

Arctic Paper Group  
**Results for Q1 2016**

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This Presentation should be read together with the 2015 consolidated and standalone annual report and report for Q1 2016.

## **Agenda**

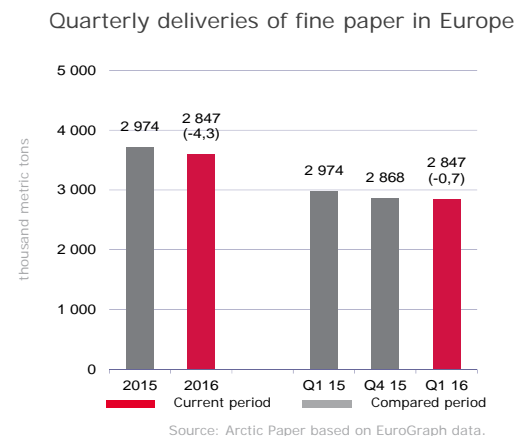
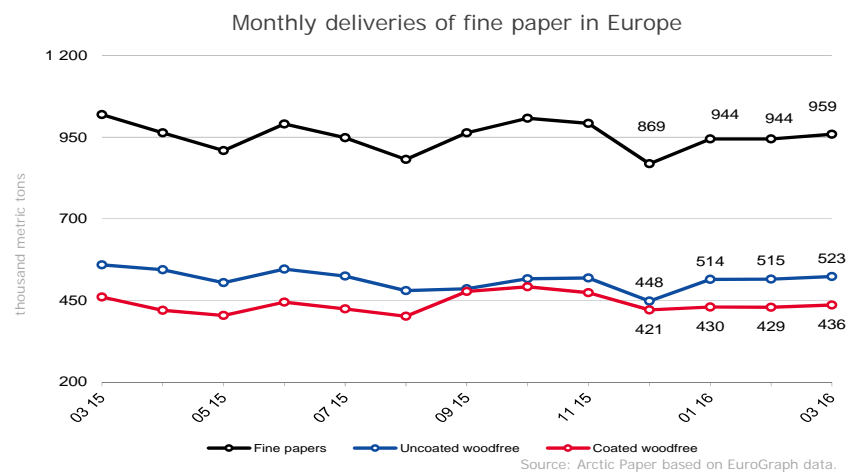
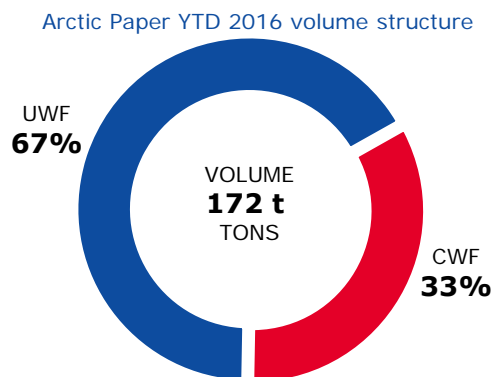
- **Market environment**
- **Operating and financial results**
- **Summary of Q1 2016**

**Market environment**



## Deliveries of fine paper

- ▶ **Q1 2016 vs. Q1 2015 -4,3%**
  - ▶ Uncoated woodfree down -4,5%
  - ▶ Coated woodfree down -4,0%
  - ▶ Arctic Paper volume down -4,5%
- ▶ **Q1 2016 vs. Q4 2015 -0,7%**
  - ▶ Uncoated woodfree up +4,7%
  - ▶ Coated woodfree down -6,5%
  - ▶ Arctic Paper volume up +10%



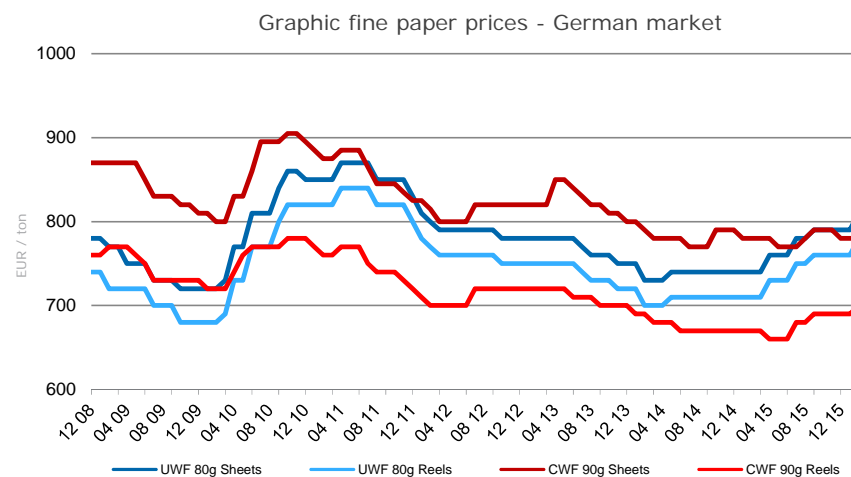
## Fine paper prices

### ► Mar 2016 vs. Dec 2015

- UWF segment average price change 0,8%  
(Arctic Paper: -0,2%)
- CWF segment average price change -0,5%  
(Arctic Paper: 3,4%)

### ► Mar 2016 vs. Mar 2015

- UWF segment average price change 6,2%  
(Arctic Paper: 4,3%)
- CWF segment average price change 0,8%  
(Arctic Paper: 1,6%)



Source: Arctic Paper based on RISI data.

Change in price for graphic paper in EUR - Western Europe

	03 16 vs. 12 15			03 16 vs. 03 15		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	1,5%	0,8%	1,4%	6,2%	6,2%	6,1%
CWF	0,8%	-0,5%	0,7%	1,5%	0,8%	1,6%

Source: Arctic Paper based on RISI data.

## Pulp prices

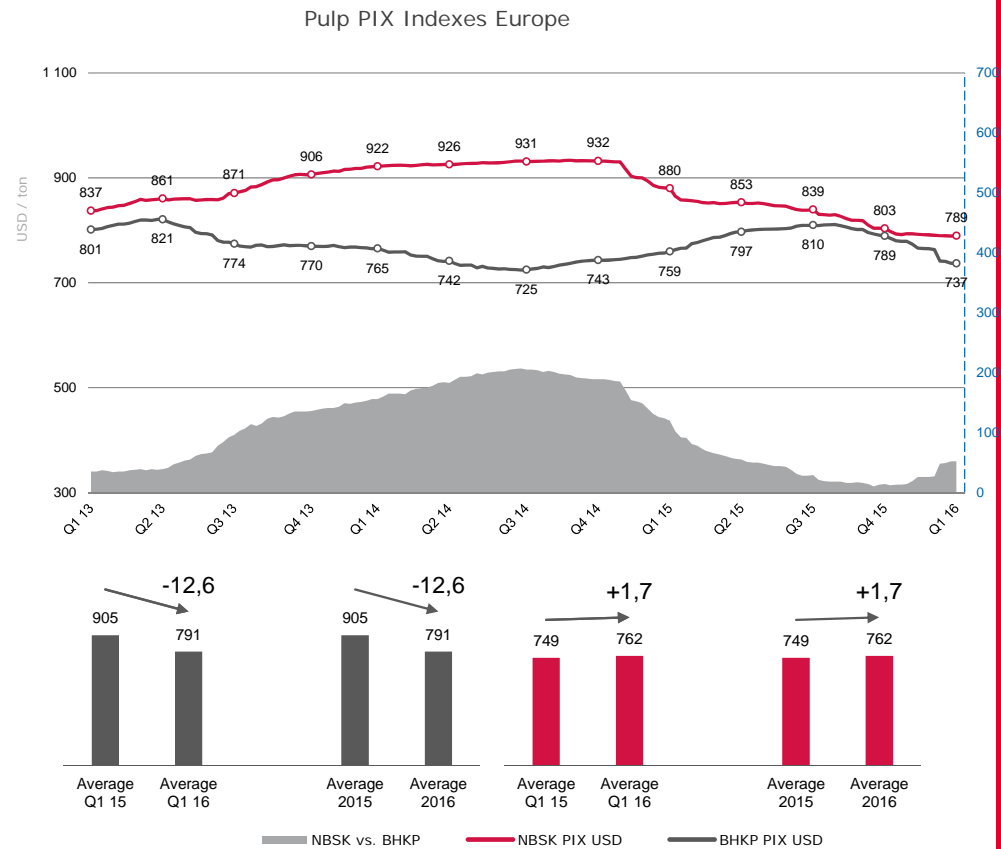
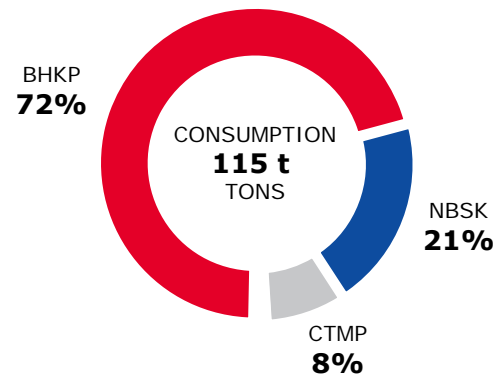
### ▶ Average price Q1 2016 compared to Q1 2015

- ▶ NBSK (long fibre) 12,5% lower
- ▶ BHKP (short fibre) 1,7% higher
- ▶ Arctic Paper costs 8,9% higher (measured in PLN)

### ▶ Average price Q1 2016 compared to Q4 2015

- ▶ NBSK (long fibre) 3,3% lower
- ▶ BHKP (short fibre) 5,0% lower
- ▶ Arctic Paper costs 1,5% lower (measured in PLN)

Arctic Paper YTD 2016 Structure of pulp consumption



Source: Arctic Paper based on Foex data.

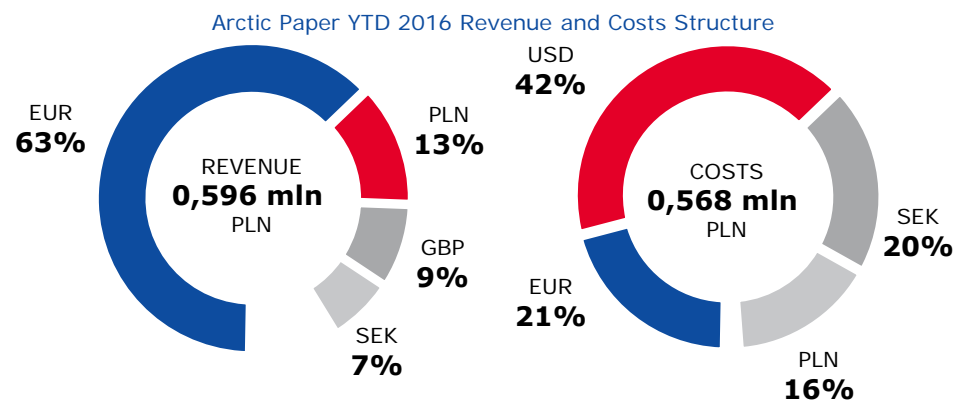
## Currency exposure

### ▶ Average exch. rate Q1 2016 compared to Q4 2015

- ▶ EUR/PLN +2,4%
- ▶ EUR/SEK +0,3%
- ▶ EUR/USD +0,7%

### ▶ Average exch. rate Q1 2016 compared to Q1 2015

- ▶ EUR/PLN +6,2%
- ▶ EUR/SEK -0,6%
- ▶ EUR/USD -2,0%



EUR/PLN changes



EUR/SEK changes



EUR/USD changes





# Operating and financial results



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## Production capacity and sales volume\*

### ► Q1 2016 average use of production capacity: 100%

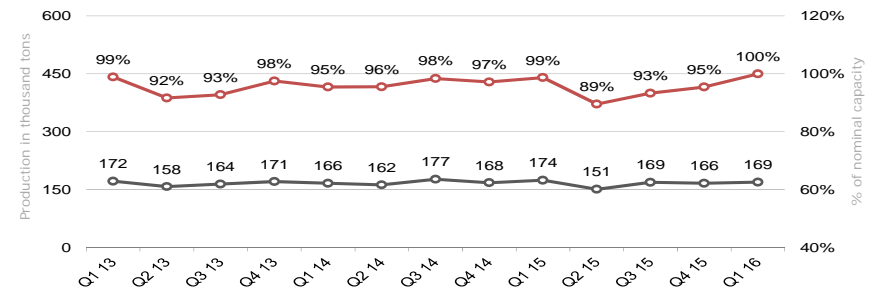
- 5,8% higher than Q4 2015
- 2,5% higher than Q1 2015

### ► Q1 2016 total production volume 169' tons

- 1,9% higher than Q4 2015
- 2,7% lower than Q1 2015

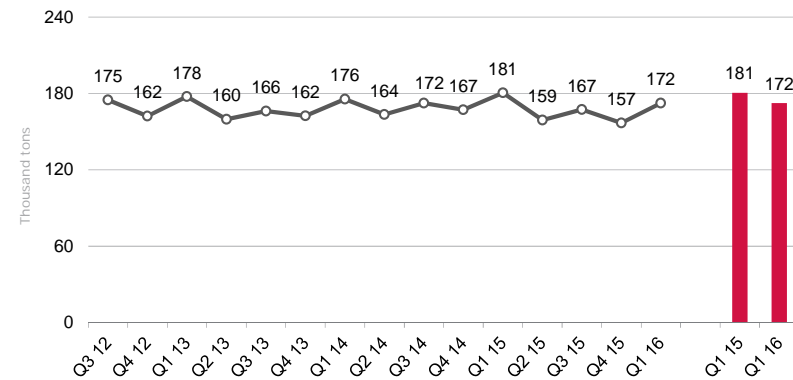
\* AP Mochenwangen excluded from both production capacity and production volume.

Production and use of production capacity for all paper mills\*



\* AP Mochenwangen excluded from production and capacity.

Paper sales volume\*



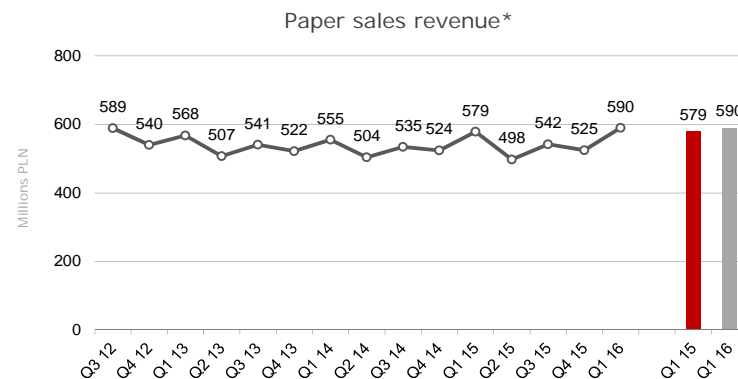
\* AP Mochenwangen excluded from sales volume.

## Paper sales revenue and revenue per ton\*

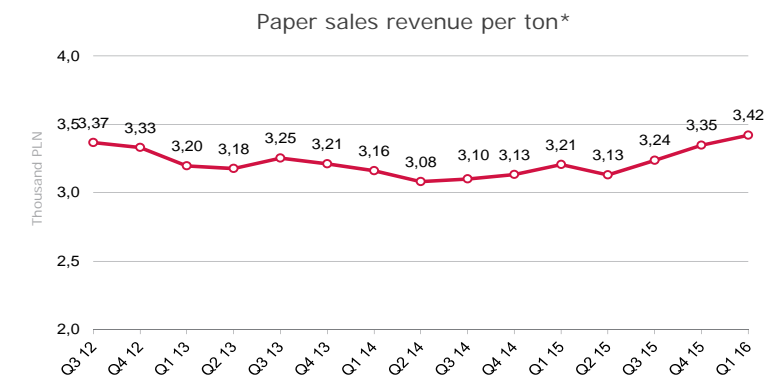
- ▶ Q1 2016 (PLN 590m) up 12,4% compared to Q4 2015
- ▶ Q1 2016 up 1,9% compared to Q1 2015

- ▶ Q1 2016 (PLN 3,42k) increase by 2,2% compared to Q4 2015
- ▶ Q1 2016 increase by 6,7% compared to Q1 2015

\* AP Mochenwangen excluded from both sales revenue and revenue per ton.



\* AP Mochenwangen excluded from sales revenue.



\* AP Mochenwangen excluded from revenue per ton.

## Key consolidated figures

(PLN thousands)	Q1 2016	Q4 2015	Q1 2015
Paper sales volume (000' tonnes)	172	157	181
Pulp sales volume (000' tonnes)	95	89	94
Revenues	778 560	710 408	771 103
Gross profit on sales	118 034	75 107	136 006
% margin	15,2	10,6	17,6
<b>EBITDA</b>	<b>70 669</b>	<b>25 336</b>	<b>77 999</b>
% margin	9,1	3,6	10,1
EBIT	41 377	-5 623	50 959
% margin	5,3	-0,8	6,6
Net result	19 628	-65 440	12 846
% margin	2,5	-9,2	1,7
Net result from continuing operations	24 707	-3 593	26 690
% margin	3,2	-0,5	3,5
Net result from discontinued operations	-5 079	-61 847	-13 844
% margin	-0,7	-8,7	-1,8
Net operating cash flow	245	61 621	37 978
Capital expenditures	25 884	12 893	12 893
Cash and equivalents	168 237	188 552	159 956
Total assets	1 793 672	1 813 235	1 800 860
Capital employed	1 100 006	1 136 379	1 072 654
Total equity	693 665	676 856	728 206
Net debt	274 962	241 197	245 473
Earnings per share (PLN)	0,28	-0,94	0,19
Equity / assets ratio (%)	39	37	40
Net debt / equity ratio (%)	40	36	34
Net debt / EBITDA (times)	1,34x	1,13x	0,95x

Q1 2016 total revenues up +1,1% compared to Q1 2015 (+1,9% paper segment, -1,9% pulp revenue).

Q1 2016 EBITDA on the level of PLN 70,7m, Net result from continuing operations of 24,7m PLN.

Q1 2016 Net result from discontinued operation of -5,1m PLN.

Cash on the level of 168,2m PLN.

Net debt on the level of 275,0m PLN.

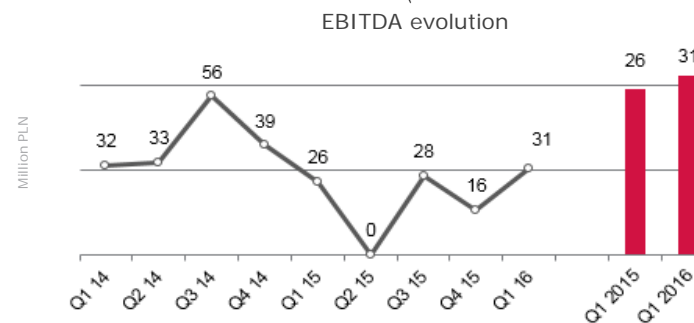
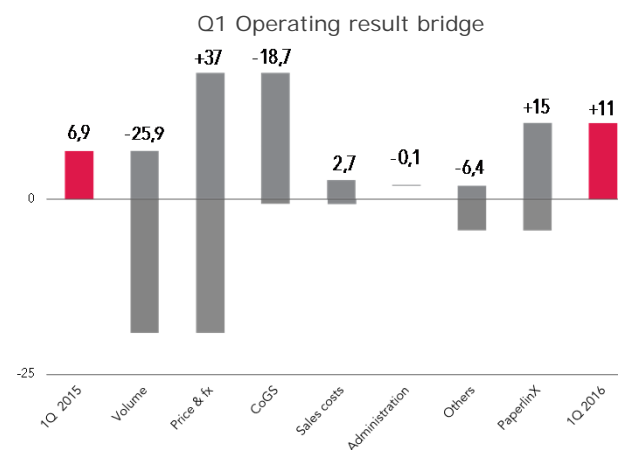
## Q1 2016 Operating result and EBITDA (excluding Rottneros)

### ▶ Operating result for the Q1 2016 10,8m PLN

- ▶ +14,7m PLN higher than Q4 2015
- ▶ +4,0m PLN higher than Q1 2015

### ▶ Q1 2016 EBITDA 30,8m PLN

- ▶ +14,9m PLN higher than Q4 2015
- ▶ +4,8m PLN higher than Q1 2015



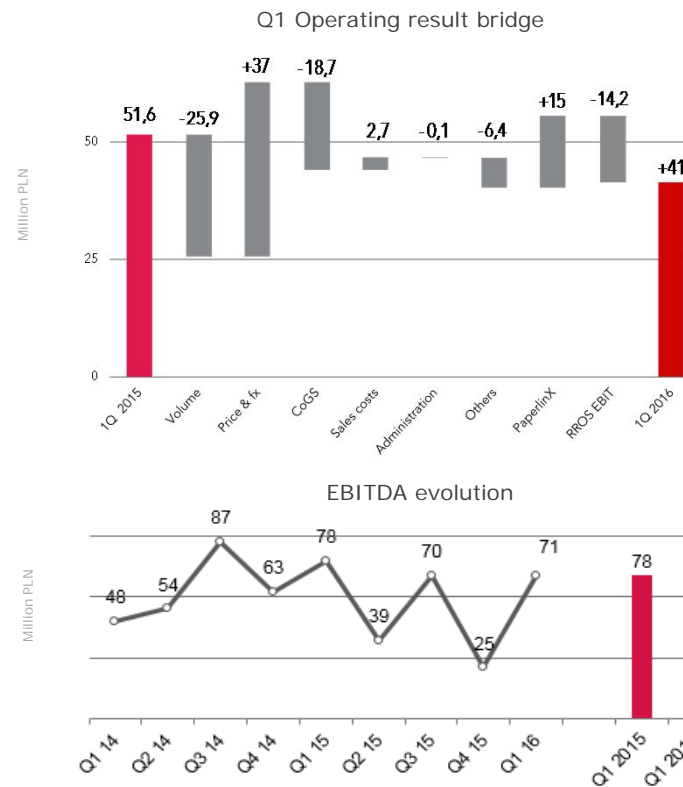
## Q1 2016 Consolidated operating result and EBITDA (including Rottneros)

### ▶ Operating result for the Q1 2016 41,4m PLN

- ▶ +47,0 m PLN higher than Q4 2015
- ▶ -9,6 m PLN lower than Q1 2015

### ▶ Q1 2016 EBITDA 70,7m PLN

- ▶ +45,3m PLN higher than Q4 2015
- ▶ -7,3m PLN lower than Q1 2015



# Summary of Q1 2016



## Q1 2016 in brief

### Market environment:

- Favourable pulp prices BHKP, short fibre changes - average Q1 2016 -5,0% compared to Q4 2015 ( in Q1 2015 price 1,7% higher) and favourable changes for NBSK, long fibre -3,3% comparing Q1 2016 and Q4 2015; (in Q1 2015 price 2,5% lower);
- Graphical paper prices in Europe in March 2016 up for UWF +0,8% and down for CWF -0,5% if compared end of March 2016 to end of Dec 2015, on the end of March 2015 higher for UWF +6,2% and for CWF +0,8%;
- Deliveries of high quality paper in Europe raised for UWF segment if compared to Q4 2015 +4,7% and for CWF declined by 6,5%, comparing to Q1 2015 UWF down by -4,5%, and CWF down by -4,0%;

### Arctic Paper Group:

- The Q1 results of Arctic Paper Group show stability in paper segment – EBITDA without Rottneros was 30,8m PLN;
- EBITDA of Arctic Paper Group with Rottneros was PLN 70.7m PLN, the result achieved by Rottneros in Q1 2016 was strong despite that pulp prices in USD and SEK have fallen;
- Sales revenue (exl. Rottneros) were 89.9m PLN almost 2,0% higher than in Q1 2015. Sales revenue (incl. Rottneros) were 778,6m PLN almost 1,0% higher than in Q1 2015;
- Cessation of production at the Mochenwangen plant is running according to plan and delivering the desired effects;
- In Q1 2016 an evaluation of potential refinancing was initiated;



**Thank you!**

**Per Skoglund, CEO Arctic Paper**  
**Małgorzata Majewska-Śliwa, CFO Arctic Paper**

