

Arctic Paper Group
Results for the Q3 2015

Wolfgang Lübbert, CEO Arctic Paper
Małgorzata Majewska-Śliwa, CFO Arctic Paper



ARCTIC PAPER

Disclaimer

Please read the information below carefully

This presentation (the 'Presentation') was prepared by Arctic Paper S.A. (the 'Company') for information purposes only for use by investors, banks and the Company's customers as well as market analysts and under no circumstances may it be treated as a part of an invitation or offer to purchase securities, an invitation to make investments or conduct transactions regarding securities, an inducement to make purchase offers or a recommendation to conclude any transactions, in particular transactions regarding the Company's securities.

The information contained in the Presentation was taken from publicly available sources which the Company believes to be reliable. However, the Company cannot guarantee its reliability or completeness, except for the information on the Company and its Group. The Company shall not be held liable for the consequences of decisions made on the basis of or in reliance on the information contained in this Presentation. The information contained in the Presentation has not been independently verified and may be subject to change at any time. The publication of the data contained in the Presentation by the Company does not constitute a breach of the provisions of the law which apply to companies whose shares are listed on the regulated market, in particular the regulated market operated by the Warsaw Stock Exchange in Poland and NASDAQ OMX Stockholm in Sweden. The information contained herein has been published by the Company in its current and periodic reports, or constitutes a supplement thereto which is not required to be published by the Company in order to comply with the Company's reporting requirements as a listed company.

Under no circumstances should information contained in this Presentation be construed as the explicit or implicit submission of a representation or warranty of any type by the Company or by persons acting on its behalf. Furthermore, neither the Company nor any person acting on its behalf shall be held liable in any respect for any damage which may arise as a result of negligence or for any other cause as a result of the use of this Presentation or any information contained in it, or for damage which may otherwise arise in connection with information constituting a part of this Presentation.

The Company is not obliged to publish updates and amendments to the information, data and representations contained in this Presentation as a result of a change of the Company's strategy or intentions or the appearance of unexpected facts or circumstances which affect such strategy or intentions of the Company, unless such an obligation arises from the provisions of law.

This Presentation contains information on the paper industry. With the exception of information indicated as originating from a specified source, the market information referred to above has been prepared on the basis of data received from third parties who are named in this Presentation and contains estimates, assessments, corrections and opinions based on the Company's experience and knowledge of the sector in which it conducts business. Because the market information referred to above may have been partially prepared with the use of estimates, assessments, corrections and opinions and has not been verified by independent entities, to a certain extent, this information is of a subjective nature, with the exception of the information which has been indicated as information originating from third parties from a specified source. It is presumed that estimates, assessments, corrections and opinions are based on reasonable grounds and that the market information which has been prepared duly reflects the situation of the industry on the markets on which the Company conducts business. However, there is no certainty that the estimates, assessments, corrections and opinions are the most appropriate basis for drawing conclusions on the market information or that market information taken from other sources may not differ significantly from the market information contained in this Presentation.

The Company would like to point out to the readers of this Presentation that the only reliable source of data on Arctic Paper's financial results, forecasts and events, as well as the Company's indicators, is the current and periodic reports submitted by the Company in compliance with reporting requirements under Polish and Swedish law.

This Presentation should be read together with the 2014 consolidated and standalone annual report as well as the report for the Q3 of 2015.

Agenda

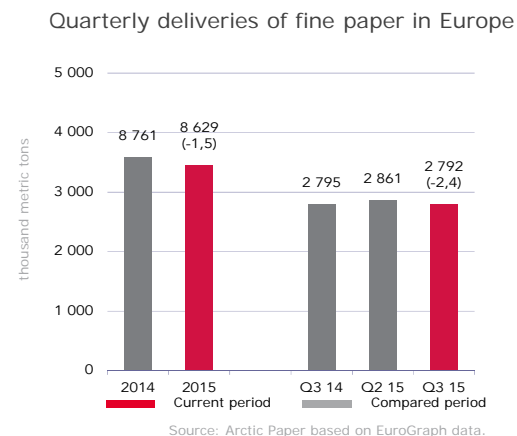
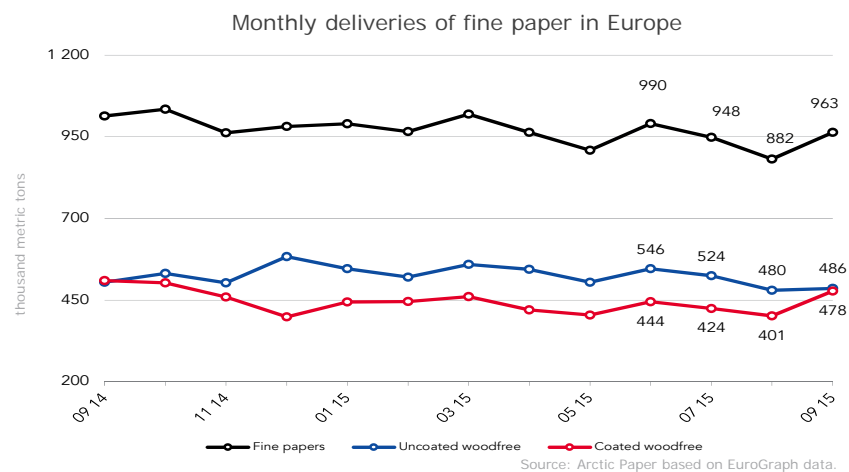
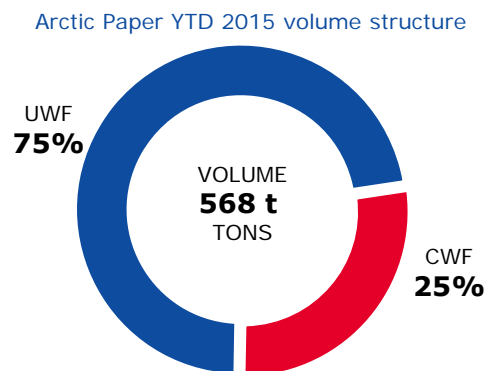
- **Market environment**
- **Operating and financial results**
- **Summary for the Q3 2015**

Market environment



Deliveries of fine paper

- ▶ **Q3 2015 vs. Q2 2015 -2,4%**
 - ▶ Uncoated woodfree down -6,5%
 - ▶ Coated woodfree up +2,8%
 - ▶ Arctic Paper volume up +5,0%
- ▶ **Q3 2015 vs. Q3 2014 -0,1%**
 - ▶ Uncoated woodfree up +3,5%
 - ▶ Coated woodfree down -4,0%
 - ▶ Arctic Paper volume down -2,7%



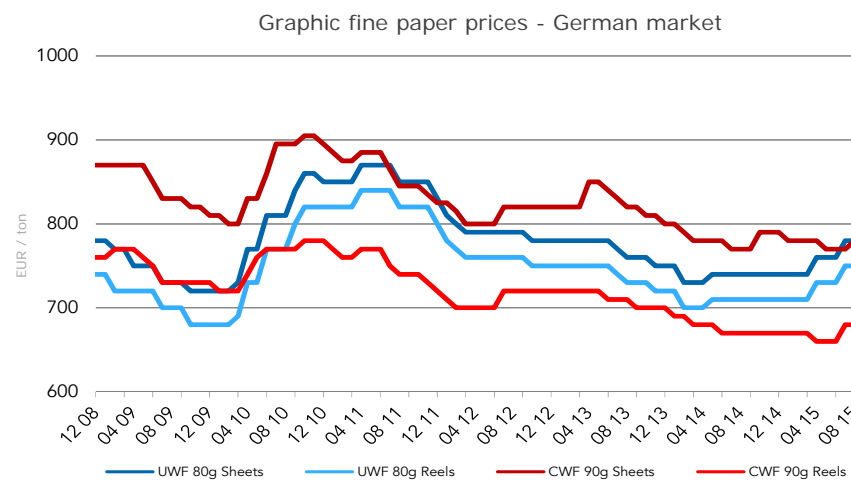
Fine paper prices

► Sep 2015 vs. Jun 2015

- ▶ UWF segment average price change 2,6%
(Arctic Paper: +4,0%)
- ▶ CWF segment average price change 2,5%
(Arctic Paper: -1,6%)

► Sep 2015 vs. Sep 2014

- ▶ UWF segment average price change 5,3%
(Arctic Paper: +3,7%)
- ▶ CWF segment average price change 1,7%
(Arctic Paper: -3,6%)



Source: Arctic Paper based on RISI data.

Change in price for graphic paper in EUR - Western Europe

	09 15 vs. 06 15			09 15 vs. 09 14		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	2,8%	2,6%	2,4%	5,5%	5,3%	5,0%
CWF	2,3%	2,5%	2,6%	1,4%	1,7%	1,7%

Source: Arctic Paper based on RISI data.

Pulp prices

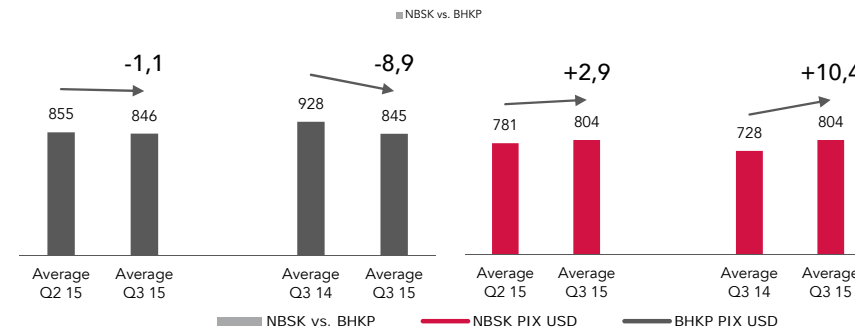
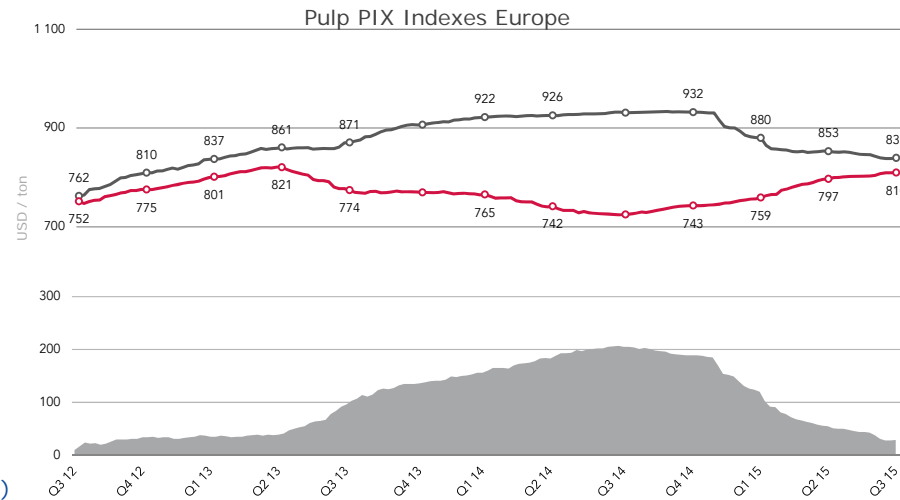
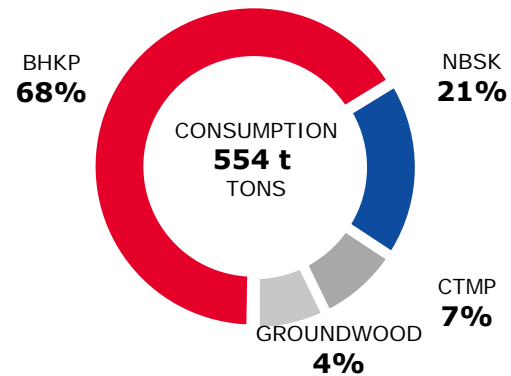
▶ Average price Q3 2015 compared to Q2 2015

- ▶ NBSK (long fibre) 1,1% lower
- ▶ BHKP (short fibre) 2,9% higher
- ▶ Arctic Paper costs 2,1% higher (measured in PLN)

▶ Average price Q3 2015 compared to Q3 2014

- ▶ NBSK (long fibre) 8,9% lower
- ▶ BHKP (short fibre) 10,4% higher
- ▶ Arctic Paper costs 18,5% higher (measured in PLN)

Arctic Paper YTD SEP 2015 Structure of pulp consumption



Source: Arctic Paper based on Foex data.

Currency exposure

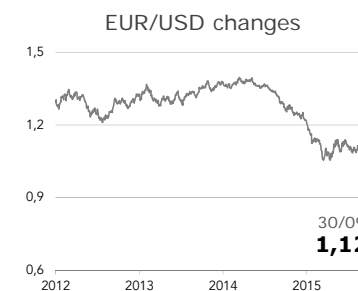
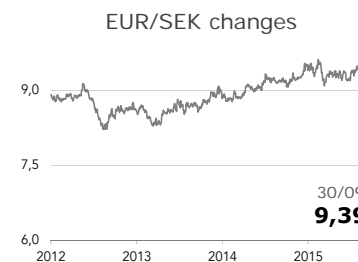
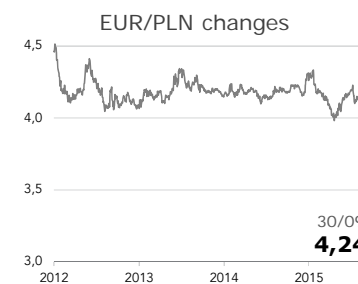
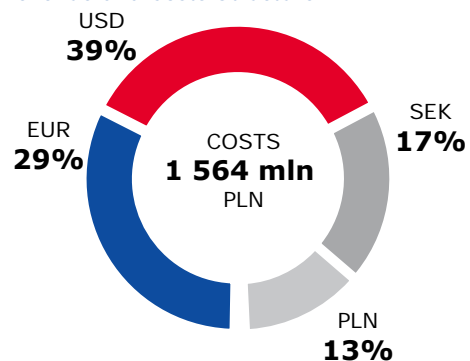
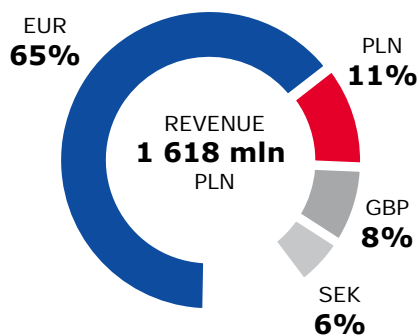
▶ Average exch. rate Q3 2015 compared to Q2 2015

- ▶ EUR/PLN +2,4%
- ▶ EUR/SEK +1,4%
- ▶ EUR/USD +0,7%

▶ Average exch. rate Q3 2015 compared to Q3 2014

- ▶ EUR/PLN +0,3%
- ▶ EUR/SEK +2,4%
- ▶ EUR/USD -16,1%

Arctic Paper YTD SEP 2015 Revenue and Costs Structure



Operating and financial results

Production capacity and sales volume

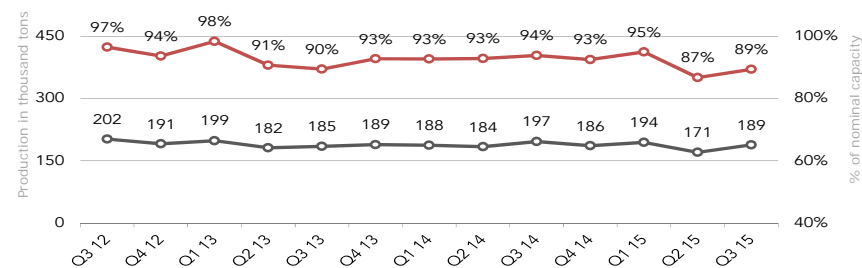
► Q3 2015 average use of production capacity: 89%

- ▶ 2,6% higher than Q2 2015
- ▶ 4,5% lower than Q3 2014

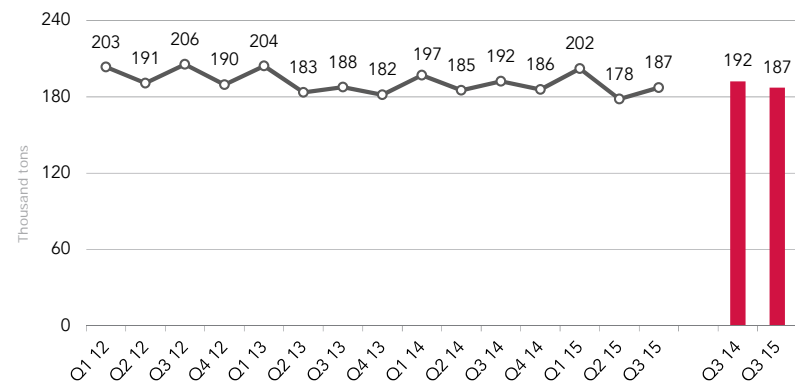
► Q3 2015 total production volume 189' tons

- ▶ 10,4% higher than Q2 2015
- ▶ 4,1% lower than Q3 2014

Production and use of production capacity for all paper mills*



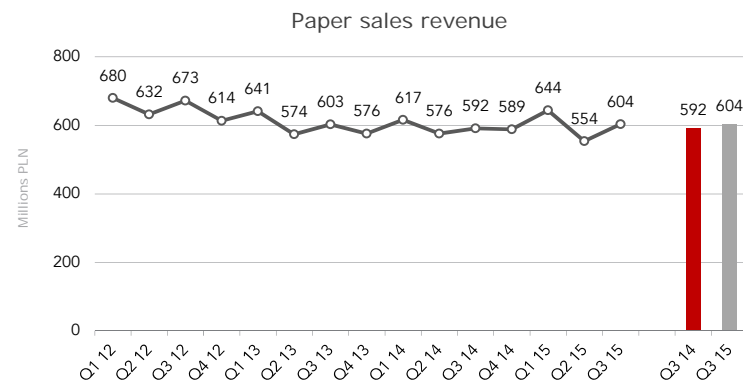
Paper sales volume*



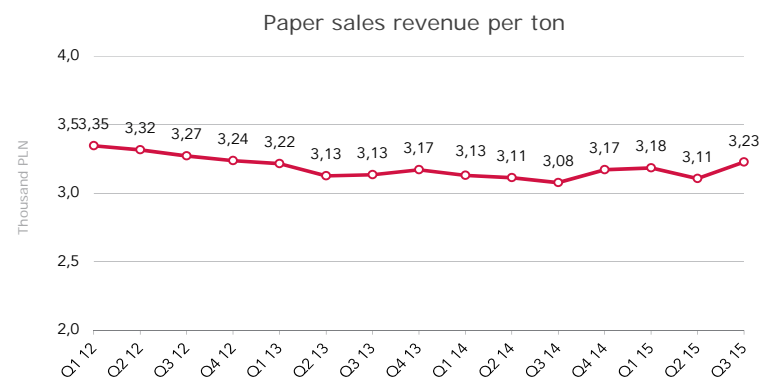
* in Q3 2013 one paper machine at Arctic Paper Mochenwangen with the yearly capacity of 20.000 tons was closed

Paper sales revenue and revenue per ton

- ▶ Q3 2015 (PLN 604m) up 9,1% compared to Q2 2015
- ▶ Q3 2015 up 2,1% compared to Q3 2014



- ▶ Q3 2015 (PLN 3,23k) increase by 3,8% compared to Q2 2015
- ▶ Q3 2015 increase by 4,9% compared to Q3 2014



Key consolidated figures

(PLN thousands)	Q3 2015	Q2 2015	Q3 2014	YTD Q3 2015*	YTD Q3 2014
Paper sales volume (000' tonnes)	167	159	172	507	512
Pulp sales volume (000' tonnes)	95	94	89	281	266
Revenues	730 700	688 249	728 242	2 190 052	2 164 304
Gross profit on sales	111 566	80 220	131 092	323 725	328 314
% margin	15,3	11,7	18,0	14,8	15,2
EBITDA	70 463	38 899	87 191	187 361	189 753
% margin	9,6	5,7	12,0	8,6	8,8
EBIT	43 038	11 865	59 107	105 862	105 364
% margin	5,9	1,7	8,1	4,8	4,9
Net result	12 926	13 098	34 382	38 870	56 765
% margin	1,8	1,9	4,7	1,8	2,6
Net result from continuing operations	22 721	25 200	39 993	74 611	64 171
% margin	3,1	3,7	5,5	3,4	3,0
Net result from discontinued operations	-9 795	-12 102	-5 612	-35 741	-7 406
% margin	-1,3	-1,8	-0,8	-1,6	-0,3
Net operating cash flow	55 236	17 912	117 661	111 126	178 983
Capital expenditures	22 749	31 300	15 377	66 943	50 033
Cash and equivalents	196 012	184 698	137 908	196 012	184 698
Total assets	1 808 457	1 832 862	1 766 464	1 808 457	1 766 464
Capital employed	1 181 853	1 183 451	1 107 816	1 181 853	1 107 816
Total equity	741 916	737 378	719 740	741 916	719 740
Net debt	243 447	261 828	265 637	243 447	265 637
Earnings per share (PLN)	0,19	0,19	0,50	0,56	0,82
Equity / assets ratio (%)	41	40	41	41	41
Net debt / equity ratio (%)	33	36	37	33	37
Net debt / EBITDA (times)	0,97x	0,98x	1,35x	0,97x	1,35x

* - included one-off transactions related to reserve for outstanding invoices to PaperlinX UK in amount of 12,9m PLN

YTD 2015 Results impacted by reserve for outstanding invoices to PaperlinX UK in amount of 12,9m PLN.

YTD2015 EBITDA on the level of PLN 187,3m, Net result of 38,9m PLN.

YTD2015 Net result from discontinued operation of -35,7m PLN.

Cash on the level of 196,0m PLN.

Net debt on the level of 243,4m PLN.

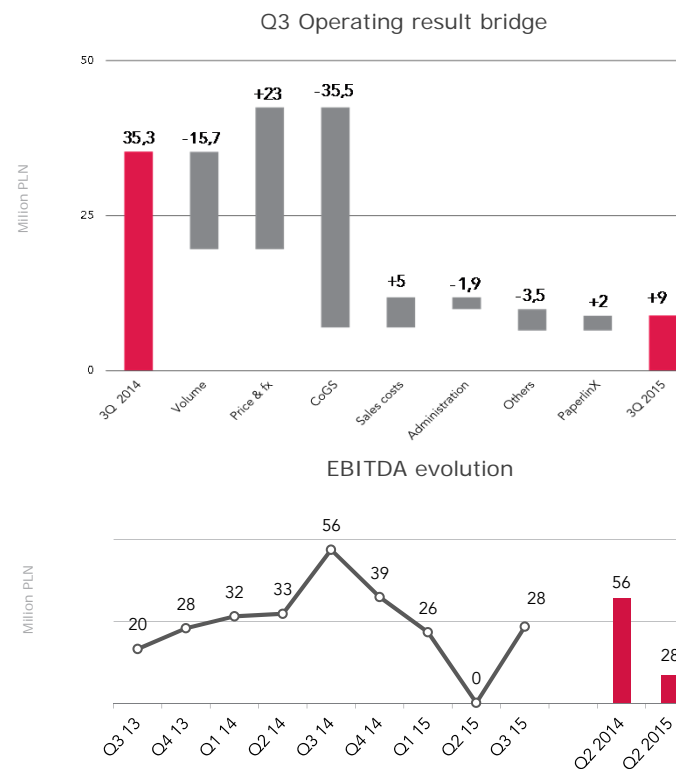
Q3 2015 Operating result and EBITDA (excluding Rottneros)

▶ Operating result for the Q3 2015 8,9m PLN

- ▶ +28,0m PLN higher than Q2 2015
- ▶ -26,4m PLN lower than Q3 2014

▶ Q3 2015 EBITDA 28,0m PLN

- ▶ +27,9m PLN higher than Q2 2015
- ▶ -28,2m PLN lower than Q3 2014



Q3 2015 Consolidated operating result and EBITDA (including Rottneros)

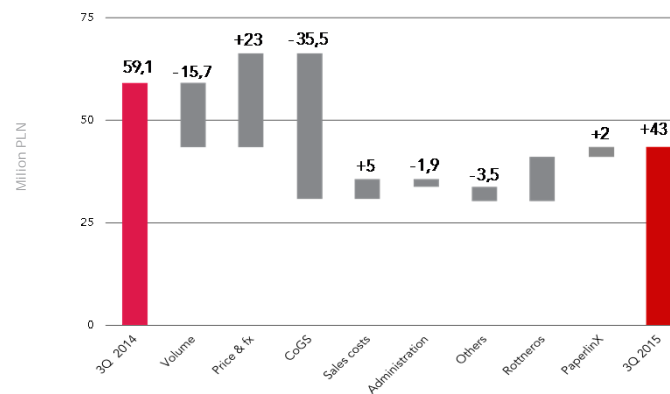
▶ Operating result for the Q3 2015 43,0m PLN

- ▶ +31,2 m PLN higher than Q2 2015
- ▶ -16,1 m PLN lower than Q3 2014

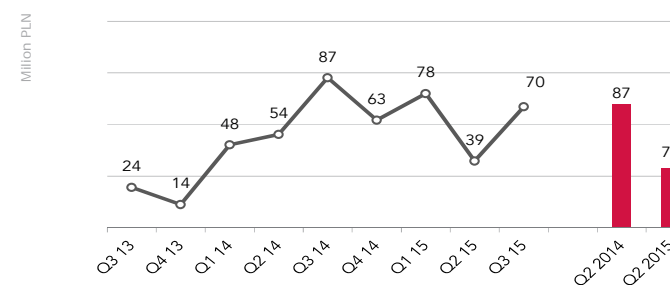
▶ Q3 2015 EBITDA 70,5m PLN

- ▶ +31,6m PLN higher than Q2 2015
- ▶ -16,7m PLN lower than Q3 2014

Q3 Operating result bridge



EBITDA evolution



Summary for the Q3 2015

Q3 2015 in brief

Market environment:

- Still unfavourable level of EUR against USD, if compared to Q2 2015 no significant change +0,7% but if compared to Q3 2014 the change by – 16,1%;
- Graphical paper prices in Europe during Q3 2015 slightly up for UWF +2,6% for CWF +2,5%;
- Deliveries of high quality paper in Europe lower compared to Q2 2015 for UWF segment - 6,1% and for CWF + 2,8%;
- Further unfavourable pulp prices changes (BHKP, short fibre +2,9% and NBSK, long fibre –1,1%, in USD).

Arctic Paper Group:

- Negative impact on pulp costs due to strong USD especially if compared to Q3 2014;
- Results in the paper segment were adversely affected by an increase pulp purchasing costs by 18.5% (measured in PLN) if compared year-on-year;
- Q3 2015 EBIDTA of the Arctic Paper Group was PLN 70,5m, for Arctic Paper without Rottneros EBITDA was PLN 28,0m;
- Higher sales prices achieved by Arctic Paper due to price increases in UWF segment.

Thank you!

Wolfgang Lübbert, CEO Arctic Paper
Małgorzata Majewska-Śliwa, CFO Arctic Paper

