Arctic Paper

Fast comment

Strong paper

- Beat driven by strong paper performance
- Challenging markets
- Outlook remains muted

Beat driven by strong paper performance

Q3 group EBITDA came in at PLN 39m, which was above ABGSCe PLN 15m. Paper EBITDA came in at PLN 39m, which was above our PLN 25m. Paper EBIT was PLN 16m vs. ABGSCe PLN 5m. Group EBIT came in at PLN 4.5m vs. ABGSCe of PLN -19m. EPS came in at PLN 0.03 vs our estimate of PLN -0.16.

Challenging markets

Pulpwood prices are dropping 10-15% across Scandinavia (Baltics -30%) as high inventories and low demand pressure the market. This is the first decline after a 100% rise over the last three years. The pulp market has its short-term issues, but hardwood prices are below the marginal producers' cash cost (unsustainable), and Suzano has announced +12% hikes. Paper markets are helped by 17% supply cuts in '24-'25, but slow demand leaves utilisation at only 75-80% in '25e. We need 3.5mt in more cuts (16%) to reach the historical average of ~89%.

Outlook remains muted

Arctic Paper expects the difficult market conditions to continue through Q4'25, and highlights focus on cost control and financial resilience. We will await the company call before concluding on the coming quarter and the '26e estimates, but estimates are likely to be lifted by the beat today.

Commissioned research

Not rated

Pulp & Paper

ARP-SE/ARP SS

Share price (SEK)	5/11/2025	20.95
MCap (SEKm)		1,477
MCap (EURm)		134
No. of shares (m)		69.3
Free float (%)		31.7
Av. daily volume (k)		14

Next event Q3 Report 6 November 2025

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Deviation table

PLNm	Q3'24	Q2'25	Actual	ABGSCe
Paper sales	562	552	576	534
Paper EBITDA	49	6	39	25
Group EBITDA	77	0	39	15
Paper EBIT	20	-16	16	5
Group EBIT	48	-88	**5**	**-19**
Net income	37	-75	12	-11
EPS	0.44	-0.66	**0.03**	**-0.16**

Source: ABG Sundal Collier, Company data

PLNm	2023	2024	2025e	2026e	2027e
Sales	3,549	3,434	3,145	3,342	3,496
Sales growth (%)	*-27.5*	*-3.2*	*-8.4*	*6.3*	*4.6*
EBITDA	475	299	34	190	250
EBITDA margin (%)	*13.4*	*8.7*	*1.1*	*5.7*	*7.1*
EBIT adj.	357	185	-103	48	112
EBIT adj. margin (%)	*10.1*	*5.4*	*-3.3*	*1.4*	*3.2*
Pretax profit	341	193	-185	14	86
EPS	3.57	2.23	-1.28	0.24	0.86
EPS growth (%)	*-60.8*	*-37.5*	*nm*	*nm*	*nm*
EPS adj.	3.57	2.23	-1.28	0.24	0.86
DPS	1.07	0.00	0.00	0.07	0.26
EV/EBITDA (x)	1.2	2.9	34.8	6.5	5.0
EV/EBIT adj. (x)	1.6	4.7	-11.4	25.5	11.0
P/E (x)	2.3	3.6	nm	33.4	9.4
P/E adj. (x)	2.3	3.6	nm	33.4	9.4
EV/sales (x)	0.16	0.25	0.37	0.37	0.35
FCF yield (%)	57.6	-40.5	-56.3	-13.8	-3.0
Le. adj. FCF yld. (%)	55.9	-42.1	-57.6	-15.1	-4.2
Dividend yield (%)	13.2	0.0	0.0	0.9	3.2
Net IB debt/EBITDA (x)	-0.8	-0.1	8.5	1.8	1.3
Le. adj. ND/EBITDA (x)	-0.7	-0.0	-11.3	1.9	1.5

Source: ABG Sundal Collier, Company Data

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