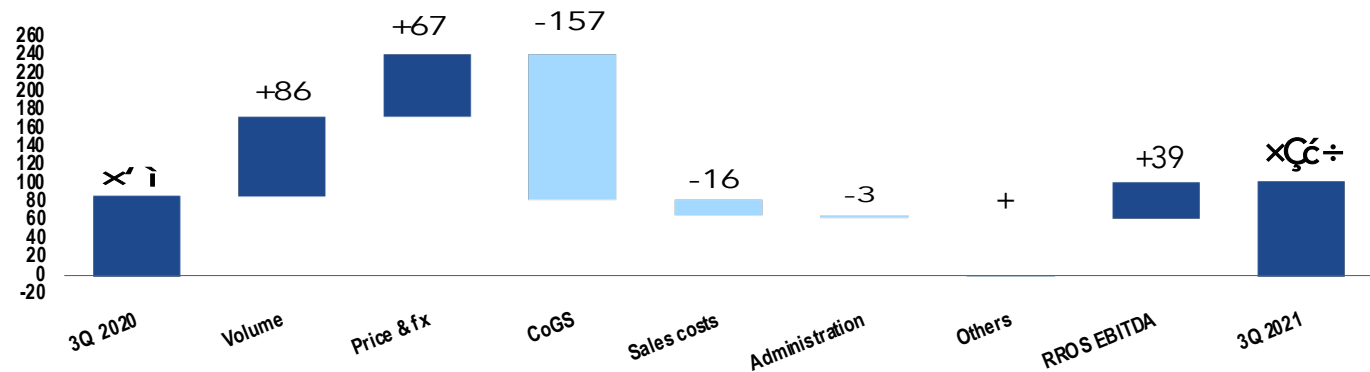
Total

**Q3 2021 EBITDA PLN 102,1mn**

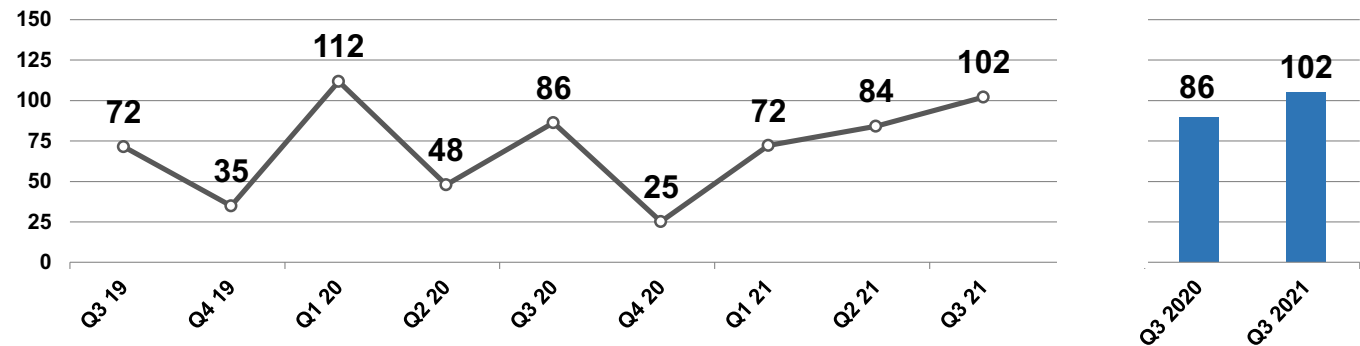
PLN 18,0mn higher than Q2 2021

PLN 16,0mn higher than Q3 2020

## Q3 2021 EBITDA Bridge



## EBITDA evolution





# Outlook

# Outlook

- Strong demand, expected production utilization > 95%
- 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
- Further growth of packaging grades in product mix
- High demand of pulp contributes to the profitability of that segment
- Developing molded tray production in Arctic Paper's premises in Kostrzyn
- Identification of new development opportunities in the energy segment

# 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**

Arctic Paper Vision:

Turning ideas into experiences.

