

Arctic Paper Group  
**Results for the Q1 2015**

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This Presentation should be read together with the 2014 consolidated and standalone annual report as well as the report for the 1st quarter of 2015.

## **Agenda**

- **Market environment**
- **Operating and financial results**
- **Summary for the Q1 2015**

**Market environment**



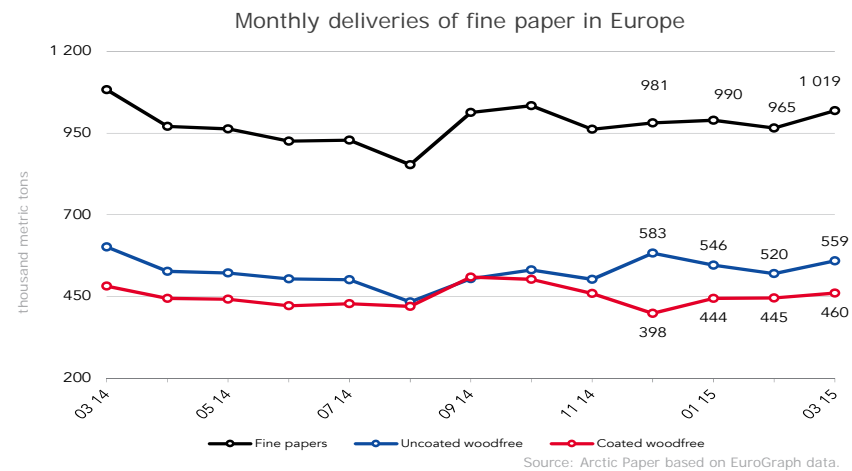
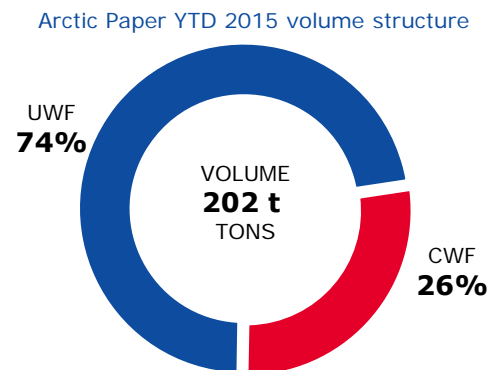
## Deliveries of fine paper

### ► Q1 2015 vs. Q4 2014 - 0,1%

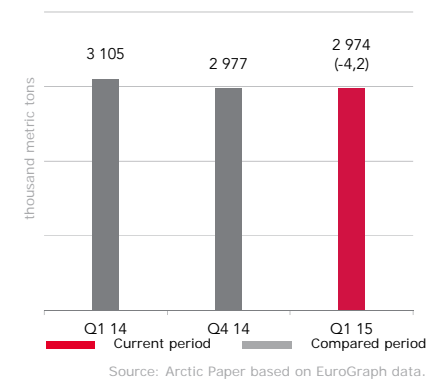
- ▶ Uncoated woodfree up + 0,5%
- ▶ Coated woodfree down - 0,0%
- ▶ Arctic Paper volume up + 8,9%

### ► Q1 2015 vs. Q1 2014 - 4,2%

- ▶ Uncoated woodfree down - 4,3%
- ▶ Coated woodfree down - 4,1%
- ▶ Arctic Paper volume up + 2,6%



Quarterly deliveries of fine paper in Europe



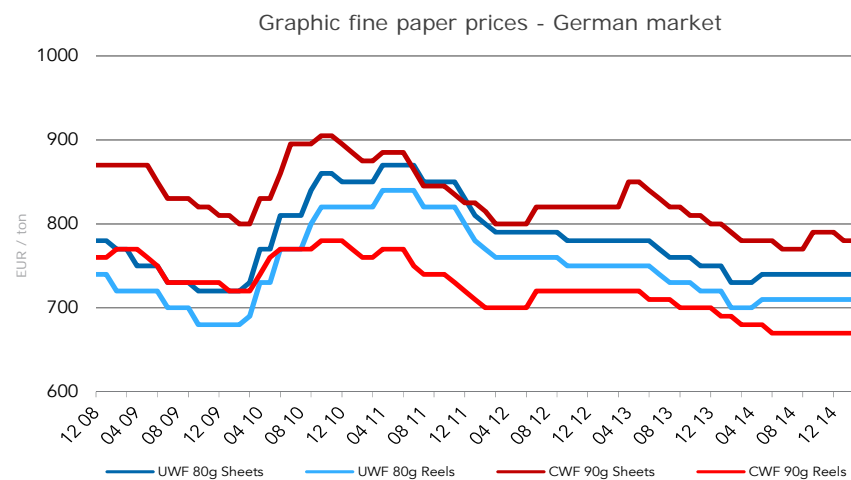
## Fine paper prices

### ▶ March 2015 vs. December 2014

- ▶ UWF segment average price change 0,0%  
(Arctic Paper + 1,1%)
- ▶ CWF segment average price change - 1,9%  
(Arctic Paper + 1,1%)

### ▶ March 2015 vs. March 2014

- ▶ UWF segment average price change +0,6%  
(Arctic Paper + 1,9%)
- ▶ CWF segment average price change - 1,2%  
(Arctic Paper - 2,3%)



Source: Arctic Paper based on RISI data.

Change in price for graphic paper in EUR - Western Europe

	03 15 vs. 12 14			03 15 vs. 03 14		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	0,0%	0,0%	0,0%	0,4%	0,6%	0,8%
CWF	-1,5%	-1,9%	-2,2%	-1,4%	-1,2%	-1,3%

Source: Arctic Paper based on RISI data.

## Pulp prices

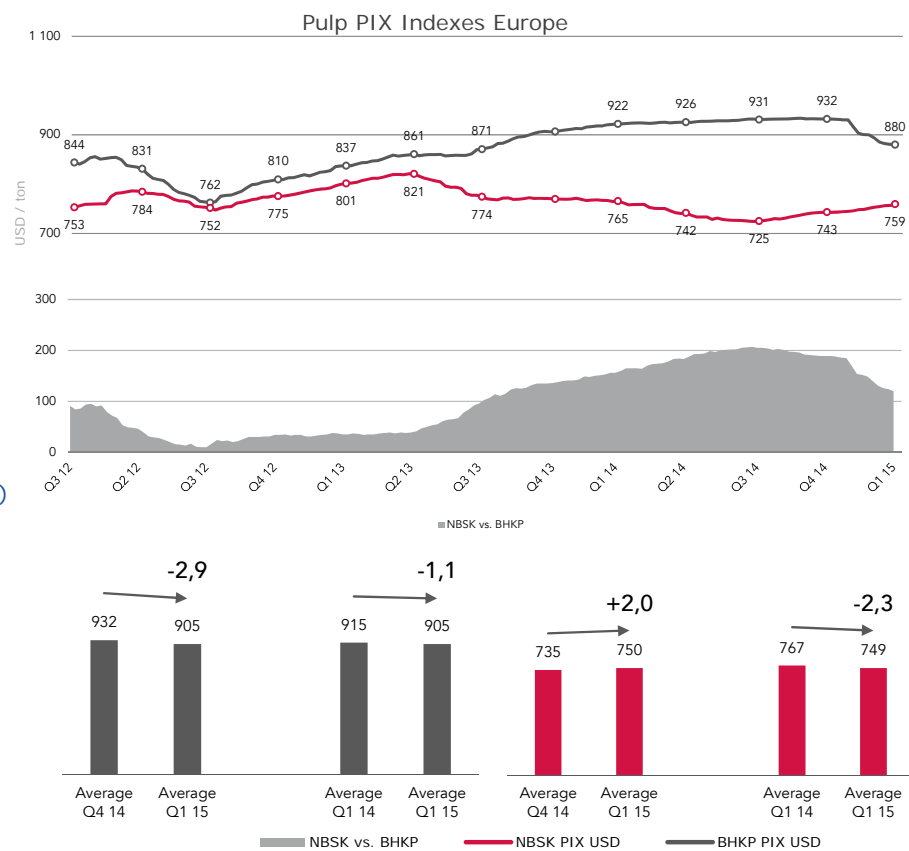
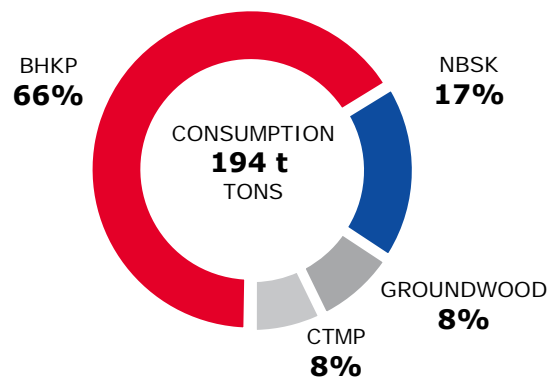
### ▶ Average price Q1 2015 compared to Q4 2014

- ▶ NBSK (long fibre) 2,9% lower
- ▶ BHKP (short fibre) 2,0% higher
- ▶ Arctic Paper costs 8,4% higher (measured in PLN)

### ▶ Average price Q1 2015 compared to Q1 2014

- ▶ NBSK (long fibre) 1,1% lower
- ▶ BHKP (short fibre) 2,4% lower
- ▶ Arctic Paper costs 12,8% higher (measured in PLN)

Arctic Paper YTD MAR 2015 Structure of pulp consumption



Source: Arctic Paper based on Foex data.

## Currency exposure

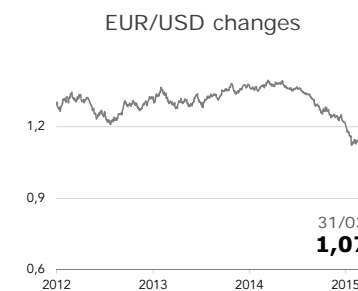
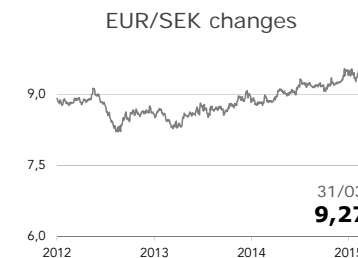
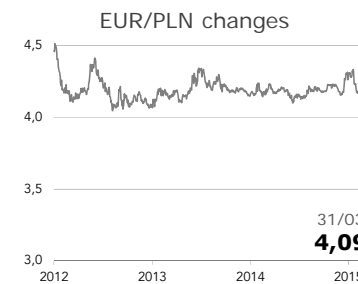
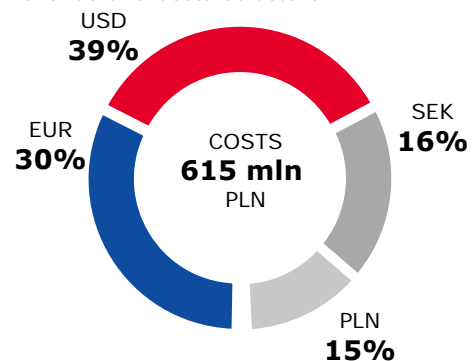
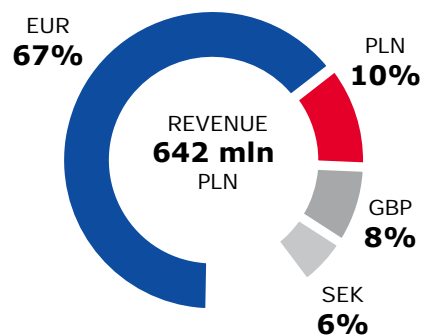
### ▶ Average exch. rate Q1 2015 compared to Q4 2014

- ▶ EUR/PLN -0,4%
- ▶ EUR/SEK +1,2%
- ▶ EUR/USD -10,0%

### ▶ Average exch. rate Q1 2015 compared to Q1 2014

- ▶ EUR/PLN +0,2%
- ▶ EUR/SEK +5,9%
- ▶ EUR/USD -17,9%

Arctic Paper YTD MAR 2015 Revenue and Costs Structure





# Operating and financial results

## Production capacity and sales volume

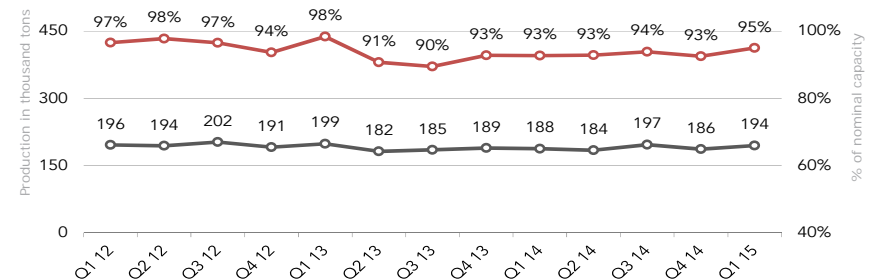
### ► Q1 2015 average use of production capacity 95%

- ▶ 2,5% higher than Q4 2014
- ▶ 2,3% higher than Q1 2014

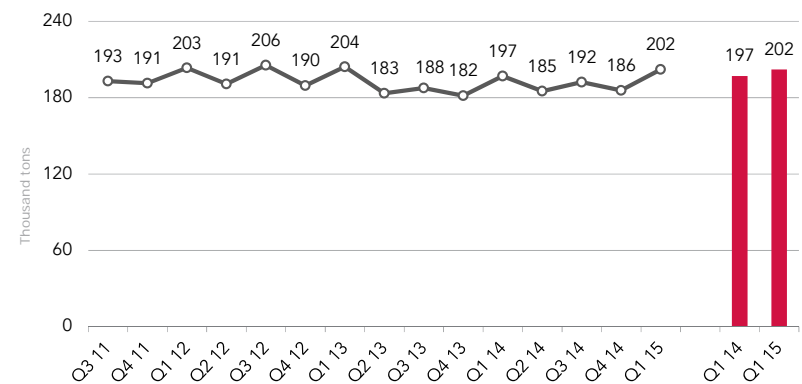
### ► Q1 2015 total production volume 194' tons

- ▶ 4,3% higher than Q4 2014
- ▶ 3,6% higher than Q1 2014

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



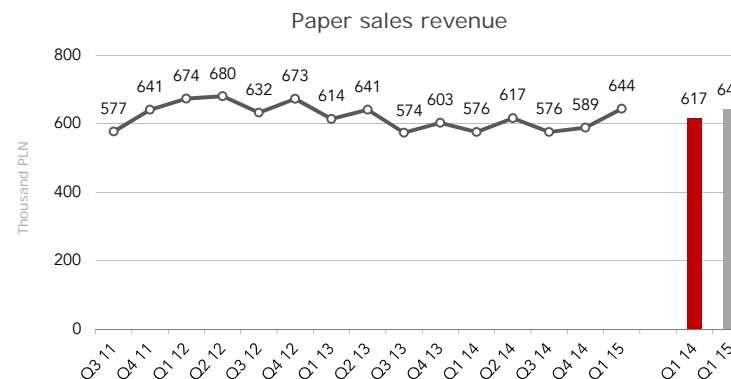
Paper sales volume\*



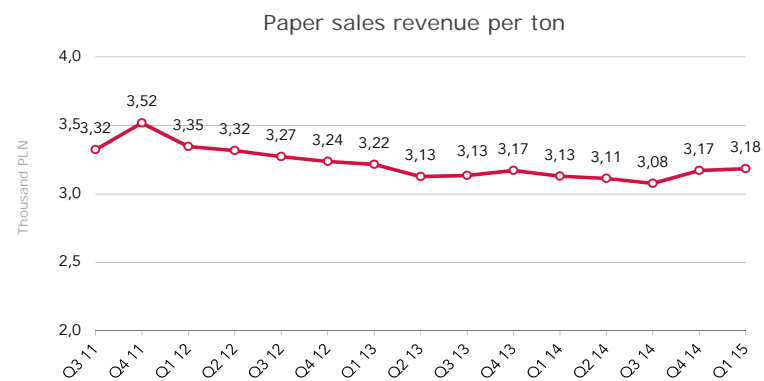
\* in Q3 2013 one paper machine at Arctic Paper Mochenwangen with the yearly capacity of 20.000 tons was closed

## Paper sales revenue and revenue per ton

- ▶ Q1 2015 (PLN 644m) up 9,3 % compared to Q4 2014
- ▶ Q1 2015 up 4,4% compared to Q1 2014



- ▶ Q1 2015 (PLN 3,18k) an increase of 0,4% compared to Q4 2014
- ▶ Q1 2015 up 1,8% compared to Q1 2014



## Key consolidated figures

(PLN thousands)	Q1 2015*	Q4 2014	Q1 2014
Paper sales volume (000' tonnes)	202	186	197
Pulp sales volume (000' tonnes)	91	78	87
Revenues	836 240	755 770	804 492
Gross profit on sales	125 855	93 902	103 645
% margin	15,1	12,4	12,9
<b>EBITDA</b>	<b>68 815</b>	<b>54 778</b>	<b>48 389</b>
% margin	8,2	7,2	6,0
EBIT	37 611	19 367	19 325
% margin	4,5	2,6	2,4
Net result	12 846	21 410	8 908
% margin	1,5	2,8	1,1
Net operating cash flow	37 978	27 450	31 386
Capital expenditures	12 893	18 821	13 154
Cash and equivalents	159 956	158 412	97 030
Total assets	1 800 860	1 762 790	1 767 140
Capital employed	1 142 433	1 172 223	1 092 384
Total equity	728 206	725 071	672 264
Net debt	245 473	268 535	386 277
Earnings per share (PLN)	0,19	0,31	0,13
Equity / assets ratio (%)	40	41	38
Net debt / equity ratio (%)	34	37	57
Net debt / EBITDA (times)	0,95x	1,13x	4,35x

\* - included one-off transactions related to reserve for outstanding invoices to PaperlinX UK in amount of 15,3m PLN

Q12015 Results impacted by reserve for outstanding invoices to PaperlinX UK in amount of 15,3m PLN.

Q12015 EBITDA on the level of PLN 68,8m, Net result of 12,8m PLN.

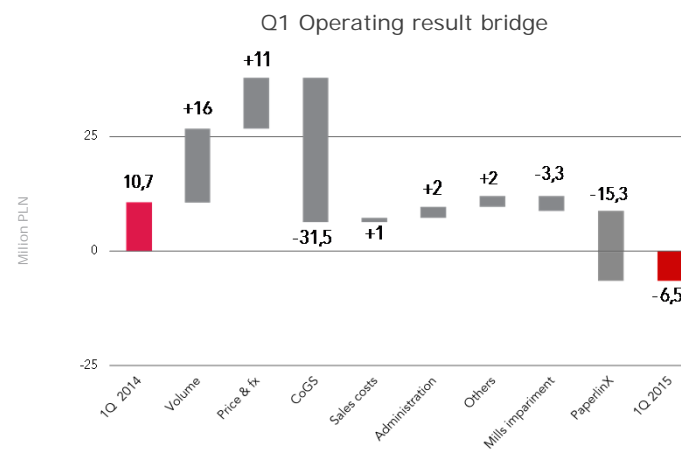
Cash on the level of 159,9m PLN.

Net debt on the level of 245,5m PLN.

## Operating result and EBITDA (excluding Rottneros)

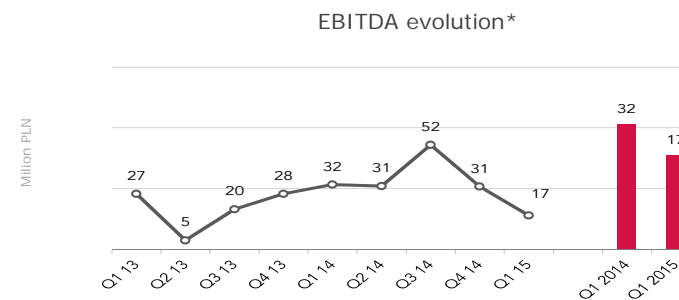
### ▶ Operating result for the Q1 2015 -6,5 m PLN\*

- ▶ - 13,7 m PLN lower than Q4 2014
- ▶ - 17,1 m PLN lower than Q1 2014



### ▶ Q1 2015 EBITDA 16,8m PLN\*

- ▶ - 14,3 m PLN lower than Q4 2014
- ▶ - 15,2 m PLN lower than Q1 2014



\* - included one-off transactions related to reserve for outstanding invoices to PaperlinX UK in amount of 15,3m PLN

## Consolidated operating result and EBITDA (including Rottneros)

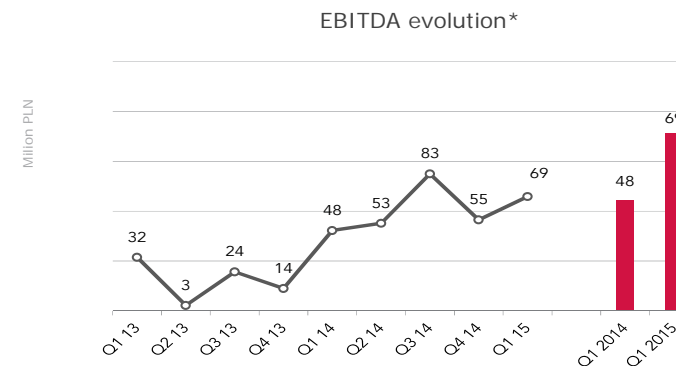
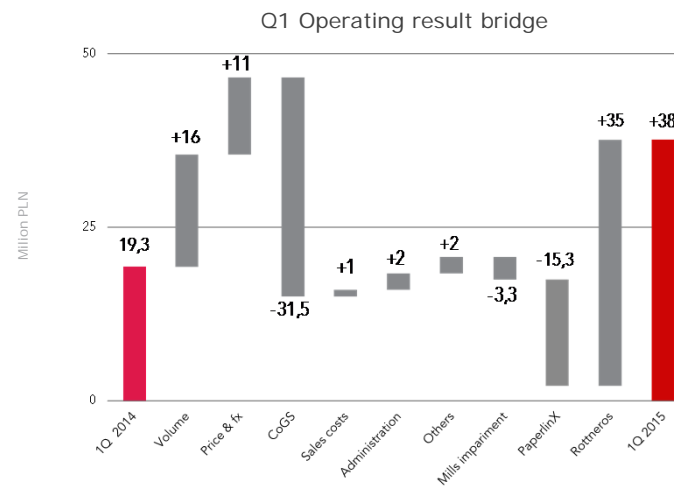
### ▶ Operating result for the Q1 2015 37,6 m PLN\*

- ▶ + 18,2 m PLN higher than Q4 2014
- ▶ + 18,3 m PLN higher than Q1 2014

### ▶ Q1 2015 EBITDA 68,8m PLN\*

- ▶ - 8,6 m PLN lower than Q4 2014
- ▶ + 3,9 m PLN higher than Q1 2014

\* - included one-off transactions related to reserve for outstanding invoices to PaperlinX UK in amount of 15,3m PLN



# Summary for the Q1 2015



## Q1 2015 in brief

### Market environment:

- The decrease of the EUR against USD continued. Compared to Q4 2014 by - 10% and compared to Q1 2014 by - 18%;
- Relatively stable prices during Q1 2015 for graphical papers in Europe;
- Deliveries of high quality papers in Europe remain stable compared to 4Q 2014, but dropped by approx. 4,2% compared to 1Q 2014;
- Relatively stable prices for pulp (BHKP, short fibre + 2% and NBSK, long fibre - 2%, in USD);

### Arctic Paper Group:

- Negative impact on pulp costs due to strong USD;
- Financial results affected by - 15,3m PLN due to one-off provision for outstanding invoices to PaperlinX UK;
- Q1 2015 EBIDTA of the Arctic Paper Group reached the amount of 68,8m PLN, due to excellent Rottneros result; Arctic Paper without Rottneros was on a stable level of 32,1m PLN, but due to 15,3m PLN provision for PaperlinX UK landed at the low figure of 16,8m PLN;
- Rottneros result was driven by favourable currency exchange rates, new special products and a high production stability;
- The mills of Arctic Paper had stable production and sales volume level (+ 8,9% compared to Q4 and + 2,3% compared to Q1 2014) leading to increased share of market;
- Higher sales prices achieved by Arctic Paper due to price increases;



**Thank you!**

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

