

Arctic Paper

Q3 was strong, Q4e helped by energy refunds

- Q3 Paper EBIT of ~PLN 16m vs. our PLN 5m
- Challenging markets
- Fair value range of SEK 17-60

Q3 Paper EBIT of ~PLN 16m vs. our PLN 5m

Arctic Paper's Q3 report was a positive surprise, with reported Paper EBIT of ~PLN 16m, compared to our estimate of ~PLN 5m. The beat was driven by higher sales, as Paper sales were PLN 576m vs. our PLN 534m. Despite the soft market balance, the paper deliveries and realised price were higher than our estimates, which caused sales to come in above. Regarding the challenging market conditions, we expect continued pressure on prices and softer demand (also seasonal weak volumes in December) in Q4. We estimate clean Q4 Paper EBIT of ~PLN 10m. We expect reported Paper EBIT of ~PLN 50m, due to ~PLN 40m in energy refunds received in Q4e. Regarding Pulp EBIT, we see early signs of a better pulp market, but Q4 will be affected by maintenance at Vallvik, which has an estimated impact on income of ~SEK 70-80m. We forecast Q4 Pulp EBIT of ~PLN -46m, which translates into clean group EBIT of ~PLN -37m (but reported likely ~PLN 3m).

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%.

Fair value range of SEK 17-60

The company is trading at an EV/CE multiple of ~0.5x, which is ~35% below its historical average. We have applied three valuation methodologies and arrive at a fair value range of SEK 17-60.

Analyst(s): henrik.bartnes@abgsc.no, +47 22 01 61 90
 nikola.kalanoski@abgsc.se, +46 8 566 286 04

PLNm	2023	2024	2025e	2026e	2027e
Sales	3,549	3,434	3,187	3,342	3,496
EBITDA	475	299	99	191	250
EBITDA margin (%)	13.4	8.7	3.1	5.7	7.1
EBIT adj.	357	185	-77	49	112
EBIT adj. margin (%)	10.1	5.4	-2.4	1.5	3.2
Pretax profit	341	193	-129	14	86
EPS	3.57	2.23	-0.58	0.25	0.86
EPS adj.	3.57	2.23	-0.58	0.25	0.86
Sales growth (%)	-27.5	-3.2	-7.2	4.9	4.6
EPS growth (%)	-60.8	-37.5	nm	nm	nm

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

Commissioned research

Not rated

Pulp & Paper

Estimate changes (%)

	2025e	2026e	2027e
Sales	1.3	0.0	0.0
EBIT	41.7	1.7	-0.2
EPS	55.2	1.5	-0.5

Source: ABG Sundal Collier

ARP-SE/ARP SS

Share price (SEK)	7/11/2025	21.00
Fair value range		17.0-60.0

MCap (SEKm)	1,470
MCap (EURm)	133
No. of shares (m)	69.3
Free float (%)	31.7
Av. daily volume (k)	14

Performance



	2025e	2026e	2027e
P/E (x)	nm	32.7	9.4
P/E adj. (x)	nm	32.7	9.4
P/BVPS (x)	0.39	0.38	0.37
EV/EBITDA (x)	11.4	6.2	4.8
EV/EBIT adj. (x)	-14.5	24.2	10.6
EV/sales (x)	0.35	0.35	0.34
ROE adj. (%)	-10.8	0.2	4.0
Dividend yield (%)	0.0	0.9	3.2
FCF yield (%)	-46.8	-14.7	-3.0
Le. adj. FCF yld. (%)	-47.8	-15.5	-3.8
Net IB debt/EBITDA (x)	1.9	1.2	0.9
Le. adj. ND/EBITDA (x)	1.9	1.4	1.0

Disclosures and analyst certifications are located on pages 19-20 of this report.

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

Company description

Arctic Paper is a paper production company focusing on high quality coated and uncoated paper products. The company currently consist of three paper mills and five brands: Amber, Arctic, Arctic Volume, Munken and G. With a majority ownership of the Rottneros AB Group, the company complements their product portfolio with pulp production. Arctic Paper's main clients are printing houses, publishers and wholesalers, serving industries such as advertising and design indirectly.

[Sustainability Information](#)

Risks

Key risks include: (i) cyclicalities of both pulp and paper demand, (ii) Arctic Paper's net short position on pulp, pulpwood, energy and chemicals prices, (iii) a structural decline in paper demand, (iv) potential losses stemming from hedging against electricity and pulp prices and (v) production facility-related issues such as risk of injuries, machinery breakdown, fires and other accidents that can adversely impact the company's production capabilities.

Estimates

Arctic Paper estimates

Quarterly results and estimates

Profit & Loss statement															
PLNm	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25e
Paper sales	949	1,043	770	723	567	591	581	701	573	562	576	579	552	576	547
Pulp sales	348	360	316	313	270	264	245	264	266	257	234	244	282	220	188
Total revenues	1,296	1,402	1,085	1,032	836	855	826	965	839	819	810	823	834	796	735
Paper EBITDA	231	213	121	113	50	97	120	113	45	49	46	33	6	39	70
Pulp EBITDA	103	93	18	75	21	30	-22	6	26	31	4	-10	-6	-8	-31
EBITDA	330	298	140	186	69	125	96	112	71	77	39	23	0	39	37
EBITDA margin	25%	21%	13%	18%	8%	15%	12%	12%	8%	9%	5%	3%	0%	5%	5%
D&A	-32	-39	-31	-30	-30	-29	-29	-28	-29	-30	-28	-33	-88	-34	-34
Paper EBIT	211	193	101	93	30	77	98	94	27	20	30	12	-16	16	50
Pulp EBIT	91	74	8	66	12	21	-29	-3	15	22	-10	-23	-74	-22	-46
EBIT	298	260	109	156	39	95	67	84	42	48	11	-10	-88	4	3
EBIT margin	23.0%	18.5%	10.1%	15.1%	4.7%	11.1%	8.1%	8.7%	5.0%	5.8%	1.4%	-1.2%	-10.6%	0.6%	0.4%
Net financials	4	83	2	-1	12	-11	-16	15	-10	-6	10	-18	-1	-12	-8
Pre-tax profit	302	342	111	154	51	84	51	99	32	41	21	-28	-89	-7	-5
Taxes	-48	-61	-37	-23	-4	-26	-16	-17	-8	-5	-2	4	14	6	0
Net income	254	282	75	132	47	58	35	82	25	37	19	-24	-75	-1	-6
Minorities	-38	-60	-2	-24	-7	-7	13	0	-7	-6	5	-10	-30	-3	-22
Net income to parent shareholders	216	222	73	108	40	52	48	82	18	31	24	-13	-45	2	17

Source: ABG Sundal Collier, Company data

Estimate changes

PLNm	OLD			NEW			Changes		
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Revenues	3,145	3,342	3,496	3,187	3,342	3,496	1%	0%	0%
Reported EBITDA	34	190	250	99	191	250	n.a	0%	0%
Paper EBITDA	92	150	183	147	155	188	n.a	3%	2%
Pulp EBITDA	-55	42	75	-55	42	75	0%	0%	0%
Reported EBIT	-156	48	112	-91	49	112	42%	2%	0%
Clean EBIT	-103	48	112	-77	49	112	25%	2%	0%
EPS	-1.28	0.24	0.86	-0.58	0.25	0.86	55%	2%	0%

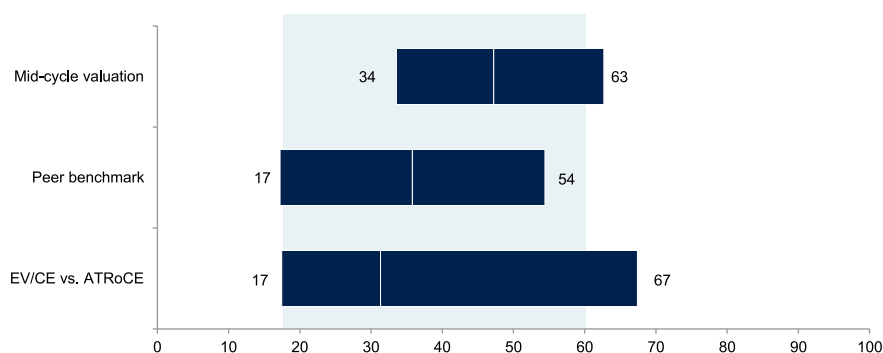
Key figures	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
EBITDA margin	2%	8%	11%	3%	8%	11%	1%	0%	0%
EBIT margin	-5%	2%	5%	-3%	2%	5%	1%	0%	0%

Source: ABG Sundal Collier, Company data

Valuation

We have utilised three primary valuation methodologies to estimate a fair value range for Arctic Paper on a per-share basis. The first method involves using mid-cycle, normalised earnings and cash flows based on the company's cost of capital, the second is a benchmark of peers against Arctic Paper, and the third is an EV/CE vs. ATRoCE benchmark that sets both the company's historical and estimated after-tax return on capital employed in relation to the ratio of the company's market enterprise value and book value of the employed capital. Arctic Paper is currently trading at an EV/CE of ~0.5x. We estimate a fair value range of SEK 17-60 per share.

Valuation summary

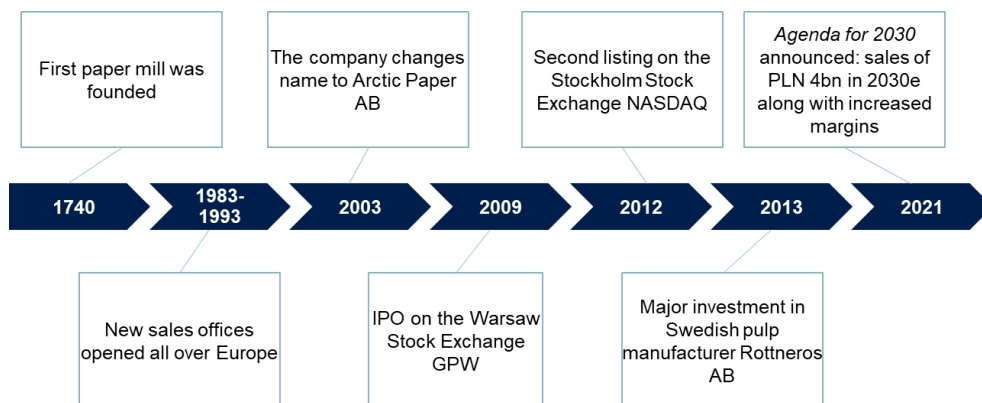


Source: ABG Sundal Collier, FactSet

Introduction to Arctic Paper

Arctic Paper is a paper production company that focuses on high-quality coated and uncoated paper products. The company currently consists of three paper mills and five brands: Amber, Arctic, Arctic Volume, Munken and G. With a majority ownership of the Rottneros AB Group, the company complements their product portfolio with pulp production. Arctic Paper's main clients are printing houses, publishers and wholesalers, serving industries such as advertising and design indirectly.

Company timeline

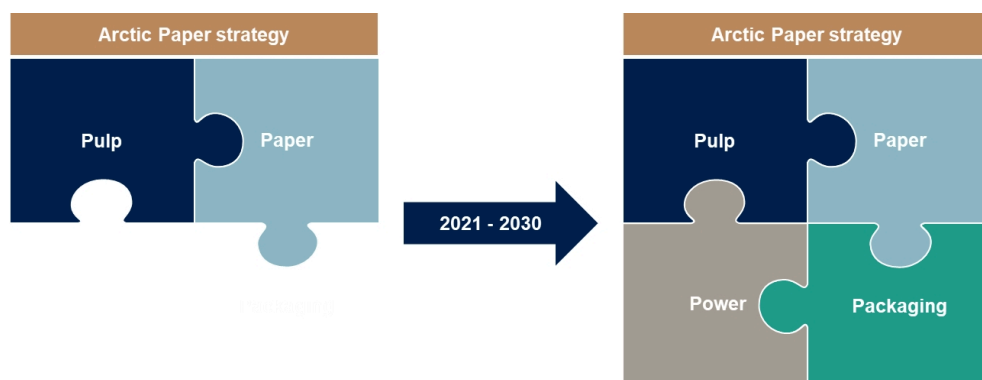


Source: ABG Sundal Collier, Company data.

Company history

With a history dating all the way back to 1740, Arctic Paper has become a large paper production player with a combination of acquisitions and organic growth. Arctic Paper is currently the market leader within premium design and book paper production. With roots in Grycksbo, Sweden, the company today has 13 offices in 13 European countries and three paper mills in Sweden and Poland. In 2009, the company went public on the Warsaw stock exchange followed by a second listing on the Stockholm stock exchange NASDAQ in 2012. The company's shares are traded on Nasdaq Stockholm's Mid Cap Segment, having moved up from the Small Cap Segment. In conjunction with the second listing, the company bought a majority ownership of the Swedish pulp manufacturer Rottneros AB, expanding their business with two pulp mills based in Sweden. In 2021, the company announced a new strategy called *Agenda for 2030* ([link](#)), with the ambition to combine the existing business pillars of paper and pulp with investments in packaging and power to reduce earnings volatility and raise margins.

Agenda for 2030 (A four pillar strategy)



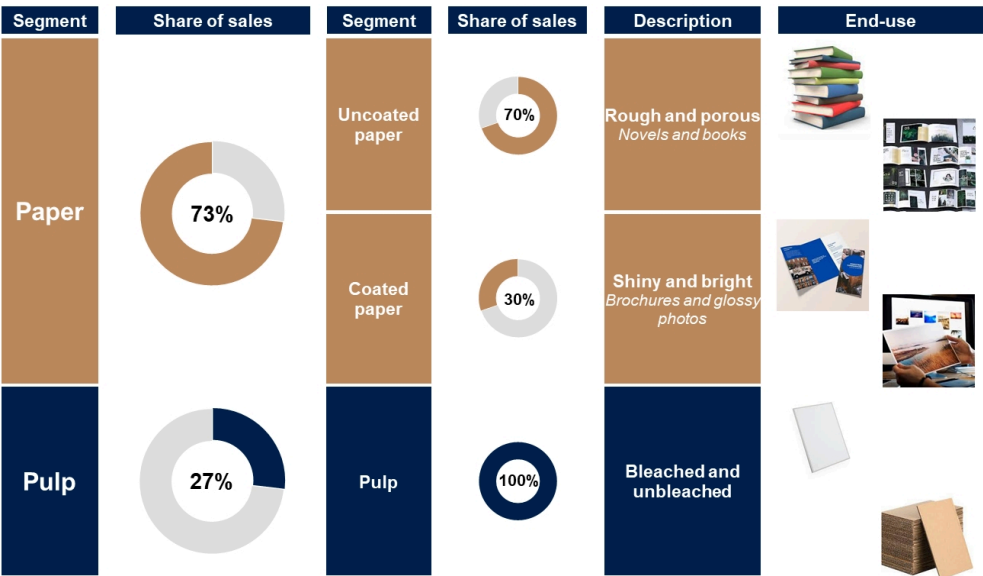
Source: ABG Sundal Collier, Arctic Paper

Business segments

Arctic Paper divides its revenue into three segments: Uncoated Paper (~60-70% of total revenue), Coated Paper (~20-30% of total revenue) and Pulp (~25-30% of total revenue). The Uncoated Paper segment focuses on producing paper for printing and other graphic purposes, i.e paper for printing books, catalogues, etc. The Coated Paper segment also focuses on producing paper for printing or other graphic design, but paper with a smoother surface and a more luxurious touch. The company also produces kraft and packaging papers (~15kt).

In 2013, Arctic Paper acquired a ~51% ownership in the pulp manufacturer Rottneros. Rottneros recorded ~90% of their total revenue in sales of pulp in 2023, reducing Arctic Paper's short position on pulp from its paper operations. The Pulp segment produces bleached and unbleached sulphate pulp mainly used for production of filters, board products, printing and writing paper and packaging, as well as Chemi-Thermo-Mechanical Pulp (CTMP) used for production of board and packaging. The combination of having both paper and pulp production inside the business has historically created a hedge against fluctuations in profitability over the years.

Overview of business segments



Source: ABG Sundal Collier, Arctic Paper

The mills

As of 2024 Arctic Paper runs its business with three paper mills and two pulp mills. The paper mills are Munkedals, Grycksbo and Kostrzyn. The pulp mills are Rottneros Bruk and Vallvik.

Arctic Paper Munkedals manufactures uncoated graphical paper under the Munken and Amber brands. The mill is medium-sized in terms of production and volume with a capacity of ~160,000 tonnes/year. It has its own hydropower plant and a new waste/biomass boiler, making energy self-sufficiency in the production high. The mill produces ~100kt of premium design and book paper. As an example, the Harry Potter books were printed on Munkedals high-quality book paper, according to the management team.

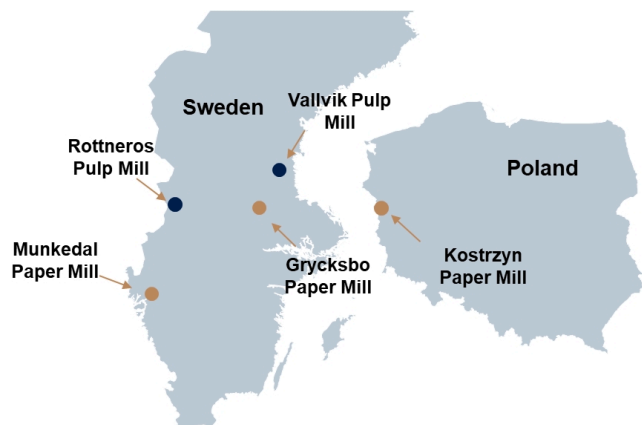
Arctic Paper Grycksbo produces coated graphical wood free paper under the brands G, Arctic and Arctic Volume. The mill has a capacity of ~220,000 tonnes/year (~25kt per year of premium production). Like Munkedals, Grycksbo is a non-integrated paper mill meaning that it uses dried pulp as the starting point of the production. The mill has a pellets boiler and utilises electricity from the grid.

Arctic Paper Kostrzyn manufactures uncoated graphical paper under the Amber brand. The mill has a capacity of ~315,000 tonnes/year, making it the largest producer of wood free

offset paper in Poland. External energy is mainly sourced from a CHP power plant (natural gas source), but excess energy from the production is sold to the grid.

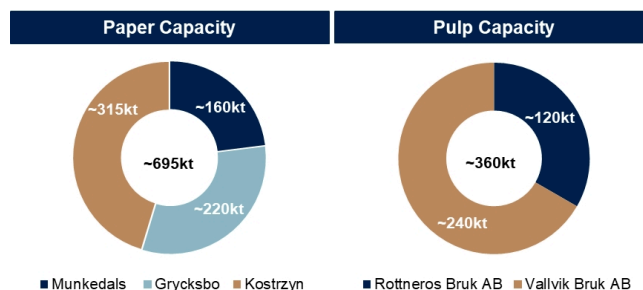
Rottneros Bruk develops and produces Chemi-Thermo-Mechanical Pulp (CTMP) with a capacity of ~120,000 tonnes/year. The capacity will increase to ~160,000 tonnes/year in 2024. Vallvik produces long-fibre chemical sulphate pulp with a capacity of ~240,000 tonnes/year. All external energy is sourced from the national grid.

Geographical overview of the mills



Source: ABG Sundal Collier, Arctic Paper

Current mill capacity (2024)



Source: ABG Sundal Collier, Arctic Paper

Markets and buyers

Arctic Paper has a strong presence in Europe, which accounted for ~90% of its total revenue in 2023. The largest individual geographical markets for the company are Germany, Poland, United Kingdom and France that accounted for a combined ~46% of the total.

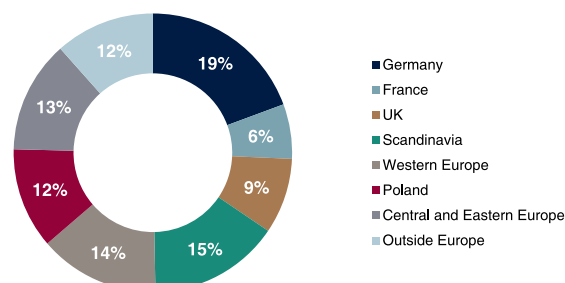
Arctic Paper divides its customers into direct and indirect buyers. The groups of direct and indirect buyers are the following: printing houses, wholesalers, publishers, advertising agencies and final buyers. Direct buyers are the customers buying paper straight from the Group's paper mills. Indirect buyers do not buy Arctic Paper's products on their own, but still constitute an important target group of marketing activities since they recommend the products to direct buyers.

Revenues from pulp mill products are mainly generated by customers that produce paper for printing, paper hygienic products and cardboard as well as electrical devices and filters. Pulp is supplied to entities that do not have the capacities to produce pulp themselves, for example non-integrated paper mills, and are also used in the Group's own paper production.

Customer overview

Buyers	Description of buyers
Printing houses	Direct buyers straight from the Groups Paper Mills
Wholesalers	Direct buyers of paper manufactured by the Group for further re-sale
Publishers	Direct and indirect buyers. They buy directly for their publishing businesses and indirectly when instructing or recommending the Groups paper to printing houses
Advertising agencies	Indirect buyers recommending the Groups products to printing houses, in particular high-quality paper
Final buyers	Direct and indirect buyers that buys the products directly as well as recommending the products to printing houses

Geographical end-markets (2023)



Source: ABG Sundal Collier, Arctic Paper

The company has a market-leading offering of premium quality design paper that is purchased by printing houses, advertising and design agencies. In particular, the company highlights that its quality design papers are special thanks due to their *unique tactile and natural, authentic appeal*. While some types of paper will inevitably face structural decline, high quality design paper is characterised by higher stability and a non-declining, luxury market.

For the customers, which are predominantly premium brands, it is highly important that the corporate identity is carefully tended to and that includes a thoughtful selection of paper in printed materials, much like the selection of typography, colour and logotype. In order to cater demanding premium brands, Arctic Paper offers ten types of design paper with different types of shade, surface, smoothness, coating and glossiness.

Strategy for future growth - Agenda for 2030

In 2021 Arctic Paper set strategic goals for 2030, called *Agenda for 2030*. With limited growth potential in the graphic paper market it is essential for the company to invest in other areas for future growth. *Agenda for 2030* is a strategic plan to grow using the synergies between the existing business' pillars (paper and pulp), combined with investments in packaging and power. Together this will create a less cyclical business overall with higher margins and better profitability.

By investing in paper-based packaging the company is entering a growing market while broadening its product portfolio. The company believes that the trend to use less plastic in packaging (due to legislation combined with e-commerce growth) will drive future growth in the paper-based packaging market. A new 50/50 joint venture with Rottneros has recently been agreed, to invest in the production of fibre trays in Poland. Capacity is expected to reach ~80m units per year and a turnover of ~60 million PLN when at full production. The packaging business is expected by management to reach an annual revenue of PLN 800m in 2030.

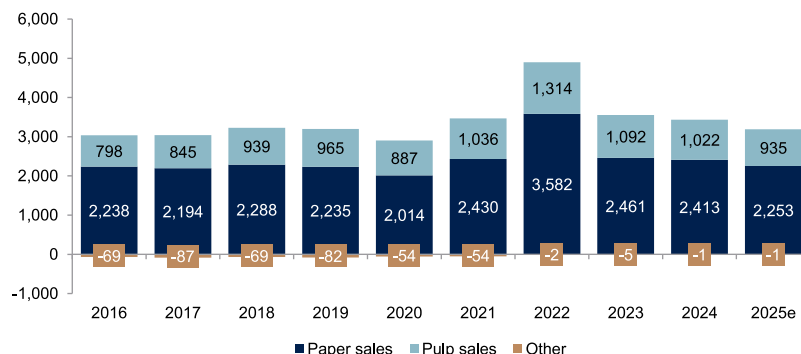
With the paper and pulp industry being highly energy intensive, investments in renewable energy are also a priority in the long-term strategy. With the ongoing decarbonisation of the European power generation sector and what seems to be a structural increase in electricity prices, the company believes that investments in becoming a net producer of green energy will be key to sustaining its competitive position on the market. Planned investments in solar power, biomass and wind power will help reach the goal to become carbon dioxide neutral in 2035. Additionally, Arctic Paper will be involved in the process of energy management and trading to third parties.

Even though most of the investments going forward will be focused on packaging and energy, the paper and pulp segment will remain important parts of the business. The paper segment's share in group revenue is estimated to drop to ~46% and the pulp segment's share in group revenue is estimated to ~30% in 2030, with packaging and energy (power) estimated to make up ~18% and ~7% respectively.

Historical financials and performance

Below, we highlight key historical financials of Arctic Paper, namely revenue and the corresponding product split, EBIT and the company's capital employed and the return on capital employed.

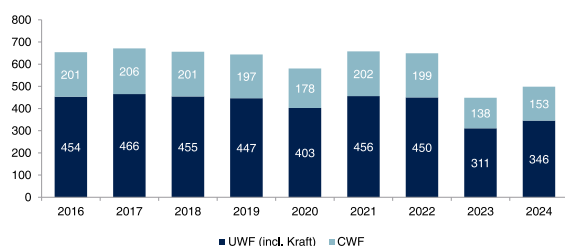
Revenue split (PLNm)



Source: ABG Sundal Collier, Company data.

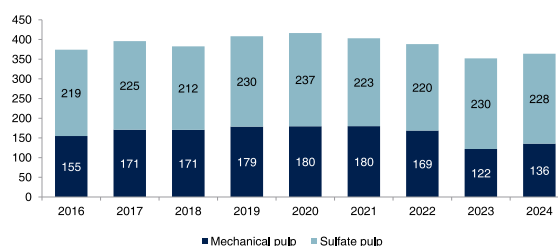
Presently, Arctic Paper's two key segments Paper and Pulp generate ~70% and ~30% of the company's total revenue, respectively. Paper and pulp sales are both dependent on commodity prices, and in years where prices are relatively high (e.g. '22), y-o-y growth is exceptional, while in years where prices fall (e.g. '23), growth falls. That said, revenue tends to be relatively stable, when perceived over a multi-year period, and is driven by capacity utilisation and prices.

Arctic Paper - Paper volumes split (kilotonnes)



Source: ABG Sundal Collier, Company data.

Rottneros - Pulp volumes split (kilotonnes)

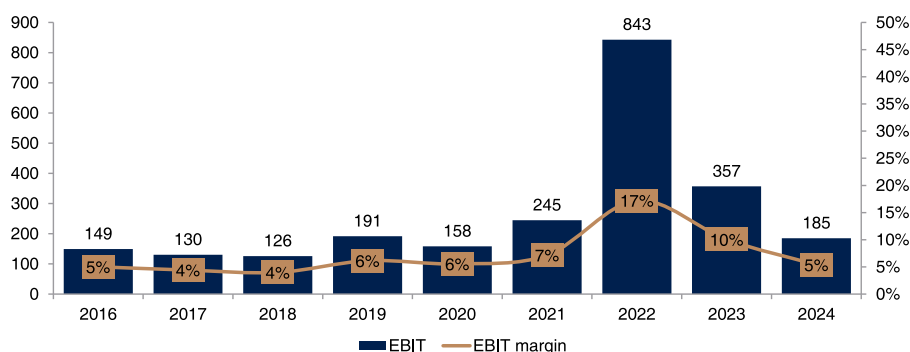


Source: ABG Sundal Collier, Company data.

Paper volumes are generally stable, around 650kt. Paper demand is in structural decline to the tune of +3% per year, and Arctic Paper expects paper volumes to come down to ~580kt in 2030. Arctic Paper reduced its Paper volumes in '23, driven by destocking and weaker demand in general. The company could have increased production, but price is prioritised above volume in the current market environment.

Rottneros has had a strategy to increase production over time at a rate of >3%, driven by increased operational efficiency. Rottneros closed down its groundwood pulp line in Q4'22 (64kt '21 production, heavy on electricity consumption) and that explains the lower volumes in 2022. The current pulp capacity is 360kt.

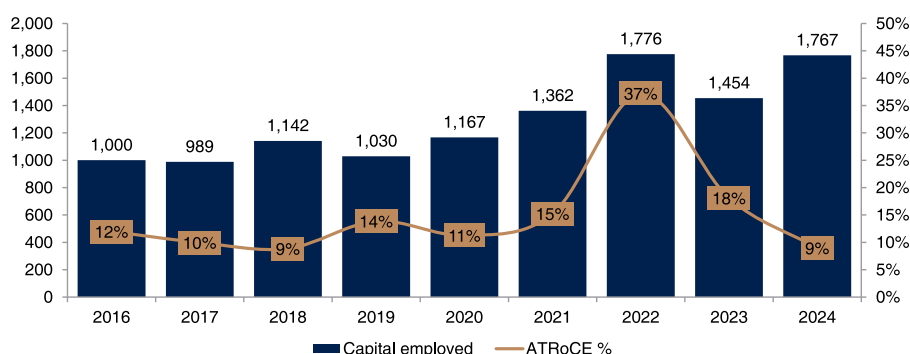
EBIT and EBIT margin (PLNm)



Source: ABG Sundal Collier, Company data.

In the period 2016-2020 Arctic Paper's EBIT has been relatively stable in terms of absolute numbers, and the EBIT margin was in the range of 4-6%. In mid-2021, paper and pulp prices began increasing and thanks to the company's operating leverage (e.g., hedged/fixed energy prices) it earned an EBIT margin of ~7%. The price impact was even more evident in 2022, as the EBIT margin reached 17% - approx. 11-13pp above a mid-cycle margin. This discrepancy highlights the company's operating leverage during periods when prices change dramatically. '23 was a challenging year due to lower demand and lower prices, and margin fell to 10%. During 2024, the margin fell to 5%, reaching pre-covid levels.

Capital employed and ATRoCE (PLNm)



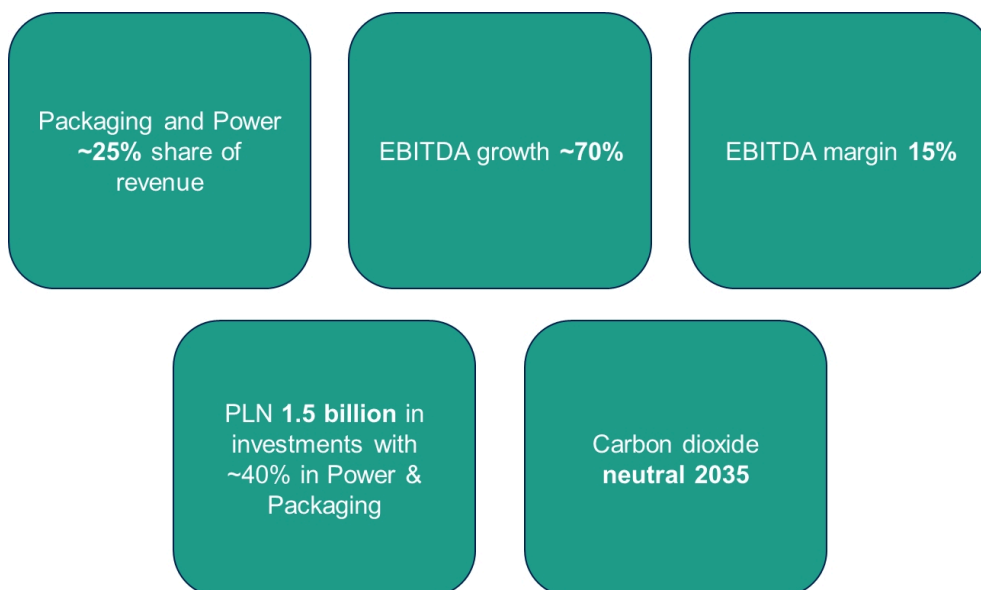
Source: ABG Sundal Collier, Company data.

Arctic Paper has a balance sheet that primarily consists of tangible fixed assets and positive net working capital, which are required to maintain the company's strategic competitive advantage and its operating capabilities during a given year, respectively. Given Arctic's asset base and the cyclical nature of the pulp and paper business, it is relevant to see the company's earning in relation to the capital that it employs in order to measure how efficiently capital is deployed. One such metric is the after-tax return on capital employed (ATRoCE), which sets EBIT in relation to capital employed (fixed assets plus net working capital and cash). During 2016-2021 the company earned between 9% and 15% on capital employed. However, in 2022, the company's operating leverage facilitated a large increase in the company's earnings relative to the capital employed. Thus, the earnings increase more than offset the commensurate increase in capital employed to generate a relatively outsized return. ATRoCE fell in '23 due to lower earnings but was still above the '16-'21 levels. The 2024 ATRoCE took a hit, and fell down to 9%, reflecting the challenging year.

Financial targets

In 2022 Arctic Paper made it clear that there will be a strong focus on increasing profitability going forward. The company's profitability goal is to reach a EBITDA margin of 15% in 2030, growing 70% between 2021 and 2030. The company also expects the total investments between 2022 and 2030 to be 1.5 billion PLN, with ~40% entering the new business areas.

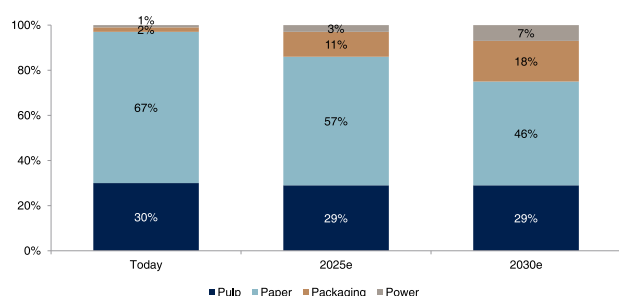
Financial targets



Source: ABG Sundal Collier, Company data.

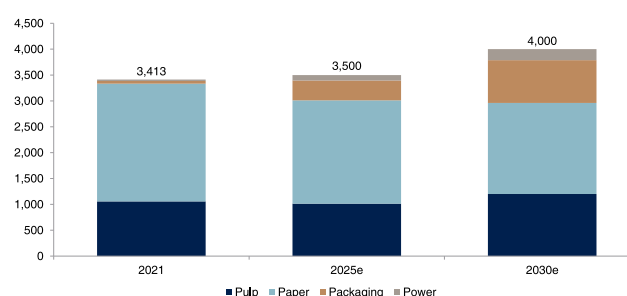
The financial targets, set forth in the *Agenda for 2030* strategy memorandum from October 2021, were based on known information at that time. 2022 was an exceptional year in many ways for Arctic Paper, as the company generated revenue of PLN ~4.9bn, exceeding the 2030e goal by more than 20%. However, due to the cyclical nature of the business, we believe that an analysis of the goals from a mid-cycle perspective remains relevant.

Revenue split - Today vs. 2025e vs. 2030e



Source: ABG Sundal Collier, Company data.

Revenue - 2021 vs. 2025e vs. 2030e (PLNm)



Source: ABG Sundal Collier, Company data.

The company's long-term strategy involves diversifying cash flow streams to reduce the volatility of cash flows over time. Pulp (Rottneros) is expected to continually constitute ~30% of the total revenue until 2030e. However, the company's largest segment today, Paper, is expected to constitute less than half of revenues by 2030e, implying a reduction of ~20 percentage points. On one hand, this means that Paper will have a relatively smaller importance in the Group, but on the other hand, more lucrative and future-proof segments such as Packaging and Power will constitute a larger share of the business - from ~3% today to ~25% in 2030e.

Pulp

Thanks to the company's ~51% ownership of Rottneros, Arctic Paper has the capability to maintain its position in the market and grow at an inflationary rate of ~3% per year on a normalised basis. The ownership in Rottneros also reduces the company's short pulp exposure from 430kt gross to 185kt net. The production volume is currently ~360kt but management expects that to reach over 500kt by 2030e due to growth in packaging, tissue and technical pulp sub-segments.

Paper

Arctic Paper's core Paper segment has a leading position in books and design paper, but a shrinking market for graphical paper due to digitalisation poses a threat to the company's

present position. That calls for a diversification of the company's operations. Consequently, the company expects to invest ~540m in the period 2022-2030e to maintain its three paper mills. The paper production volume of ~650kt is expected to decrease to some 580kt but an additional 120kt will originate from the company's growing packaging paper segment instead, meaning that production capacity has to be expanded slightly.

Packaging

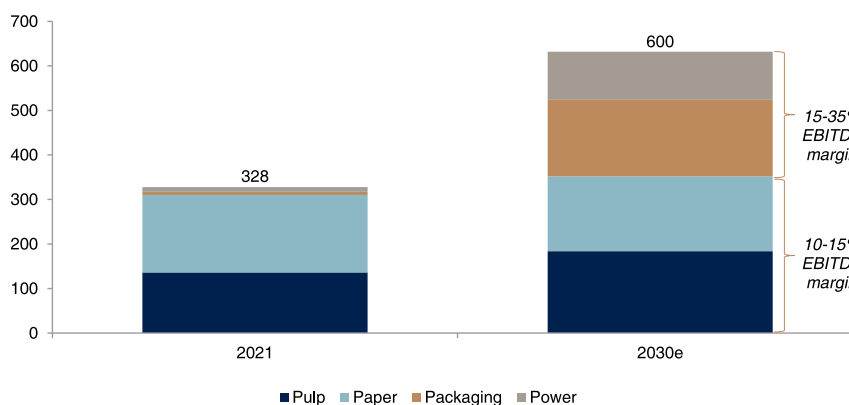
Several secular trends work in favour of the up-and-coming Packaging segment: (i) a growing e-commerce market that drives demand for packaging, (ii) a global shift from the use of plastic to the use of smart fibre-based packaging solutions, and (iii) a general demand for more sustainable packaging solutions. The company projects that the increased demand for sustainable packaging solutions will lead to a 5-6x increase of the Packaging segment's share of revenues by 2025e and by 9x until 2030e, implying a '22-'30e sales CAGR of ~23%.

Currently, the company is only producing ~20kt of packaging kraft papers that are more or less in a development phase. However, by 2030e, Arctic Paper anticipates that it will produce fibre-based products, barrier paper and microflute totalling a volume of ~120kt. Assuming that the current addressable European market for flexible packaging paper is ~1,300kt and will grow at ~8% per year, the company's estimated 2030e packaging volume of ~120kt would correspond to a market share of ~4-5%, up from ~1% today.

Power

Given the relatively energy-intensive nature of the company's operations, an expansion into energy generation is seemingly natural. Today, only 1% of the company's revenue stems from this segment, but by 2025e that share is expected to be 3% and by 2030 that is expected to be 5-7%. In essence, the strategic plan involves investing in renewable energy projects, namely solar and wind, to reach a new installed capacity of 25 MW by 2026e (previously 40 MW) and 80 MW by 2030e (previously 116 MW). We recognise that large macroeconomic trends such as (i) a decarbonisation of the European economy, (ii) higher electricity costs and (iii) higher emission rights prices are simple yet tangible drivers that incentivise energy independence for actors such as Arctic Paper

EBITDA 2021 vs. targeted EBITDA 2030e



Source: ABG Sundal Collier, Company data.

A structural change in the company's offering will not only diversify cash flow streams but also increase the company's profitability at a Group level. Arctic Paper estimates that the Pulp and Paper segments, together, earn a normalised EBITDA margin in the range of 10-15%. However, the Packaging and Power segments can generate normalised EBITDA margins of 15-35%, depending on scale and positioning.

Risks

Economic slowdown

Pulp and paper demand are closely linked to the general economic cycle. A slowdown in the economy could therefore have a large effect on Arctic Paper's earnings. A 10% volume drop for both the Paper and Pulp segment will have a negative impact on proportional EBIT of ~ PLN 160m.

Raw materials

Arctic Paper has a net short position towards pulp, pulpwood, energy and chemicals prices. Higher prices lead to higher input costs and lower profitability.

Structural decline in paper demand

Paper demand is in structural decline of >3% per year. A more rapid decline in paper demand would be negative for Arctic Paper's earnings.

Hedging risk

Arctic Paper has hedged most of its electricity exposure for both 2023 and 2024. Through Rottneros, the company also has some hedges related to the pulp price. The purpose of the hedging is to protect Rottneros' future electricity costs from large fluctuations and to achieve more predictable electricity prices. Note that hedging could also lead to hedging losses.

Production risk

Arctic Papers' production facilities are subject to the risk of injuries, machinery breakdown, fires and other accidents that could harm its production.

Management team






Management team details

	Michał Jarczyński CEO and Managing Director at Arctic Paper Kostrzyn S.A.	Previous CEO of Radpol S.A. and Enea Operator. Between 2009-2013 he served as the CEO of Arctic Paper S.A. He first joined the organisation in 1998. M.Sc. in Mechanical Engineering from Poznan University of Technology. Postgraduate degree in finance and controlling from Poznan University of Economics Holdings in Arctic Paper incl. related parties: -
	Katarzyna Wojtkowiak Chief Financial Officer	Previous experience as Chief accountant and Group Treasury at Arctic Paper for >11 years. Previous experience includes accounting and finance roles at Flexlink in Poland. M.Sc. In Capital Investments and Corporate Financial Strategies from the Poznan University of Economics. Holdings in Arctic Paper incl. related parties: -
	Fabian Langenskiöld Executive VP Sales & Marketing	Previously General Manager within the Umu Group, Senior Vice President of Sales and Marketing at Stora Enso and General Manager at Chenming Europe - Holdings in Arctic Paper incl. related parties: -
	Jacek Łoś Executive VP Procurement	More than 26 years of experience in the Arctic Paper organisation, taking on many different roles since 1996 Graduate of the University Gdansk department of Economics and Transportation Holdings in Arctic Paper incl. related parties: -
	Wolfgang Lübbert Executive VP Strategy and Sustainability	Worked several years as Managing Director of Arctic Paper Deutschland GmbH. Joined Arctic Paper right after graduation in 1989. Graduate in National Economics from the University of Hamburg Holdings in Arctic Paper incl. related parties: -
	Kaj Hansson Group HR Manager	Former Managing Director of Svenska Skidspelen AB. Joined the Arctic Paper organisation in 2004 CEB HR Leadership Council Holdings in Arctic Paper incl. related parties: -
	Kent Blom Managing Director at Arctic Paper Munkedal AB and Arctic Paper Grycksbo AB	9 years of experience from Atlas Copco in various roles including CEO of Atlas Copco GIA AB and Vice President of operations M.Sc. in Mechanical Engineering from the Institute of Technology at Linköping University, Executive Leadership Program from Stockholm School of Economics Holdings in Arctic Paper incl. related parties: -

Source: ABG Sundal Collier, Company data.

Board of directors

Board of directors details

	Per Lundeen Chairman of the Supervisory Board	<p>20 years of experience in the A&R Packaging Group, whereof 12 years as CEO. Former CEO and current Chairman of the Board at Rottneros AB</p> <p>M.Sc. in Chemical Engineering and Paper Technology from Chalmers University</p> <p>Holdings in Arctic Paper incl. related parties: -</p>
	Roger Mattsson Deputy Chairman of the Supervisory Board	<p>Former Group Finance Controller at Arctic Paper. Currently chairman of the board for Nemus Holding AB and Munkedal Skog AB.</p> <p>M.Sc. in Business Administration and Economics from University of Gothenburg</p> <p>Holdings in Arctic Paper incl. related parties: -</p>
	Thomas Onstad Member of the Supervisory Board	<p>Founder of Nemus Holding AB, the majority owner of the Arctic Paper Group</p> <p>Graduate of London School of Foreign trade</p> <p>Holdings in Arctic Paper incl. related parties: 47,205,107 shares</p>
	Zofia Dzik Member of the Supervisory Board	<p>Several years of board member experience including positions at CCC S.A., PKP Cargo and Benefit Systems S.A. Former CEO and founder of Humanities Inst.</p> <p>MBA from Manchester Business School. Executive Leadership Programs at Stanford University and INSEAD Business School.</p> <p>Holdings in Arctic Paper incl. related parties: -</p>
	Anna Jakubowski Member of the Supervisory Board	<p>Experience as Sales Manager and Business Development Manager at Procter and Gamble. Former General Manager at the Coca-Cola Company and Avon</p> <p>Bachelor of Business and Administration from Wilfrid Laurier University, Waterloo, Ont. Canada</p> <p>Holdings in Arctic Paper incl. related parties: -</p>

Source: ABG Sundal Collier, Company data.

Income Statement (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	3,158	3,117	2,847	3,413	4,894	3,549	3,434	3,187	3,342	3,496
COGS	-2,610	-2,532	-2,306	-2,705	-3,484	-2,811	-2,850	-2,753	-2,738	-2,806
Gross profit	549	586	542	708	1,411	738	584	434	604	690
Other operating items	-330	-307	-270	-380	-437	-263	-285	-336	-413	-441
EBITDA	219	278	271	328	974	475	299	99	191	250
Depreciation and amortisation	-93	-87	-113	-83	-131	-118	-114	-190	-142	-137
of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	126	191	158	245	843	357	185	-91	49	112
EO Items	0	0	0	0	0	0	0	-14	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	126	191	158	245	843	357	185	-91	49	112
Net financial items	-37	-33	-36	-21	85	-16	8	-38	-34	-27
Pretax profit	89	158	122	223	928	341	193	-129	14	86
Tax	-33	-33	-19	-47	-171	-69	-31	23	-4	-17
Net profit	56	125	104	176	757	272	162	-106	10	69
Minority interest	-48	-42	7	-49	-126	-25	-7	-66	-7	-10
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	8	83	111	127	631	247	154	-171	3	59
EPS	0.11	1.19	1.60	1.84	9.11	3.57	2.23	-0.58	0.25	0.86
EPS adj.	0.11	1.19	1.60	1.84	9.11	3.57	2.23	-0.58	0.25	0.86
Total extraordinary items after tax	0	0	0	0	0	0	0	-14	0	0
Leasing payments	-24	-9	-11	-12	-7	-10	-9	-6	-4	-4
<i>Tax rate (%)</i>	<i>37.4</i>	<i>21.1</i>	<i>15.3</i>	<i>21.2</i>	<i>18.4</i>	<i>20.1</i>	<i>16.2</i>	<i>18.0</i>	<i>29.9</i>	<i>19.3</i>
<i>Gross margin (%)</i>	<i>17.4</i>	<i>18.8</i>	<i>19.0</i>	<i>20.7</i>	<i>28.8</i>	<i>20.8</i>	<i>17.0</i>	<i>13.6</i>	<i>18.1</i>	<i>19.7</i>
<i>EBITDA margin (%)</i>	<i>6.9</i>	<i>8.9</i>	<i>9.5</i>	<i>9.6</i>	<i>19.9</i>	<i>13.4</i>	<i>8.7</i>	<i>3.1</i>	<i>5.7</i>	<i>7.1</i>
<i>EBITA margin (%)</i>	<i>4.0</i>	<i>6.1</i>	<i>5.6</i>	<i>7.2</i>	<i>17.2</i>	<i>10.1</i>	<i>5.4</i>	<i>-2.9</i>	<i>1.5</i>	<i>3.2</i>
<i>EBIT margin (%)</i>	<i>4.0</i>	<i>6.1</i>	<i>5.6</i>	<i>7.2</i>	<i>17.2</i>	<i>10.1</i>	<i>5.4</i>	<i>-2.9</i>	<i>1.5</i>	<i>3.2</i>
<i>Pre-tax margin (%)</i>	<i>2.8</i>	<i>5.1</i>	<i>4.3</i>	<i>6.5</i>	<i>19.0</i>	<i>9.6</i>	<i>5.6</i>	<i>-4.0</i>	<i>0.4</i>	<i>2.5</i>
<i>Net margin (%)</i>	<i>1.8</i>	<i>4.0</i>	<i>3.6</i>	<i>5.2</i>	<i>15.5</i>	<i>7.7</i>	<i>4.7</i>	<i>-3.3</i>	<i>0.3</i>	<i>2.0</i>
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	<i>7.0</i>	<i>-1.3</i>	<i>-8.7</i>	<i>19.8</i>	<i>43.4</i>	<i>-27.5</i>	<i>-3.2</i>	<i>-7.2</i>	<i>4.9</i>	<i>4.6</i>
<i>EBITDA growth (%)</i>	<i>-9.4</i>	<i>27.1</i>	<i>-2.4</i>	<i>20.8</i>	<i>197.2</i>	<i>-51.2</i>	<i>-37.1</i>	<i>-67.0</i>	<i>93.2</i>	<i>30.8</i>
<i>EBITA growth (%)</i>	<i>-3.3</i>	<i>51.9</i>	<i>-17.3</i>	<i>54.6</i>	<i>244.7</i>	<i>-57.7</i>	<i>-48.1</i>	<i>-149.3</i>	<i>-153.6</i>	<i>129.8</i>
<i>EBIT growth (%)</i>	<i>-3.3</i>	<i>51.9</i>	<i>-17.3</i>	<i>54.6</i>	<i>nm</i>	<i>-57.7</i>	<i>-48.1</i>	<i>-149.3</i>	<i>-153.6</i>	<i>nm</i>
<i>Net profit growth (%)</i>	<i>-39.0</i>	<i>123.4</i>	<i>-16.9</i>	<i>69.8</i>	<i>330.2</i>	<i>-64.1</i>	<i>-40.5</i>	<i>-165.2</i>	<i>-109.5</i>	<i>586.3</i>
<i>EPS growth (%)</i>	<i>-78.9</i>	<i>nm</i>	<i>34.3</i>	<i>14.5</i>	<i>nm</i>	<i>-60.8</i>	<i>-37.5</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>
Profitability	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	<i>1.4</i>	<i>14.0</i>	<i>16.4</i>	<i>15.3</i>	<i>50.5</i>	<i>16.3</i>	<i>10.7</i>	<i>-11.8</i>	<i>0.2</i>	<i>4.0</i>
<i>ROE adj. (%)</i>	<i>1.4</i>	<i>14.0</i>	<i>16.4</i>	<i>15.3</i>	<i>50.5</i>	<i>16.3</i>	<i>10.7</i>	<i>-10.8</i>	<i>0.2</i>	<i>4.0</i>
<i>ROCE (%)</i>	<i>9.9</i>	<i>14.6</i>	<i>11.7</i>	<i>16.8</i>	<i>49.4</i>	<i>17.7</i>	<i>10.2</i>	<i>-4.2</i>	<i>2.4</i>	<i>5.3</i>
<i>ROCE adj. (%)</i>	<i>9.9</i>	<i>14.6</i>	<i>11.7</i>	<i>16.8</i>	<i>49.4</i>	<i>17.7</i>	<i>10.2</i>	<i>-3.5</i>	<i>2.4</i>	<i>5.3</i>
<i>ROIC (%)</i>	<i>7.7</i>	<i>14.5</i>	<i>12.5</i>	<i>15.8</i>	<i>47.3</i>	<i>18.9</i>	<i>9.9</i>	<i>-4.0</i>	<i>1.7</i>	<i>4.3</i>
<i>ROIC adj. (%)</i>	<i>7.7</i>	<i>14.5</i>	<i>12.5</i>	<i>15.8</i>	<i>47.3</i>	<i>18.9</i>	<i>9.9</i>	<i>-3.4</i>	<i>1.7</i>	<i>4.3</i>
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	219	278	271	328	974	475	299	113	191	250
<i>EBITDA adj. margin (%)</i>	<i>6.9</i>	<i>8.9</i>	<i>9.5</i>	<i>9.6</i>	<i>19.9</i>	<i>13.4</i>	<i>8.7</i>	<i>3.5</i>	<i>5.7</i>	<i>7.1</i>
EBITDA lease adj.	195	269	261	316	967	465	290	107	187	245
<i>EBITDA lease adj. margin (%)</i>	<i>6.2</i>	<i>8.6</i>	<i>9.2</i>	<i>9.2</i>	<i>19.8</i>	<i>13.1</i>	<i>8.4</i>	<i>3.4</i>	<i>5.6</i>	<i>7.0</i>
EBITA adj.	126	191	158	245	843	357	185	-77	49	112
<i>EBITA adj. margin (%)</i>	<i>4.0</i>	<i>6.1</i>	<i>5.6</i>	<i>7.2</i>	<i>17.2</i>	<i>10.1</i>	<i>5.4</i>	<i>-2.4</i>	<i>1.5</i>	<i>3.2</i>
EBIT adj.	126	191	158	245	843	357	185	-77	49	112
<i>EBIT adj. margin (%)</i>	<i>4.0</i>	<i>6.1</i>	<i>5.6</i>	<i>7.2</i>	<i>17.2</i>	<i>10.1</i>	<i>5.4</i>	<i>-2.4</i>	<i>1.5</i>	<i>3.2</i>
Pretax profit Adj.	89	158	122	223	928	341	193	-115	14	86
Net profit Adj.	56	125	104	176	757	272	162	-92	10	69
Net profit to shareholders adj.	8	83	111	127	631	247	154	-157	3	59
<i>Net adj. margin (%)</i>	<i>1.8</i>	<i>4.0</i>	<i>3.6</i>	<i>5.2</i>	<i>15.5</i>	<i>7.7</i>	<i>4.7</i>	<i>-2.9</i>	<i>0.3</i>	<i>2.0</i>

Source: ABG Sundal Collier, Company Data

Cash Flow (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	219	278	271	328	974	475	299	99	191	250
Net financial items	-37	-33	-36	-21	85	-16	8	-38	-34	-27
Paid tax	-5	-10	-12	-31	-65	-87	-53	-54	-4	-17
Non-cash items	17	6	34	-30	-229	31	71	-12	-34	-27
Cash flow before change in WC	194	241	258	245	764	403	325	-5	118	180
Change in working capital	-45	102	-46	-7	-157	68	-136	46	-35	-32

Cash Flow (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Operating cash flow	149	342	211	238	607	471	189	41	83	148
Capex tangible fixed assets	-185	-122	-141	-160	-156	-147	-417	-303	-165	-165
Capex intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and Disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	-37	220	70	79	452	324	-228	-262	-82	-17
Dividend paid	-14	0	0	-21	-28	-187	-69	0	0	-5
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Leasing liability amortisation	-24	-9	-11	-12	-7	-10	-9	-6	-4	-4
Other non-cash items	-8	-134	-51	-4	83	-111	-49	66	34	30
Balance Sheet (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Goodwill	9	9	10	9	9	8	8	8	8	8
Other intangible assets	68	54	68	71	69	62	45	96	96	96
Tangible fixed assets	906	984	1,088	1,158	1,127	1,168	1,419	1,523	1,546	1,573
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	55	34	28	63	167	54	21	21	21	21
Fixed assets	1,038	1,081	1,195	1,302	1,372	1,292	1,492	1,648	1,671	1,699
Inventories	479	354	365	403	601	445	495	507	547	561
Receivables	366	302	298	403	503	415	429	433	456	495
Other current assets	73	33	24	114	296	70	53	89	94	99
Cash and liquid assets	201	266	256	168	482	500	288	91	39	43
Total assets	2,156	2,036	2,137	2,389	3,254	2,723	2,757	2,769	2,809	2,897
Shareholders equity	577	607	750	912	1,588	1,443	1,455	1,450	1,463	1,513
Minority	285	264	283	331	465	358	313	358	364	378
Total equity	861	871	1,033	1,243	2,052	1,802	1,769	1,807	1,827	1,890
Long-term debt	250	263	241	190	162	104	225	204	204	204
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	0	0	0
Total other long-term liabilities	192	214	223	234	233	176	151	145	145	145
Short-term debt	232	162	148	97	43	49	61	93	93	93
Accounts payable	517	435	379	507	551	448	427	386	398	413
Other current liabilities	105	91	111	119	212	145	124	134	142	151
Total liabilities and equity	2,156	2,036	2,137	2,389	3,254	2,723	2,757	2,769	2,809	2,897
Net IB debt	227	127	108	56	-443	-402	-22	185	237	233
Net IB debt excl. pension debt	227	127	108	56	-443	-402	-22	185	237	233
Net IB debt excl. leasing	227	127	108	56	-443	-402	-22	185	237	233
Capital employed	1,343	1,295	1,423	1,530	2,258	1,954	2,055	2,104	2,124	2,187
Capital invested	1,088	997	1,141	1,299	1,609	1,400	1,747	1,992	2,064	2,123
Working capital	296	162	196	294	637	337	426	510	559	590
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	559	559	559	559	559	559	559	559	559	559
Net IB debt adj.	281	159	134	119	-276	-348	-1	206	257	253
Market value of minority	285	264	283	331	465	358	313	358	364	378
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
EV	1,124	982	976	1,009	747	569	871	1,122	1,181	1,190
Total assets turnover (%)	156.2	148.7	136.5	150.8	173.4	118.7	125.3	115.4	119.8	122.5
Working capital/sales (%)	8.0	7.3	6.3	7.2	9.5	13.7	11.1	14.7	16.0	16.4
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	26.4	14.6	10.5	4.5	-21.6	-22.3	-1.2	10.2	12.9	12.3
Net debt / market cap (%)	40.6	22.7	19.4	10.1	-79.3	-71.9	-3.9	33.0	42.3	41.6
Equity ratio (%)	39.9	42.8	48.3	52.0	63.1	66.2	64.2	65.3	65.0	65.3
Net IB debt adj. / equity (%)	32.6	18.3	13.0	9.6	-13.5	-19.3	-0.1	11.4	14.1	13.4
Current ratio	1.31	1.39	1.47	1.51	2.33	2.23	2.06	1.83	1.80	1.82
EBITDA/net interest	5.9	8.3	7.6	15.3	11.5	29.4	36.7	2.6	5.5	9.4
Net IB debt/EBITDA (x)	1.0	0.5	0.4	0.2	-0.5	-0.8	-0.1	1.9	1.2	0.9
Net IB debt/EBITDA lease adj. (x)	1.4	0.6	0.5	0.4	-0.3	-0.7	-0.0	1.9	1.4	1.0
Interest coverage	3.3	5.6	4.3	10.0	114.5	11.9	17.8	2.1	1.4	3.9

Source: ABG Sundal Collier, Company Data

Share Data (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Actual shares outstanding	69	69	69	69	69	69	69	69	69	69
Actual shares outstanding (avg)	69	69	69	69	69	69	69	69	69	69

Share Data (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
All additional shares	0	0	0	0	0	0	0	0	0	0
Issue month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assumed dil. of shares from conv.	0	0	0	0	0	0	0	0	0	0
As. dil. of shares from conv. (avg)	0	0	0	0	0	0	0	0	0	0
Conv. debt not assumed as equity	0	0	0	0	0	0	0	0	0	0
No. of warrants	0	0	0	0	0	0	0	0	0	0
Market value per warrant	0	0	0	0	0	0	0	0	0	0
Dilution from warrants	0	0	0	0	0	0	0	0	0	0
Issue factor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Actual dividend per share	0.20	0.00	0.30	0.40	2.70	1.07	0.00	0.00	0.07	0.26
Reported earnings per share	0.11	1.19	1.60	1.84	9.11	3.57	2.23	-0.58	0.25	0.86

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Shares outstanding adj.	69	69	69	69	69	69	69	69	69	69
Diluted shares adj.	69	69	69	69	69	69	69	69	69	69
EPS	0.11	1.19	1.60	1.84	9.11	3.57	2.23	-0.58	0.25	0.86
Dividend per share	0.20	0.00	0.30	0.40	2.70	1.07	0.00	0.00	0.07	0.26
EPS adj.	0.11	1.19	1.60	1.84	9.11	3.57	2.23	-0.58	0.25	0.86
BVPS	8.32	8.76	10.82	13.16	22.91	20.83	21.00	20.92	21.11	21.83
BVPS adj.	7.22	7.85	9.70	12.00	21.79	19.82	20.25	19.42	19.60	20.32
Net IB debt/share	4.05	2.29	1.93	1.72	-3.99	-5.02	-0.02	2.97	3.72	3.66
Share price	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Market cap. (m)	559	559	559	559	559	559	559	559	559	559
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	72.8	6.8	5.0	4.4	0.9	2.3	3.6	nm	32.7	9.4
EV/sales (x)	0.4	0.3	0.3	0.3	0.2	0.2	0.3	0.4	0.4	0.3
EV/EBITDA (x)	5.1	3.5	3.6	3.1	0.8	1.2	2.9	11.4	6.2	4.8
EV/EBITA (x)	8.9	5.1	6.2	4.1	0.9	1.6	4.7	-12.3	24.2	10.6
EV/EBIT (x)	8.9	5.1	6.2	4.1	0.9	1.6	4.7	-12.3	24.2	10.6
Dividend yield (%)	2.5	0.0	3.7	5.0	33.5	13.3	0.0	0.0	0.9	3.2
FCF yield (%)	-6.5	39.4	12.6	14.1	80.8	58.1	-40.8	-46.8	-14.7	-3.0
Le. adj. FCF yld. (%)	-10.8	37.8	10.7	11.9	79.6	56.3	-42.4	-47.8	-15.5	-3.8
P/BVPS (x)	0.97	0.92	0.75	0.61	0.35	0.39	0.38	0.39	0.38	0.37
P/BVPS adj. (x)	0.98	0.93	0.75	0.62	0.35	0.39	0.39	0.39	0.38	0.37
P/E adj. (x)	72.8	6.8	5.0	4.4	0.9	2.3	3.6	nm	32.7	9.4
EV/EBITDA adj. (x)	5.1	3.5	3.6	3.1	0.8	1.2	2.9	10.0	6.2	4.8
EV/EBITA adj. (x)	8.9	5.1	6.2	4.1	0.9	1.6	4.7	-14.5	24.2	10.6
EV/EBIT adj. (x)	8.9	5.1	6.2	4.1	0.9	1.6	4.7	-14.5	24.2	10.6
EV/CE (x)	0.8	0.8	0.7	0.7	0.3	0.3	0.4	0.5	0.6	0.5
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	5.9	3.9	5.0	4.7	3.2	4.1	12.1	9.5	4.9	4.7
Capex/depreciation	2.0	1.4	1.2	1.9	1.2	1.2	3.6	1.6	1.2	1.2
Capex tangibles / tangible fixed assets	20.4	12.4	13.0	13.8	13.8	12.6	29.4	19.9	10.7	10.5
Capex intangibles / definite intangibles	--	--	--	--	--	--	--	--	--	--
Depreciation on intang / def. intang	--	--	--	--	--	--	--	--	--	--
Depreciation on tangibles / tangibles	10.2	8.8	10.4	7.2	11.6	10.1	8.1	12.5	9.2	8.7

Source: ABG Sundal Collier, Company Data

Analyst Certification

We, ABGSC Pulp & Paper Research, Henrik Bartnes and Nikola Kalanoski, analyst(s) with ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited (hereinafter collectively referred to as "ABG Sundal Collier"), and the author(s) of this report, certify that notwithstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report. I/We further certify that I/We has/have not been, nor am/are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

This report is produced by ABG Sundal Collier, which may cover companies either in accordance with legal requirements designed to promote the independence of investment research ("independent research") or as commissioned research. Commissioned research is paid for by the subject company. As such, commissioned research is deemed to constitute an acceptable minor non-monetary benefit (i.e., not investment research) as defined in MiFID II.

Analyst valuation methods

ABG Sundal Collier analysts may publish valuation ranges for stocks covered under Company Sponsored Research. These valuation ranges rely on various valuation methods. One of the most frequently used methods is the valuation of a company by calculation of that company's discounted cash flow (DCF). Another valuation method is the analysis of a company's return on capital employed relative to its cost of capital. Finally, the analysts may analyse various valuation multiples (e.g. the P/E multiples and the EV/EBITDA multiples) relative to global industry peers. In special cases, particularly for property companies and investment companies, the ratio of price to net asset value is considered. Valuation ranges may be changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of a company's assets changes (in the cases of investment companies, property companies or insurance companies) or when factors impacting the required rate of return change.

Expected updates

ABGSC has no fixed schedule for updating its research reports. Unless expressly stated otherwise, ABGSC expects (but does not undertake) to issue updates when considered necessary by the research department, for example following the publication of new figures or forecasts by a company or in the event of any material news on a company or its industry.

Important Company Specific Disclosure

The following disclosures relate to the relationship between ABG Sundal Collier and its affiliates and the companies covered by ABG Sundal Collier referred to in this research report.

Unless disclosed in this section, ABG Sundal Collier has no required regulatory disclosures to make in relation to an ownership position for the analyst(s) and members of the analyst's household, ownership by ABG Sundal Collier, ownership in ABG Sundal Collier by the company(ies) to whom the report(s) refer(s) to, market making, managed or co-managed public offerings, compensation for provision of certain services, directorship of the analyst, or a member of the analyst's household, or in relation to any contractual obligations to the issuance of this research report.

ABG Sundal Collier has undertaken a contractual obligation to issue this report and receives predetermined compensation from the company covered in this report.

ABG Sundal Collier is not aware of any other actual, material conflicts of interest of the analyst or ABG Sundal Collier of which the analyst knows or has reason to know at the time of the publication of this report.

Production of report: 11/10/2025 15:43.

All prices are as of market close on 7 November, 2025 unless otherwise noted.

Disclaimer

This report has been prepared by ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited and any of their directors, officers, representatives and employees (hereinafter collectively referred to as "ABG Sundal Collier"). This report is not a product of any other affiliated or associated companies of any of the above entities.

This report is provided solely for the information and use of professional investors, who are expected to make their own investment decisions without undue reliance on this report. The information contained herein does not apply to, and should not be relied upon by, retail clients. This report is for distribution only under such circumstances as may be permitted by applicable law. Research reports prepared by ABG Sundal Collier are for information purposes only. The recommendation(s) in this report is (are) has/have no regard to specific investment objectives and the financial situation or needs of any specific recipient. ABG Sundal Collier and/or its affiliates accepts no liability whatsoever for any losses arising from any use of this report or its contents. This report is not to be used or considered as an offer to sell, or a solicitation of an offer to buy. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but ABG Sundal Collier and/or its affiliates make no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein

reflect the judgment of ABG Sundal Collier on the date of this report and are subject to change without notice. Past performance is not indicative of future results.

The compensation of our research analysts is determined exclusively by research management and senior management, but not including investment banking management. Compensation is not based on specific investment banking revenues, however, it is determined from the profitability of the ABG Sundal Collier group, which includes earnings from investment banking operations and other business. Investors should assume that ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge and/or ABG Sundal Collier AB is seeking or will seek investment banking or other business relationships with the companies in this report.

The research analyst(s) responsible for the preparation of this report may interact with trading desk and sales personnel and other departments for the purpose of gathering, synthesizing and interpreting market information. From time to time, ABG Sundal Collier and/or its affiliates and any shareholders, directors, officers, or employees thereof may (I) have a position in, or otherwise be interested in, any securities directly or indirectly connected to the subject of this report, or (II) perform investment banking or other services for, or solicit investment banking or other services from, a company mentioned in this report. ABG Sundal Collier and/or its affiliates rely on information barriers to control the flow of information contained in one or more areas of ABG Sundal Collier, into other areas, units, groups or affiliates of ABG Sundal Collier.

Norway: ABG Sundal Collier ASA is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet)

Denmark: ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet) and the Danish Financial Supervisory Authority (Finanstilsynet)

Sweden: ABG Sundal Collier AB is regulated by the Swedish Financial Supervisory Authority (Finansinspektionen)

UK: This report is a communication made, or approved for communication in the UK, by ABG Sundal Collier Limited, authorised and regulated by the Financial Conduct Authority in the conduct of its business.

US: This report is being distributed in the United States (U.S.) in accordance with FINRA Rule 1220 by ABG Sundal Collier Inc., an SEC registered broker-dealer and a FINRA/SIPC member which accepts responsibility for its content and its compliance with FINRA Rule 2241. Research reports distributed in the U.S. are intended solely for "major U.S. institutional investors," and "U.S. institutional investors" as defined under Rule 15a-6 of the Securities Exchange Act of 1934 and any related interpretive guidance and no-action letters issued by the Staff of the U.S. Securities and Exchange Commission ("SEC") collectively ("SEC Rule 15a-6"). Each major U.S. institutional investor and U.S. institutional investor that receives a copy of this research report, by its acceptance of such report, represents that it agrees that it will not distribute this research report to any other person. This communication is only intended for major U.S. institutional investors and U.S. institutional investors. Any person which is not a major U.S. institutional investor, or a U.S. institutional investor as covered by SEC Rule 15a-6 must not rely on this communication. The delivery of this research report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. Any major U.S. institutional investor or U.S. institutional investor receiving this report which wishes to effect transactions in any securities referred to herein should contact ABG Sundal Collier Inc., not its affiliates. Further information on the securities referred to herein may be obtained from ABG Sundal Collier Inc., on request.

Singapore: This report is distributed in Singapore by ABG Sundal Collier Pte. Ltd, which is not licensed under the Financial Advisors Act (Chapter 110 of Singapore). In Singapore, this report may only be distributed to institutional investors as defined in Section 4A(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA"), and should not be circulated to any other person in Singapore.

Canada: This report is being distributed by ABG Sundal Collier ASA in Canada pursuant to section 8.25 of National Instrument 31-103 or an equivalent provision and has not been tailored to the needs of any specific investor in Canada. The information contained in this report is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering or an offer to sell the securities described herein, in Canada or any province or territory thereof. No securities commission or similar regulatory authority in Canada has reviewed or considered this report, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. Under no circumstances is this report to be construed as an offer to sell such securities or as a solicitation of an offer to buy such securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada may only be made in accordance with applicable securities laws and only by a dealer properly registered under such securities laws, or alternatively, pursuant to an applicable dealer registration exemption, in the Canadian jurisdiction in which such offer or sale is made.

This report may not be reproduced, distributed, or published by any recipient for any purpose whatsoever without the prior written express permission of ABG Sundal Collier.

Additional information available upon request. If reference is made in this report to other companies and ABG Sundal Collier provides research coverage for those companies, details regarding disclosures may be found on our website www.abgsc.com.

© Copyright 2025 ABG Sundal Collier ASA

Norway
Ruseløkkveien 26, 8th floor
0251 Oslo
Norway
Tel: +47 22 01 60 00
Fax: +47 22 01 60 60

Denmark
Forbindelsesvej 12,
2100 Copenhagen
Denmark
Tel: +45 35 46 61 00
Fax: +45 35 46 61 10

Sweden
Regeringsgatan 25, 8th floor
111 53 Stockholm
Sweden
Tel: +46 8 566 286 00
Fax: +46 8 566 286 01

United Kingdom
10 Paternoster Row, 5th floor
London EC4M 7EJ
UK
Tel: +44 20 7905 5600
Fax: +44 20 7905 5601

USA
140 Broadway, Suite 4604
New York, NY 10005
USA
Tel. +1 212 605 3800
Fax. +1 212 605 3801

Singapore
10 Collyer Quay
Ocean Financial Center
#40-07, Singapore 049315
Tel +65 6808 6082

Germany
Schillerstrasse 2, 5. OG
60313 Frankfurt
Germany
Tel +49 69 96 86 96 0
Fax +49 69 96 86 96 99

Switzerland
ABG Sundal Collier AG
Representative Office
Schwanenplatz 4
6004 Lucerne
Switzerland
Tel +41 79 502 33 39