

# Arctic Paper Group Results for the year 2014

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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 3rd quarter of 2014.

## **Agenda**

- **Market environment**
- **Operating and financial results**
- **Summary for the year 2014**

**Market environment**



## Deliveries of fine paper

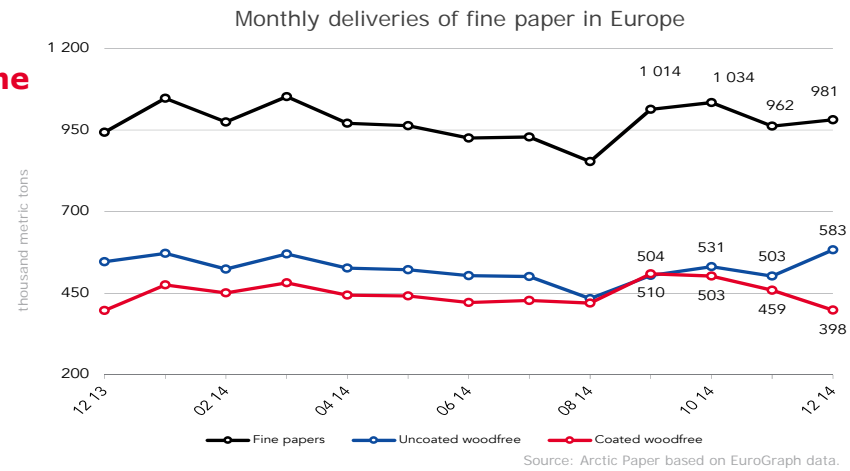
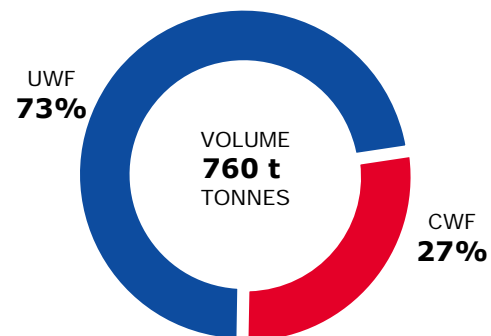
### ▶ YTD DEC 2014 vs. YTD DEC 2013 on the same level

- ▶ Uncoated woodfree up + 1,0%
- ▶ Coated woodfree down - 1,2%
- ▶ Arctic Paper volume up + 0,4%

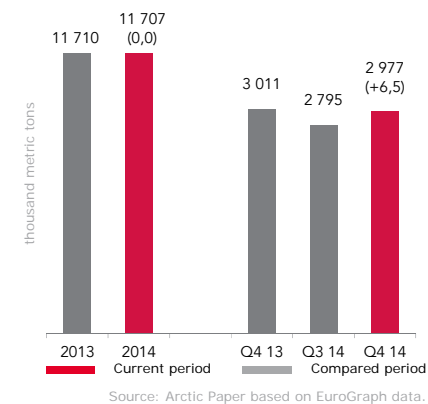
### ▶ Q4 2014 vs. Q4 2013 - 1,2%

- ▶ Uncoated woodfree up +/- 0,0%
- ▶ Coated woodfree down - 3,7%
- ▶ Arctic Paper volume up + 2,2%

Arctic Paper YTD 2014 volume structure



### Quarterly deliveries of fine paper in Europe



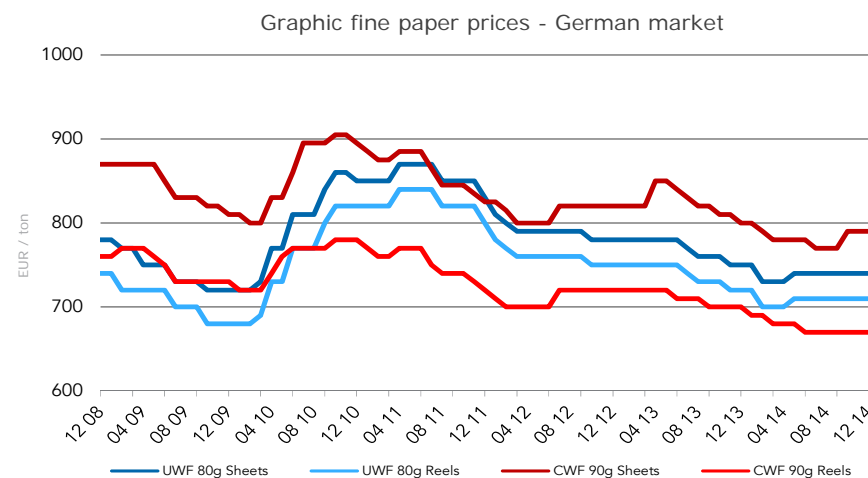
## Fine paper prices

### ▶ December 2014 vs. September 2014

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

### ▶ December 2014 vs. December 2013

- ▶ UWF segment average price change -1,2%  
(Arctic Paper + 0,1%)
- ▶ CWF segment average price change - 0,5%  
(Arctic Paper - 4,3%)



Source: Arctic Paper based on RISI data.

Change in price for graphic paper in EUR - Western Europe

	12 14 vs. 09 14			12 14 vs. 12 13		
	Minimum price	Average price	Maximum price	Minimum price	Average price	Maximum price
UWF	0,0%	0,0%	0,0%	-1,4%	-1,2%	-0,9%
CWF	1,6%	2,0%	2,3%	-0,6%	-0,5%	-0,6%

Source: Arctic Paper based on RISI data.

## Pulp prices

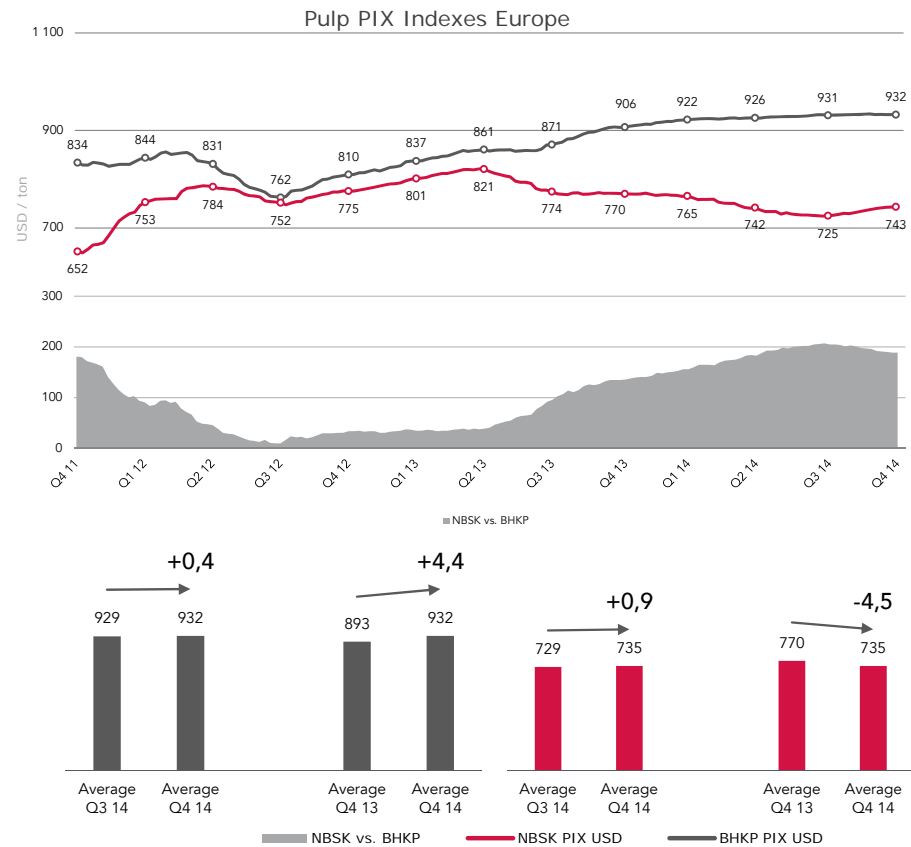
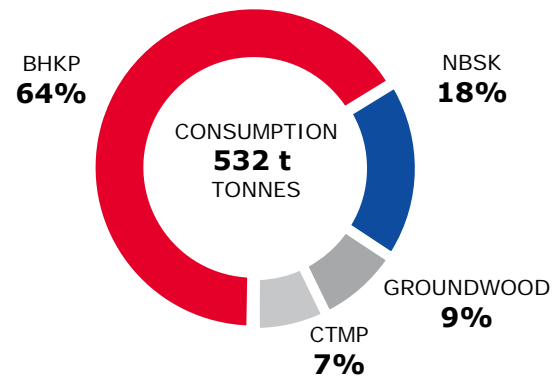
### ▶ Average price Q4 2014 compared to Q3 2014

- ▶ NBSK (long fibre) 0,4% higher
- ▶ BHKP (short fibre) 0,9% higher
- ▶ Arctic Paper costs 7,1% higher (measured in PLN)

### ▶ Average price Q4 2014 compared to Q4 2013

- ▶ NBSK (long fibre) 4,3% higher
- ▶ BHKP (short fibre) 4,6% lower
- ▶ Arctic Paper costs 3,2% higher (measured in PLN)

Arctic Paper YTD DEC 2014 Structure of pulp consumption



Source: Arctic Paper based on Foex data.

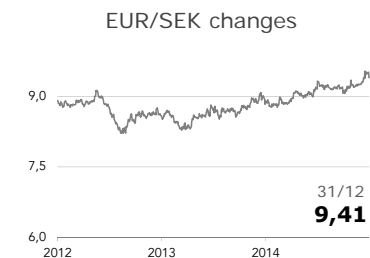
## Currency exposure

### ▶ Average exch. rate Q4 2014 compared to Q3 2014

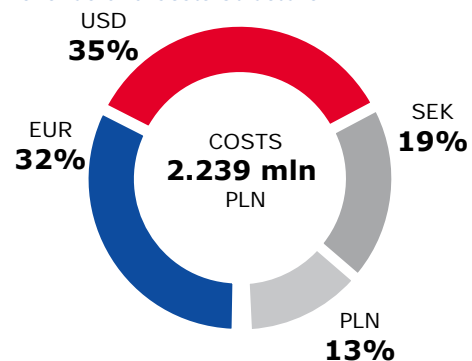
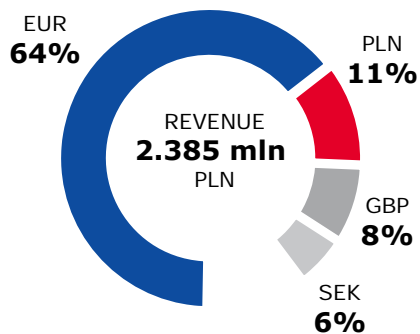
- ▶ EUR/PLN +0,8%
- ▶ EUR/SEK +0,7%
- ▶ EUR/USD -5,7%

### ▶ Average exch. rate Q4 2014 compared to Q4 2013

- ▶ EUR/PLN +0,6%
- ▶ EUR/SEK +4,6%
- ▶ EUR/USD -8,2%



Arctic Paper YTD DEC 2014 Revenue and Costs Structure





# Operating and financial results

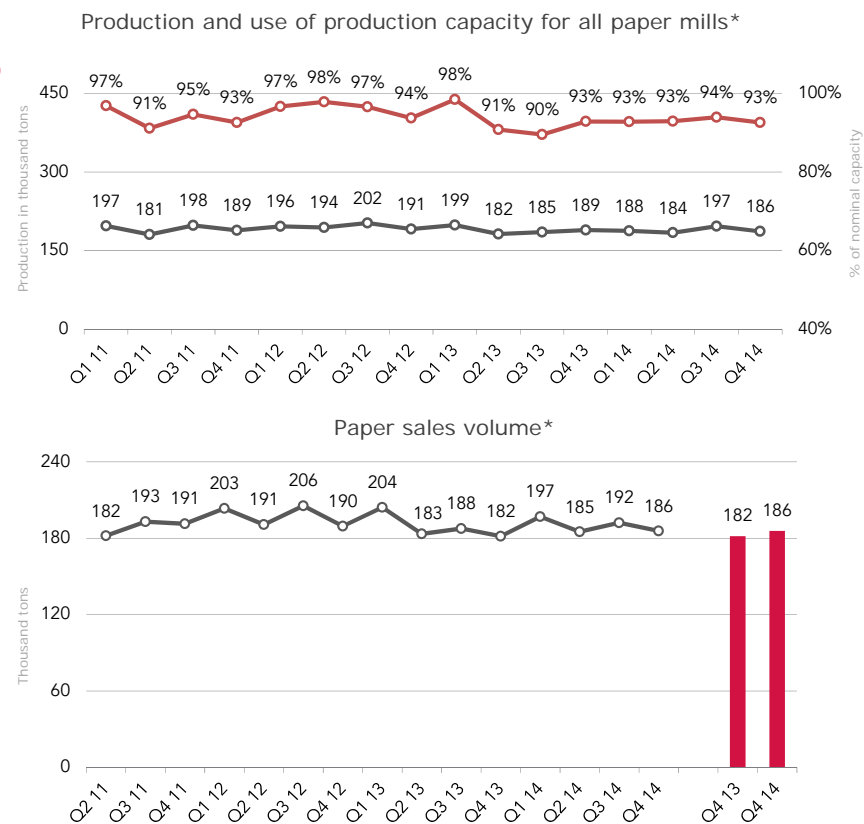
## Production capacity and sales volume

### ► Q4 2014 average use of production capacity 93%

- ▶ - 1,3% lower than Q3 2014
- ▶ - 0,3% lower than Q4 2013

### ► Q4 2014 total production volume 186' tons

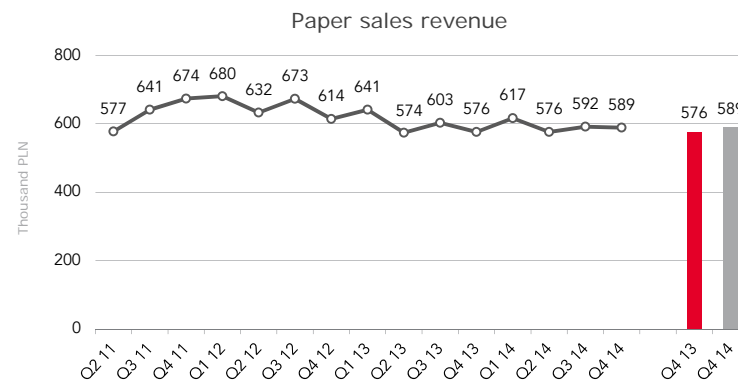
- ▶ - 3,4% lower than Q3 2014
- ▶ 2,2% higher than Q4 2013



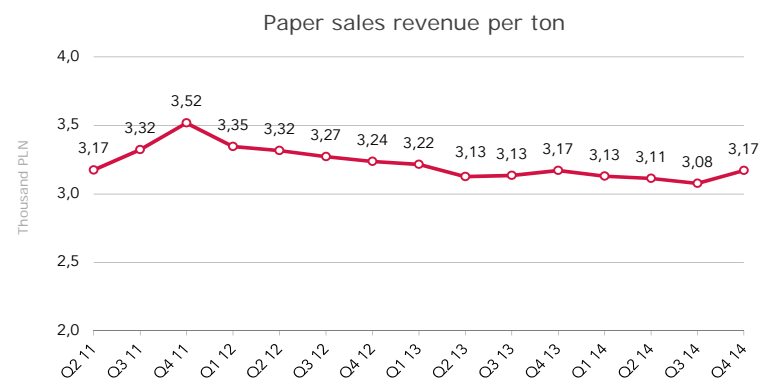
\* in Q3 2013 one paper machine at Arctic Paper Mochenwangen with the yearly capacity of 20.000 tons was closed

## Paper sales revenue and revenue per ton

- ▶ Q4 2014 (PLN 589m) down 0,5 % compared to Q3 2014
- ▶ Q4 2014 up 2,2% compared to Q4 2013



- ▶ Q4 2014 (PLN 3,17k) an increase of 3,0% compared to Q3 2014
- ▶ On the same level if compared to Q4 2013



## Key consolidated figures

(PLN thousands)	Q4 2014	Q4 2013*	Q3 2014	YTD Q4 2014	YTD Q4 2013*
Paper sales volume (000' tonne	186	182	192	760	757
Pulp sales volume (000' tonnes)	73	76	89	344	332
Revenues	755 770	734 894	785 219	3 099 364	3 104 901
Gross profit on sales	93 902	28 921	132 487	430 793	190 886
% margin	12,4	3,9	16,9	13,9	6,1
<b>EBITDA</b>	<b>54 778</b>	<b>13 599</b>	<b>82 552</b>	<b>238 540</b>	<b>72 862</b>
% margin	7,2	1,9	10,5	7,7	2,3
EBIT	19 367	-49 759	53 708	116 618	-151 641
% margin	2,6	-6,8	6,8	3,8	-4,9
Net result	21 410	-38 930	34 382	78 175	-152 153
% margin	2,8	-5,3	4,4	2,5	-4,9
Net operating cash flow	27 450	39 334	117 661	206 433	14 857
Capital expenditures	18 821	16 899	15 377	68 853	87 337
Cash and equivalents	158 412	118 033	137 908	158 412	118 033
Total assets	1 762 790	1 784 458	1 766 464	1 762 790	1 784 458
Capital employed	1 172 223	1 099 684	1 080 497	1 172 223	1 099 684
Total equity	725 071	671 532	719 740	725 071	671 532
Net debt	268 535	392 276	265 637	268 535	392 276
Earnings per share (PLN)	0,31	-0,56	0,50	0,73	-1,92
Equity / assets ratio (%)	41	38	41	41	38
Net debt / equity ratio (%)	37	58	37	37	58
Net debt / EBITDA (times)	1,13x	5,38x	1,35x	1,13x	5,38x

\* - included one-off transactions related to mill impairments of 102,9 m PLN (of which PLN 36.3m in 4Q2013)

2014 EBITDA on the level of PLN 238,5m, Net result of PLN 78,2m.

Cash on the level of PLN 158,4m.

Net debt on the level of PLN 268,5m.

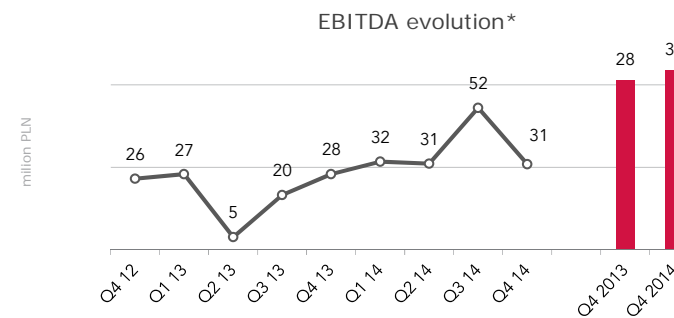
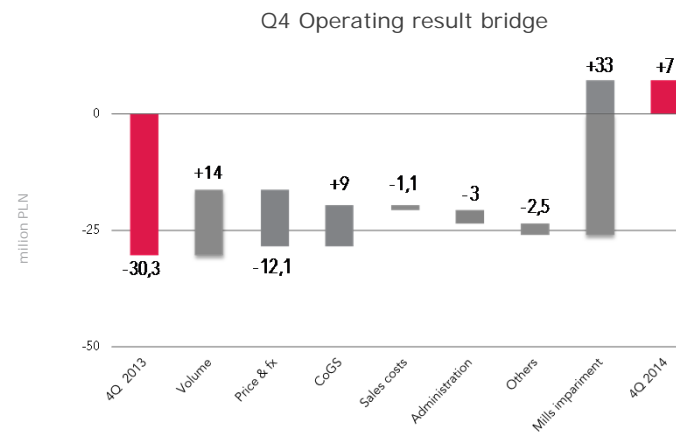
## Operating result and EBITDA (excluding Rottneros)

### ▶ Operating result for the Q4 2014 7,2 m PLN

- ▶ - 22,7 m PLN lower than Q3 2014
- ▶ + 37,5 m PLN higher than Q4 2013

### ▶ Q4 2014 EBITDA 31,1m PLN

- ▶ - 20,5 m PLN lower than Q3 2014
- ▶ + 3,6 m PLN higher than Q4 2013



\* - adjusted for one-off related to badwill on Rottneros

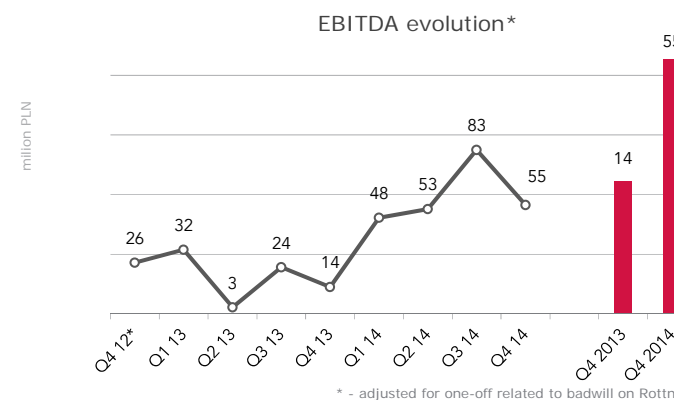
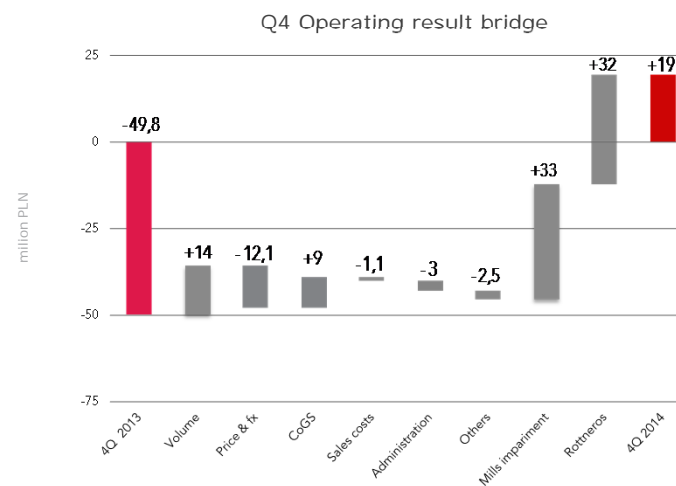
## Consolidated operating result and EBITDA (including Rottneros)

### ▶ Operating result for the Q4 2014 19,4 m PLN

- ▶ - 34,3 m PLN lower than Q3 2014
- ▶ + 69,1 m PLN higher than Q4 2013

### ▶ Q4 2014 EBITDA 54,8m PLN

- ▶ - 27,8 m PLN lower than Q3 2014
- ▶ + 41,2 m PLN higher than Q4 2013



\* - adjusted for one-off related to badwill on Rottneros

# Summary for the year 2014



## The year 2014 in brief

### Market environment:

- Market prices of paper continued to fall;
- As of the end of 2014 prices of high-quality papers in Europe had declined from the price levels at the end of 2013;
- Deliveries of high-quality papers on the European market in 2014 remained at a level very similar to 2013;
- Compared to 2013, the average price of short-fibre pulp (BHKP) was down 5.8%, the price of long-fibre pulp (NBSK) in 2014 was 7.9% higher than the year before;

### Arctic Paper Group:

- EBITDA on the level of PLN 238.5m (vs. PLN 82.5m in 2013);
- Excluding Rottneros EBITDA on the level of PLN 146.1m (vs. PLN 79.5m in 2013);
- The volume of paper sales by the Arctic Paper Group in 2014 was 0.4% higher than the year before;
- The usage of the production capacity of the Arctic Paper mills during this period was on stable level 93%;
- Successful introduction of reorganization measures and organizational efficiencies;
- In the fourth quarter the seasonal December-weakening affected the market;
- The volatility in exchange rates increased during the later part of the year compared to 2013 and especially the declining value of the euro had an increasing impact;



**Thank you!**

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

