

Arctic Paper

Difficulties continue

- Q2e: Clean paper EBIT of ~PLN 10m
- Challenging markets
- Fair value range of SEK 25-70

Q2e Paper EBIT of ~PLN 10m

We expect Q2 Paper EBIT of ~PLN 10m, down from PLN 12m in Q1'25. We expect volumes to show a decline, while lower realised prices will likely weigh on earnings. We expect lower Pulp EBIT q-o-q, driven by weaker demand and prices alongside continued high pulpwood costs. Hence, we expect Q2e group EBIT of ~PLN -18m vs. PLN -10m in Q1'25. We lower our FY'25e estimates mainly due to the weaker pulp market, but note that the FY'25e Paper EBIT also is down following softer demand and lower prices recently. Following weak profitability, Rottneros conducted a rights issue in Q2, and Arctic Paper has acquired 10m new shares in the subsidiary. Post-issue, Arctic holds 55% of the share capital in Rottneros.

Challenging markets

The pulp market has its short-term issues, and European prices are down ~10% since March, while Chinese prices are down ~15%. However, note that hardwood prices are already below the marginal producers' cash cost (typically not long-lasting). We see lower wood costs ahead. Prices are down -10% in Norway for H2, which is the first decline since prices more than doubled in the last 3y. Paper markets are helped by 9% supply cuts in '25-'26, but with slow demand, we see the utilisation rate reaching only 75-80% in '25e. We need +3mt more cuts (12%) to reach the historical average of ~88%. Note that paper prices fell 2% m-o-m in July. Price hikes were initially announced for Q2, but we understand that these hikes did not go through, as the market balance is soft.

Fair value range of SEK 25-70

The company is trading at an EV/CE multiple of ~0.6x and a '26e-'27e EV/EBIT ~15% below core peers. We apply three valuation methodologies, and arrive at a fair value range of SEK 25-70. The fair value range implies an EV/CE range of 0.4x-1.0x.

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PLNm	2023	2024	2025e	2026e	2027e
Sales	3,549	3,373	3,153	3,664	3,880
EBITDA	475	291	111	244	300
EBITDA margin (%)	13.4	8.6	3.5	6.7	7.7
EBIT adj.	357	142	-15	118	179
EBIT adj. margin (%)	10.1	4.2	-0.5	3.2	4.6
Pretax profit	341	157	-49	94	159
EPS	3.57	1.77	-0.18	0.88	1.50
EPS adj.	3.57	1.77	-0.18	0.88	1.50
Sales growth (%)	-27.5	-5.0	-6.5	16.2	5.9
EPS growth (%)	-60.8	-50.5	nm	nm	71.6

Source: ABG Sundal Collier, Company Data

Reason: Preview of results

Commissioned research

Not rated

Pulp & Paper

Estimate changes (%)

	2025e	2026e	2027e
Sales	-5.8	-1.8	-0.4
EBIT	nm	-35.7	-28.5
EPS	nm	-45.2	-35.1

Source: ABG Sundal Collier

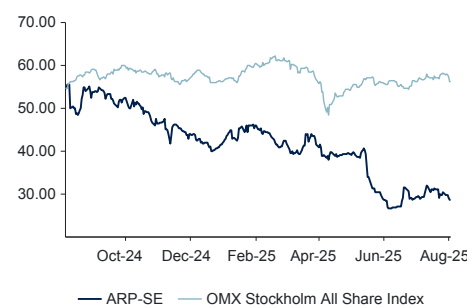
ARP-SE/ARP SS

Share price (SEK)	1/8/2025	29.60
Fair value range		25.0-70.0

MCap (SEKm)	2,021
MCap (EURm)	181
No. of shares (m)	69.3
Free float (%)	31.7
Av. daily volume (k)	14

Next event Q2 Report 12 August 2025

Performance



Disclosures and analyst certifications are located on pages 23-24 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	Q2'25e
Paper sales	949	1,043	770	723	567	591	581	701	573	562	576	579	551
Pulp sales	348	360	316	313	270	264	245	264	266	257	234	244	265
Total revenues	1,296	1,402	1,085	1,032	836	855	826	965	839	819	810	823	815
Gross profit	455	415	240	269	142	193	134	207	152	159	66	114	89
SG&A	-158	-157	-144	-123	-114	-107	-121	-156	-113	-116	-84	-124	-123
Other income	22	13	29	26	24	19	61	19	22	9	83	23	34
Other opex	-21	-11	-17	-17	-12	-10	-15	-16	-18	-4	-24	-23	-17
Paper EBITDA	231	213	121	113	50	97	120	113	45	49	46	33	29
Pulp EBITDA	103	93	18	75	21	30	-22	6	26	31	4	-10	-12
EBITDA	330	298	140	186	69	125	96	112	71	77	39	23	14
EBITDA margin	25%	21%	13%	18%	8%	15%	12%	12%	8%	9%	5%	3%	2%
D&A	-32	-39	-31	-30	-30	-29	-29	-28	-29	-30	-28	-33	-32
Paper EBIT	211	193	101	93	30	77	98	94	27	20	30	12	10
Pulp EBIT	91	74	8	66	12	21	-29	-3	15	22	-10	-23	-25
EBIT	298	260	109	156	39	95	67	84	42	48	11	-10	-18
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%	-2.2%
Net financials	4	83	2	-1	12	-11	-16	15	-10	-6	10	-18	-4
Pre-tax profit	302	342	111	154	51	84	51	99	32	41	21	-28	-22
Taxes	-48	-61	-37	-23	-4	-26	-16	-17	-8	-5	-2	4	5
Net income	254	282	75	132	47	58	35	82	25	37	19	-24	-17
Minorities	-38	-60	-2	-24	-7	-7	13	0	-7	-6	5	-10	-9
Net income to parent shareholders	216	222	73	108	40	52	48	82	18	31	24	-13	-8

Source: ABG Sundal Collier, Company data

Estimate changes

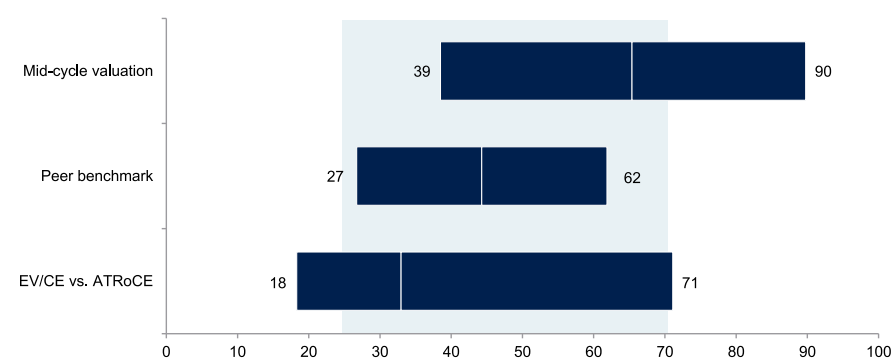
PLNm	OLD			NEW			Changes		
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Revenues	3,349	3,733	3,897	3,153	3,664	3,880	-6%	-2%	0%
Reported EBITDA	244	310	372	111	244	300	-55%	-21%	-19%
Paper EBITDA	196	229	287	140	171	220	-28%	-25%	-24%
Pulp EBITDA	56	91	101	-21	83	96	-138%	-9%	-4%
Reported EBIT	118	184	251	-15	118	179	-112%	-36%	-28%
Clean EBIT	118	184	251	-15	118	179	-112%	-36%	-28%
Pre-tax profit	84	159	230	-49	94	159	-158%	-41%	-31%
Net income	66	129	186	-42	76	128	-163%	-41%	-31%
EPS	0.92	1.60	2.31	-0.18	0.88	1.50	-119%	-45%	-35%
Key figures	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
EBITDA margin	11%	12%	14%	5%	9%	11%	-6%	-3%	-3%
EBIT margin	6%	7%	9%	-1%	5%	6%	-6%	-3%	-3%

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 ~0.6x. We estimate a fair value range of SEK 25-70 per share, implying an EV/CE range of 0.4x-1.0x.

Valuation summary

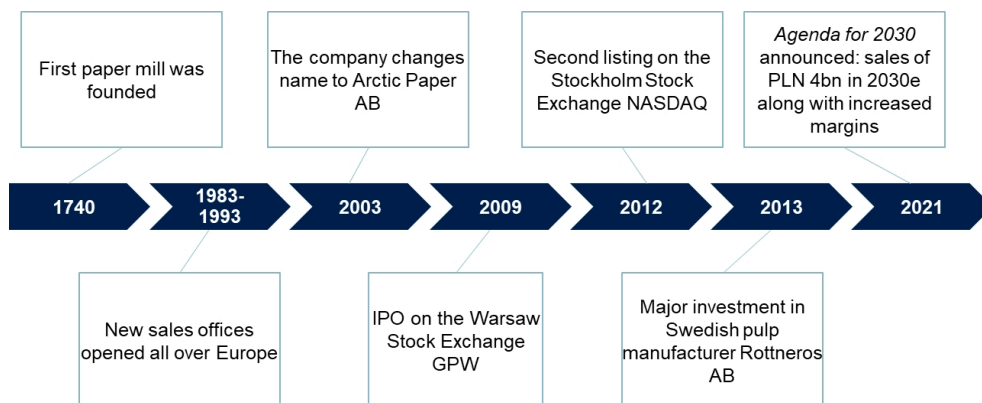


Source: ABG Sundal Collier, FactSet

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

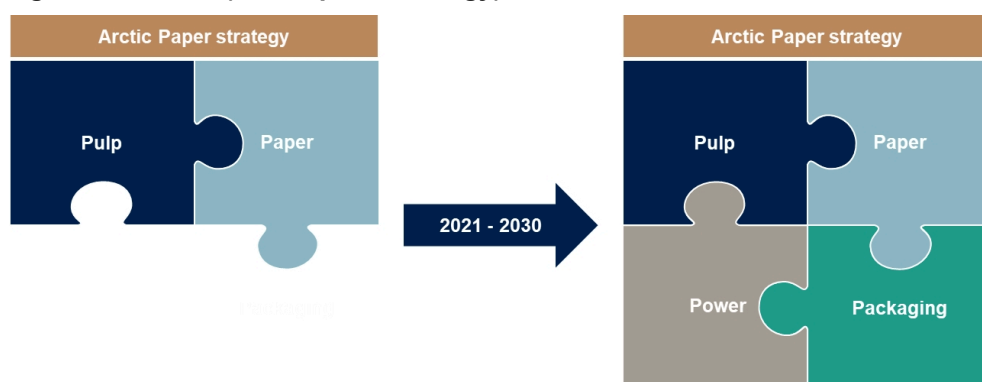


Source: ABG Sundal Collier, Company data.

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)



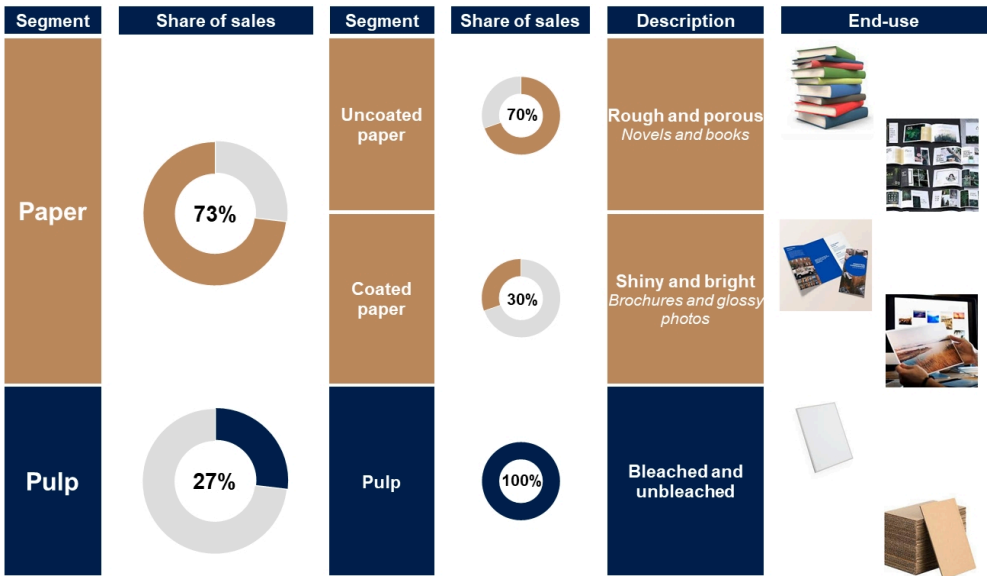
Source: ABG Sundal Collier, Arctic Paper

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.

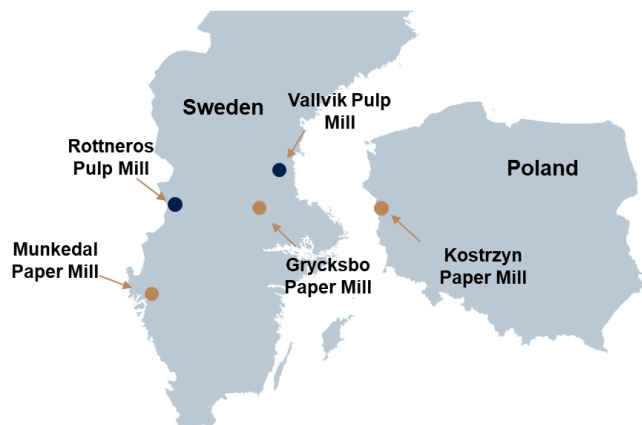
Arctic Paper Grycksbo produces coated graphical wood free paper under the brands G, Arctic and Arctic Volume. The mill has a capacity of ~220,000 tonnes/year (~25kt per year of premium production). Like Munkedals, Grycksbo is a non-integrated paper mill meaning that it uses dried pulp as the starting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

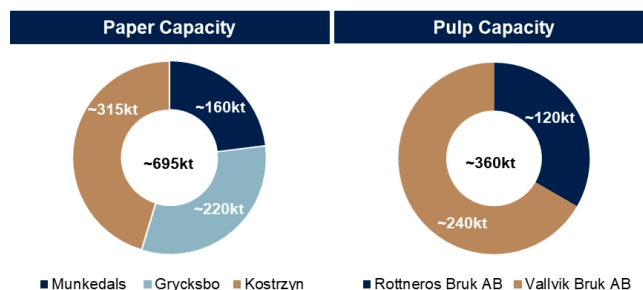
Rottneros Bruk develops and produces Chemi-Thermo-Mechanical Pulp (CTMP) with a capacity of ~120,000 tonnes/year. The capacity will increase to ~160,000 tonnes/year in 2024. Vallvik produces long-fibre chemical sulphate pulp with a capacity of ~240,000 tonnes/year. All external energy is sourced from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

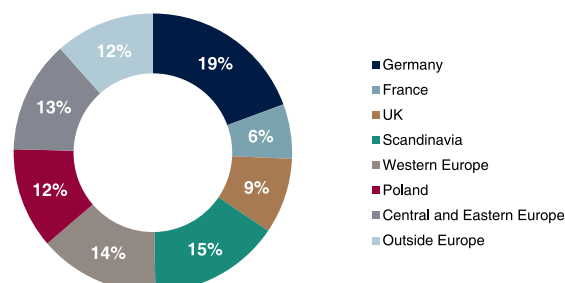
Arctic Paper divides its customers into direct and indirect buyers. The groups of direct and indirect buyers are the following: printing houses, wholesalers, publishers, advertising agencies and final buyers. Direct buyers are the customers buying paper straight from the Group's paper mills. Indirect 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.

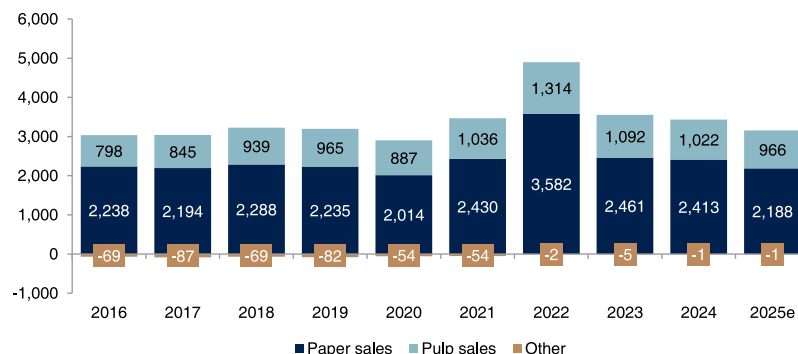
With the paper and pulp industry being highly energy intensive, investments in renewable energy are also a priority in the long-term strategy. With the ongoing decarbonisation of the European power generation sector and what seems to be a structural increase in electricity prices, the company believes 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.

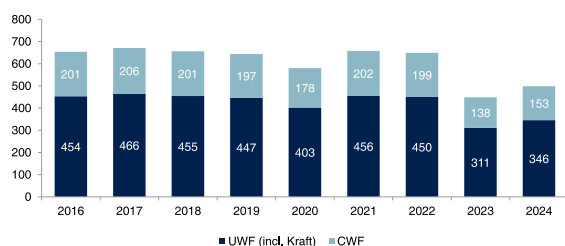
Revenue split (PLNm)



Source: ABG Sundal Collier, Company data.

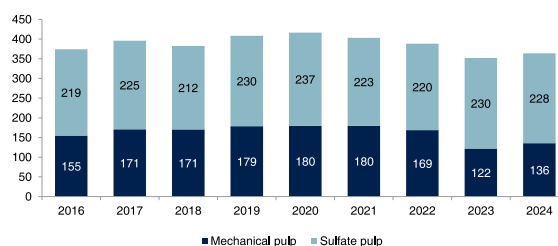
Presently, Arctic Paper's two key segments Paper and Pulp generate ~70% and ~30% of the company's total revenue, respectively. Paper and pulp sales are both dependent on commodity prices, and in years where prices are relatively high (e.g. '22), y-o-y growth is exceptional, while in years where prices 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)

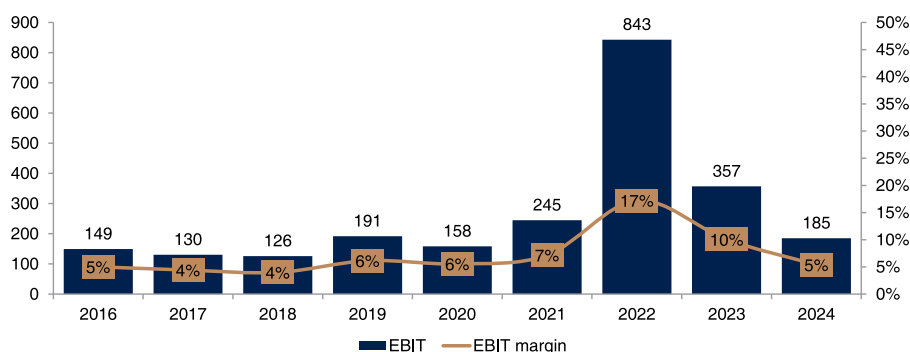


Source: ABG Sundal Collier, Company data.

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.

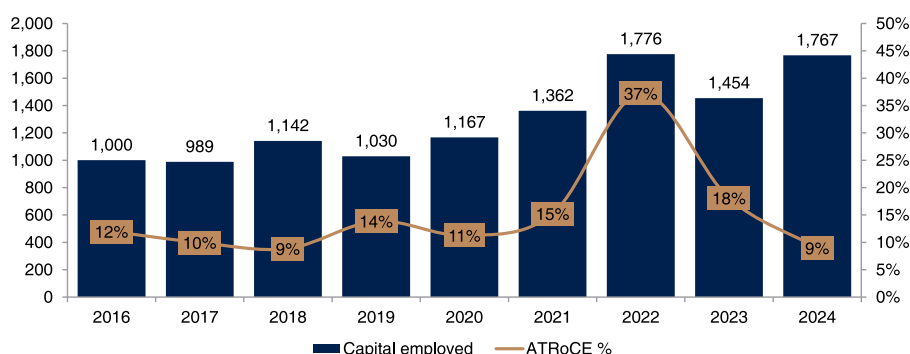
EBIT and EBIT margin (PLNm)



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)



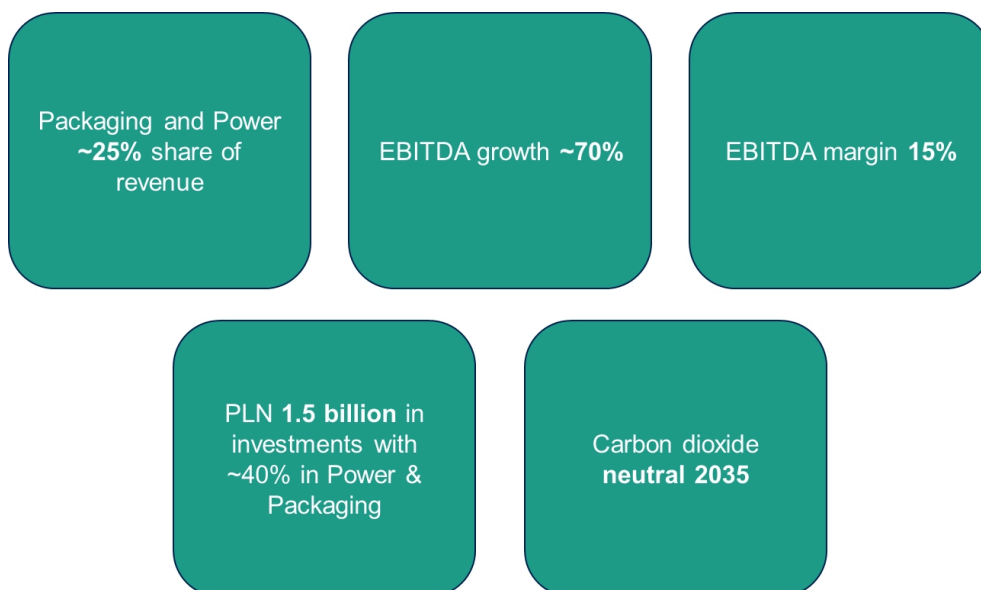
Source: ABG Sundal Collier, Company data.

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.

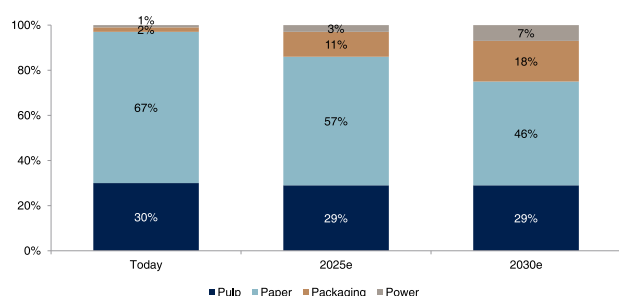
Financial targets



Source: ABG Sundal Collier, Company data.

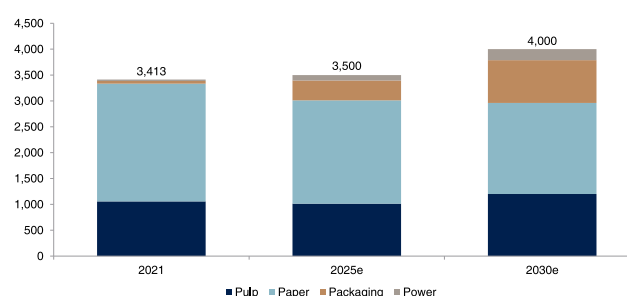
The financial targets, set forth in the *Agenda for 2030* strategy memorandum from October 2021, were based on known information at that time. 2022 was an exceptional year in many ways for Arctic Paper, as the company generated revenue of PLN ~4.9bn, exceeding the 2030e goal by more than 20%. However, 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

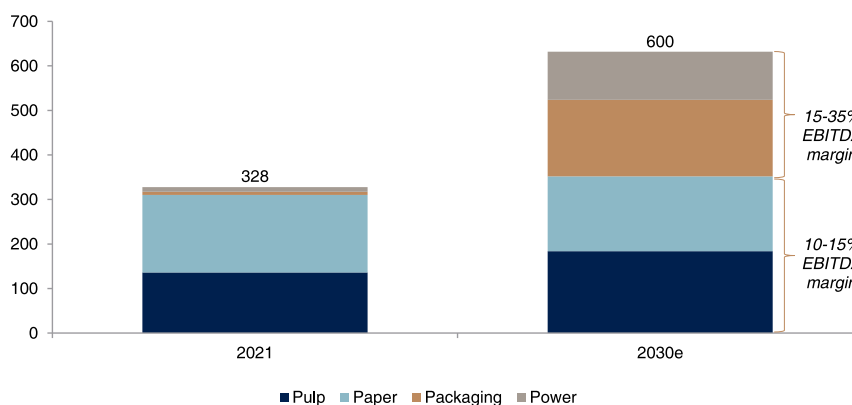
Several secular trends work in favour of the up-and-coming Packaging segment: (i) a growing e-commerce market that drives demand for packaging, (ii) a global shift from the use of plastic to the use of smart fibre-based packaging solutions, and (iii) a general demand for more sustainable packaging solutions. 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.

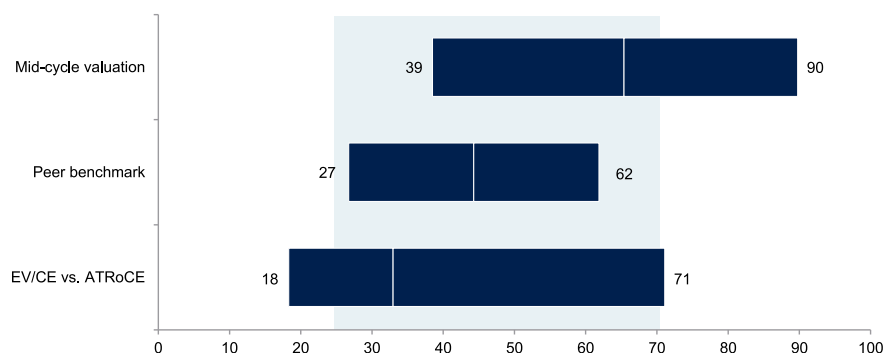
A structural change in the company's offering will not only diversify cash flow streams but also increase the company's profitability at a Group level. Arctic Paper estimates that the Pulp and Paper segments, together, earn a normalised EBITDA margin in the range of 10-15%. However, the Packaging and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

Valuation

Arctic Paper is currently trading at an EV/CE of ~0.6x. We estimate a fair value range of SEK 25-70 per share, implying an EV/CE range of 0.4x-1x. We arrive at this range based on a mid-cycle valuation given normalised earnings, traded peers and an EV/CE vs. ATRoCE benchmark.

We utilised three primary valuation methodologies to estimate the fair value range of 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 method is a benchmark of peers against Arctic Paper, and the third method 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.

Valuation summary



Source: ABG Sundal Collier, FactSet

Peer benchmark

The most comparable peers to Arctic Paper are the Nordic pulp & paper companies. These companies are exposed to pulp and paper prices and have a presence in the Nordics. However, we make a distinction within the Nordic pulp & paper peer group: namely between the companies that hold large forest assets and those that do not. Large forest asset owners include Holmen, SCA and Stora Enso, and they have somewhat different value drivers compared to the companies that do not own significant forest assets. Given that Arctic Paper does not own forest assets, we deem the most appropriate peer sub-group to consist of Billerud, Metsä Board, Norske Skog, UPM-Kymmene and Nordic Paper.

Arctic Paper is smaller than the average peer, but it is governed by similar business drivers, primarily commodity and energy prices. This can be observed by both Arctic Paper's and the peers' sales and earnings growth for the period '24-'27e.

Peers - Key financial metrics

Nordic pulp and paper peers		Sales (SEK)m	Growth	EBIT growth	EBIT margin	ATROCE
Company	Segments	2024	CAGR '24-'27e	CAGR '24-'27e	'25e-'27e	'25e-'27e
BillerudKorsnäs	Packaging, paper	43,453	1%	5%	5%	5%
Holmen	Forestry, paper, packaging, sawmills, energy	22,759	2%	5%	17%	5%
Metsä Board	Pulp, packaging	21,933	3%	44%	7%	5%
SCA	Forestry, pulp, packaging, sawmills	20,232	5%	8%	25%	4%
Norske Skog	Paper & packaging	10,790	7%		1%	2%
Stora Enso	Forestry, pulp, paper, packaging, sawmills	101,705	5%	19%	8%	5%
UPM	Forestry, pulp, paper, wood products, energy	117,226	1%	9%	12%	7%
Nordic Paper	Packaging papers	4,694	0%	-2%	12%	16%
Average		42,849	3%	13%	11%	6%
Average (large forest owners)		48,232	4%	11%	17%	4%
Average (excl. large forest owners)		39,619	2%	14%	8%	7%
Arctic Paper*	Pulp, paper, packaging, power	8,801	5%	0%	2%	4%

Source: ABG Sundal Collier, Company data, FactSet

Peer valuation

The entire peer group trades at a '25e-'27e EV/EBITDA of 9.8-6x. More specifically, large forest asset owners trade at a '25e-'27e EV/EBITDA of 9.9-7.8x, while the sub-group that is the most relevant to Arctic Paper trades at a '25e-'27e EV/EBITDA of 9.7-4.9x. On EV/CE multiples for '25e, large forest owners trade at 0.7x, while the sub-group trades at 0.9x

Based on our present estimates, Arctic Paper trades ~30% below its core peer group on '26e EV/EBITDA and ~40% below with respect to '25e EV/CE.

Peer valuation table

Nordic pulp and paper peers			EV/EBITDA			EV/EBIT			P/E			P/B	EV/CE
Company	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	
BillerudKorsnäs	5.9x	4.9x	4.4x	17.2x	11.0x	9.1x	22.5x	12.9x	10.8x	0.7x		0.8x	
Holmen	8.9x	8.1x	8.0x	12.2x	10.8x	10.6x	19.7x	17.3x	17.0x	0.7x		0.7x	
Metsä Board	16.8x	5.7x	4.1x	-45.3x	11.1x	6.6x	-24.1x	14.4x	8.1x	0.6x		0.6x	
SCA	13.1x	11.2x	10.3x	18.9x	15.3x	13.8x	24.9x	19.9x	17.9x	0.7x		0.8x	
Norske Skog	9.9x	7.7x	5.2x							0.3x		0.6x	
Stora Enso	7.8x	6.0x	5.2x	16.1x	10.5x	8.4x	22.8x	13.4x	10.5x	0.5x		0.7x	
UPM	10.0x	7.5x	6.4x	16.1x	10.9x	8.8x	17.1x	11.6x	9.0x	1.1x		1.1x	
Nordic Paper	6.0x	5.2x	4.2x	7.7x	6.7x	5.4x	8.8x	7.7x	6.9x	1.8x		1.5x	
Average	9.8x	7.0x	6.0x	6.1x	10.9x	9.0x	13.1x	13.9x	11.5x	0.8x		0.8x	
Average (large forest owners)	9.9x	8.4x	7.8x	15.7x	12.2x	10.9x	22.5x	16.9x	15.1x	0.7x		0.7x	
Average (excl. large forest owners)	9.7x	6.2x	4.9x	-1.1x	10.0x	7.5x	6.1x	11.7x	8.7x	0.9x		0.9x	
Arctic Paper*	9.7x	4.4x	3.4x	n.a	9.0x	5.7x	n.a	12.7x	7.4x	0.5x		0.6x	
vs. Core peers**	0%	-30%	-31%	n.a	-9%	-24%	n.a	9%	-15%	-43%		-39%	

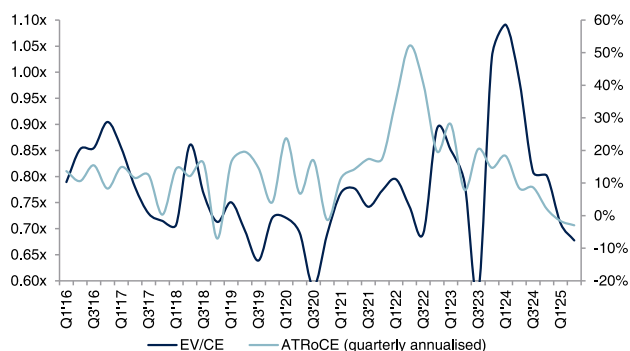
Source: ABG Sundal Collier, Company data, FactSet

Footnote: (*) ABGSC estimates. (**) Core peers are BillerudKorsnäs, Metsä Board, Norske Skog, UPM and Nordic Paper

EV/CE vs. ATRoCE

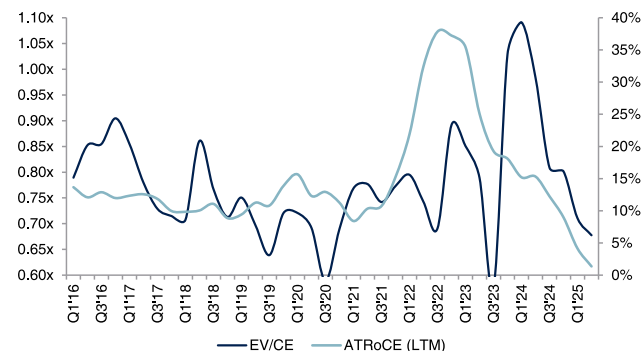
Arctic Paper is currently trading at an EV/CE of ~0.6x, which compares to the historical average of 0.8x. The company's after-tax return on capital employed (ATRoCE) in Q1'25 was -2% (vs. 2% in Q4'24), compared to the average of 15% since 2016 (12% ex. 2022).

EV/CE vs. ATRoCE (quarterly annualised)



Source: ABG Sundal Collier, Company data, FactSet

EV/CE vs. ATRoCE (LTM)



Source: ABG Sundal Collier, Company data, FactSet

By using a WACC of 10% and a weighted average structural growth rate of -2% (paper -3%, pulp +2%), we derive a fair EV/CE of ~1.5x using the historical five-year (2018-2023) ATRoCE of 17%. By using our ATRoCE estimate for '25e-'27e, we derive a fair EV/CE of ~0.3x. By using the Q1'25 capital employed of ~SEK 5bn, we arrive at a fair value range of SEK 11-90 per share, based on these two data points. By assuming the historical average EV/CE multiple of 0.8x, the fair value is ~SEK 45 per share. However, the methodology is sensitive to assumptions made regarding both cost of capital (WACC) and the return on capital employed. Therefore, we also include a sensitivity analysis to show a broader fair value range.

Valuation based on ATRoCE vs. EV/CE

ATRoCE vs. EV/CE	2018-2023	2025e-2027e	2025e-2027e
ATRoCE	17%	4%	4%
Implied EV/CE*	1.5x	0.3x	n.a.
Historical EV/CE	n.a.	n.a.	0.8x
CE (SEKm)**	5,058	5,058	5,058
Implied EV (SEKm)	7,345	1,558	3,953
Net debt (SEKm)**	381	381	381
Minority share Rottneros	-428	-428	-428
Implied equity value (SEKm)	6,536	749	3,144
Implied equity value (SEK/share)	94	11	45

*WACC 10%, growth -2%, ** Q1'25

Source: ABG Sundal Collier, Company data

Sensitivity - Avg. '25e-'27e ATRoCE and WACC

Sensitivity analysis		'25e-'27e ATRoCE				
WACC		3%	5%	7%	9%	11%
	8%	13	27	42	56	71
	9%	10	24	37	50	64
	10%	9	21	33	45	57
	11%	7	18	30	41	52
	12%	6	16	27	37	47

Source: ABG Sundal Collier

Mid-cycle valuation

2022 was an unprecedented year for Arctic Paper as energy hedges and a favourable cost position in the Nordics led to super profits amid surging product prices. Prices have now dropped, and a valuation based on the over-the-cycle earnings capacity is highly relevant. We believe Rottneros' mid-cycle EBITDA is SEK 345m-375m (PLN 130m-140m) and that the Paper over-the-cycle EBITDA is PLN 300m-325m. We arrive at a fair value range of SEK 60-65 per share based on the mid-cycle valuation methodology. However, we also include a broader range in the sensitivity table below to capture changes in mid-cycle EBITDA and uncertainty regarding the FCFF multiple, and that yields a range of SEK 40-90.

Mid-cycle valuation

Mid-cycle valuation	PLNm
EBITDA	440
Maintenance capex	-130
Tax	-62
FCFF	248
WACC	10%
Terminal growth	-2%
Implied FCFF multiple	8x
EV	2,067
Net debt	145
Market value minorities	165
Equity value	1,756
Equity value per share (PLN)	25
Equity value per share (SEK)	65

Source: ABG Sundal Collier

Sensitivity analysis

Sensitivity analysis		FCFF multiple				
EBITDA (PLNm)		6.0x	7.0x	8.3x	9.0x	10.0x
	470	49	59	73	80	90
	455	47	56	69	76	85
	440	44	53	65	72	81
	425	41	50	62	68	76
	410	39	47	58	64	72

Source: ABG Sundal Collier

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	3,373	3,153	3,664	3,880
COGS	-2,610	-2,532	-2,306	-2,705	-3,484	-2,811	-2,743	-2,730	-3,095	-3,226
Gross profit	549	586	542	708	1,411	738	630	424	569	654
Other operating items	-330	-307	-270	-380	-437	-263	-339	-313	-325	-354
EBITDA	219	278	271	328	974	475	291	111	244	300
Depreciation and amortisation	-93	-87	-113	-83	-131	-118	-119	-126	-126	-121
of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	126	191	158	245	843	357	172	-15	118	179
EO Items	0	0	0	0	0	0	30	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	126	191	158	245	843	357	172	-15	118	179
Net financial items	-37	-33	-36	-21	85	-16	-15	-34	-25	-21
Pretax profit	89	158	122	223	928	341	157	-49	94	159
Tax	-33	-33	-19	-47	-171	-69	-25	7	-18	-31
Net profit	56	125	104	176	757	272	132	-42	76	128
Minority interest	-48	-42	7	-49	-126	-25	-10	-10	-15	-24
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	8	83	111	127	631	247	122	-52	61	104
EPS	0.11	1.19	1.60	1.84	9.11	3.57	1.77	-0.18	0.88	1.50
EPS adj.	0.11	1.19	1.60	1.84	9.11	3.57	1.77	-0.18	0.88	1.50
Total extraordinary items after tax	0	0	0	0	0	0	30	0	0	0
Leasing payments	-24	-9	-11	-12	-7	-10	-9	-8	-8	-8
<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>15.8</i>	<i>14.0</i>	<i>19.4</i>	<i>19.4</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>18.7</i>	<i>13.4</i>	<i>15.5</i>	<i>16.9</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>8.6</i>	<i>3.5</i>	<i>6.7</i>	<i>7.7</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>5.1</i>	<i>-0.5</i>	<i>3.2</i>	<i>4.6</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>5.1</i>	<i>-0.5</i>	<i>3.2</i>	<i>4.6</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>4.6</i>	<i>-1.5</i>	<i>2.6</i>	<i>4.1</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>3.9</i>	<i>-1.3</i>	<i>2.1</i>	<i>3.3</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>-5.0</i>	<i>-6.5</i>	<i>16.2</i>	<i>5.9</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>-38.8</i>	<i>-61.9</i>	<i>120.3</i>	<i>22.9</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>-51.9</i>	<i>-108.6</i>	<i>-904.6</i>	<i>51.4</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>-51.9</i>	<i>-108.6</i>	<i>-904.6</i>	<i>51.4</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>-51.5</i>	<i>-131.8</i>	<i>-279.9</i>	<i>69.3</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>-50.5</i>	<i>nm</i>	<i>nm</i>	<i>71.6</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>8.5</i>	<i>-3.6</i>	<i>4.1</i>	<i>6.7</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>6.4</i>	<i>-3.6</i>	<i>4.1</i>	<i>6.7</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>8.9</i>	<i>-0.4</i>	<i>5.8</i>	<i>8.3</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>7.3</i>	<i>-0.4</i>	<i>5.8</i>	<i>8.3</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>9.6</i>	<i>-0.7</i>	<i>4.9</i>	<i>7.3</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>7.9</i>	<i>-0.7</i>	<i>4.9</i>	<i>7.3</i>
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	219	278	271	328	974	475	261	111	244	300
<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>7.7</i>	<i>3.5</i>	<i>6.7</i>	<i>7.7</i>
EBITDA lease adj.	195	269	261	316	967	465	252	102	236	292
<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>7.5</i>	<i>3.2</i>	<i>6.4</i>	<i>7.5</i>
EBITA adj.	126	191	158	245	843	357	142	-15	118	179
<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>4.2</i>	<i>-0.5</i>	<i>3.2</i>	<i>4.6</i>
EBIT adj.	126	191	158	245	843	357	142	-15	118	179
<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>4.2</i>	<i>-0.5</i>	<i>3.2</i>	<i>4.6</i>
Pretax profit Adj.	89	158	122	223	928	341	127	-49	94	159
Net profit Adj.	56	125	104	176	757	272	102	-42	76	128
Net profit to shareholders adj.	8	83	111	127	631	247	92	-52	61	104
<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>3.0</i>	<i>-1.3</i>	<i>2.1</i>	<i>3.3</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	291	111	244	300
Net financial items	-37	-33	-36	-21	85	-16	-15	-34	-25	-21
Paid tax	-5	-10	-12	-31	-65	-87	-46	-45	-18	-31
Non-cash items	17	6	34	-30	-229	31	34	-45	-25	-21
Cash flow before change in WC	194	241	258	245	764	403	264	-13	177	228
Change in working capital	-45	102	-46	-7	-157	68	-77	113	-0	0

Cash Flow (PLNm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Operating cash flow	149	342	211	238	607	471	187	101	177	228
Capex tangible fixed assets	-185	-122	-141	-160	-156	-147	-293	-269	-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	-106	-168	12	63
Dividend paid	-14	0	0	-21	-28	-187	-69	0	0	-18
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Leasing liability amortisation	-24	-9	-11	-12	-7	-10	-9	-8	-8	-8
Other non-cash items	-8	-134	-51	-4	83	-111	-18	-142	25	16
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	47	55	55	55
Tangible fixed assets	906	984	1,088	1,158	1,127	1,168	1,322	1,588	1,628	1,672
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	55	34	28	63	167	54	29	21	21	21
Fixed assets	1,038	1,081	1,195	1,302	1,372	1,292	1,405	1,672	1,712	1,756
Inventories	479	354	365	403	601	445	514	545	581	610
Receivables	366	302	298	403	503	415	451	443	507	565
Other current assets	73	33	24	114	296	70	51	74	82	88
Cash and liquid assets	201	266	256	168	482	500	364	204	232	285
Total assets	2,156	2,036	2,137	2,389	3,254	2,723	2,786	2,938	3,113	3,302
Shareholders equity	577	607	750	912	1,588	1,443	1,443	1,462	1,514	1,592
Minority	285	264	283	331	465	358	327	311	326	345
Total equity	861	871	1,033	1,243	2,052	1,802	1,769	1,773	1,840	1,937
Long-term debt	250	263	241	190	162	104	124	98	98	98
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	142	144	144	144
Short-term debt	232	162	148	97	43	49	103	278	278	278
Accounts payable	517	435	379	507	551	448	529	538	631	711
Other current liabilities	105	91	111	119	212	145	118	108	122	135
Total liabilities and equity	2,156	2,036	2,137	2,389	3,254	2,723	2,786	2,938	3,113	3,302
Net IB debt	227	127	108	56	-443	-402	-165	151	123	71
Net IB debt excl. pension debt	227	127	108	56	-443	-402	-165	151	123	71
Net IB debt excl. leasing	227	127	108	56	-443	-402	-165	151	123	71
Capital employed	1,343	1,295	1,423	1,530	2,258	1,954	1,996	2,148	2,216	2,313
Capital invested	1,088	997	1,141	1,299	1,609	1,400	1,604	1,924	1,963	2,008
Working capital	296	162	196	294	637	337	369	416	416	416
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	783	783	783	783	783	783	783	783	783	783
Net IB debt adj.	281	159	134	119	-276	-348	-137	172	144	91
Market value of minority	285	264	283	331	465	358	327	311	326	345
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
EV	1,349	1,206	1,200	1,233	972	794	973	1,266	1,253	1,220
Total assets turnover (%)	156.2	148.7	136.5	150.8	173.4	118.7	122.5	110.2	121.1	121.0
Working capital/sales (%)	8.0	7.3	6.3	7.2	9.5	13.7	10.5	12.4	11.4	10.7
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	26.4	14.6	10.5	4.5	-21.6	-22.3	-9.3	8.5	6.7	3.6
Net debt / market cap (%)	29.0	16.2	13.8	7.2	-56.6	-51.3	-21.1	19.3	15.7	9.0
Equity ratio (%)	39.9	42.8	48.3	52.0	63.1	66.2	63.5	60.3	59.1	58.7
Net IB debt adj. / equity (%)	32.6	18.3	13.0	9.6	-13.5	-19.3	-7.7	9.7	7.8	4.7
Current ratio	1.31	1.39	1.47	1.51	2.33	2.23	1.84	1.37	1.36	1.38
EBITDA/net interest	5.9	8.3	7.6	15.3	11.5	29.4	19.5	3.2	9.9	14.6
Net IB debt/EBITDA (x)	1.0	0.5	0.4	0.2	-0.5	-0.8	-0.6	1.4	0.5	0.2
Net IB debt/EBITDA lease adj. (x)	1.4	0.6	0.5	0.4	-0.3	-0.7	-0.5	1.7	0.6	0.3
Interest coverage	3.3	5.6	4.3	10.0	114.5	11.9	9.7	0.2	3.9	6.6

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	0.53	0.00	0.26	0.45
Reported earnings per share	0.11	1.19	1.60	1.84	9.11	3.57	1.77	-0.18	0.88	1.50

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	1.77	-0.18	0.88	1.50
Dividend per share	0.20	0.00	0.30	0.40	2.70	1.07	0.53	0.00	0.26	0.45
EPS adj.	0.11	1.19	1.60	1.84	9.11	3.57	1.77	-0.18	0.88	1.50
BVPS	8.32	8.76	10.82	13.16	22.91	20.83	20.82	21.10	21.85	22.97
BVPS adj.	7.22	7.85	9.70	12.00	21.79	19.82	20.03	20.18	20.94	22.06
Net IB debt/share	4.05	2.29	1.93	1.72	-3.99	-5.02	-1.98	2.48	2.08	1.31
Share price	29.60	29.60	29.60	29.60	29.60	29.60	29.60	29.60	29.60	29.60
Market cap. (m)	783	783	783	783	783	783	783	783	783	783
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	nm	9.5	7.1	6.2	1.2	3.2	6.4	nm	12.9	7.5
EV/sales (x)	0.4	0.4	0.4	0.4	0.2	0.2	0.3	0.4	0.3	0.3
EV/EBITDA (x)	6.2	4.3	4.4	3.8	1.0	1.7	3.3	11.4	5.1	4.1
EV/EBITA (x)	10.7	6.3	7.6	5.0	1.2	2.2	5.7	-86.1	10.6	6.8
EV/EBIT (x)	10.7	6.3	7.6	5.0	1.2	2.2	5.7	-86.1	10.6	6.8
Dividend yield (%)	1.8	0.0	2.7	3.5	23.9	9.5	4.7	0.0	2.3	4.0
FCF yield (%)	-4.7	28.1	9.0	10.0	57.6	41.4	-13.5	-21.5	1.5	8.1
Le. adj. FCF yld. (%)	-7.7	27.0	7.6	8.5	56.8	40.2	-14.7	-22.5	0.4	7.0
P/BVPS (x)	1.36	1.29	1.04	0.86	0.49	0.54	0.54	0.54	0.52	0.49
P/BVPS adj. (x)	1.38	1.31	1.06	0.87	0.50	0.55	0.55	0.54	0.52	0.49
P/E adj. (x)	nm	9.5	7.1	6.2	1.2	3.2	6.4	nm	12.9	7.5
EV/EBITDA adj. (x)	6.2	4.3	4.4	3.8	1.0	1.7	3.7	11.4	5.1	4.1
EV/EBITA adj. (x)	10.7	6.3	7.6	5.0	1.2	2.2	6.9	-86.1	10.6	6.8
EV/EBIT adj. (x)	10.7	6.3	7.6	5.0	1.2	2.2	6.9	-86.1	10.6	6.8
EV/CE (x)	1.0	0.9	0.8	0.8	0.4	0.4	0.5	0.6	0.6	0.5
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	5.9	3.9	5.0	4.7	3.2	4.1	8.7	8.5	4.5	4.3
Capex/depreciation	2.0	1.4	1.2	1.9	1.2	1.2	2.5	2.1	1.3	1.4
Capex tangibles / tangible fixed assets	20.4	12.4	13.0	13.8	13.8	12.6	22.2	16.9	10.1	9.9
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	9.0	7.9	7.7	7.2

Source: ABG Sundal Collier, Company Data

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