Arctic Paper

Reason: Post-results comment

Still waiting for warmer markets

- Q3 paper EBIT of PLN -14m
- Pulp prices down, while paper remains challenging
- Fair value range of SEK 14-50

Q3 paper EBIT of PLN -14m

Paper EBIT was PLN -14m (ABGSCe PLN -15m), with paper sales broadly in line at PLN 522m and up 2% q-o-q. Group EBIT was PLN -29m vs. ABGSCe PLN -13m. The results were hit by subdued demand and higher input costs from the Middle East conflict, while the price hikes meant to offset these fell short from price competition. Paper EBITDA was PLN 10m (ABGSCe PLN 8m) and group EBITDA PLN 10m. Pulp benefited from FX and lower pulpwood costs, partly offset by higher energy costs. Arctic Paper's new US sales office is supporting growth, targeting 5-10% of paper sales from North America within the next few years. A new workforce reduction programme targets PLN 18m in annual savings in '27-'28. Capex will remain reduced, focused on completing ongoing projects. Lower pulpwood prices should further support profitability (lag into P&L), but with demand soft and visibility limited. Due to ~PLN 34m in energy refunds we forecast Q4 paper EBIT of PLN 28m.

Pulp prices down, while paper remains challenging

Pulp looks to have peaked for now: Chinese integrated capacity caps the upside once prices clear cash cost (USD 605/t), and Asian HW is up 16% vs. H2'25 (USD 585/t). European pulp prices have fallen since June, following Chinese pulp futures (HW -7%, SW -2%). Wood prices are falling across Scandinavia (-15-30%). This effect comes with a lag into the P&L. Paper markets are helped by 4-7% supply cuts, but slow demand leaves utilisation at 77%. We need +3mt more in cuts to reach the historical average of ~89%. Note that the UPM JV with Sappi could fix the paper market balance.

Fair value range of SEK 14-50

The company is trading at an EV/CE multiple of ~0.41x, which is ~50% below its historical average. We have applied three valuation methodologies (see p. 3), and arrive at a fair value range of SEK 14-50.

Commissioned research

Not rated

Pulp & Paper

Estimate changes (%)

	2026e	2027e	2028e
Sales	0.5	2.3	2.3
EBIT	12.8	0.8	0.9
EPS	19.3	0.7	2.8

Source: ABG Sundal Collier

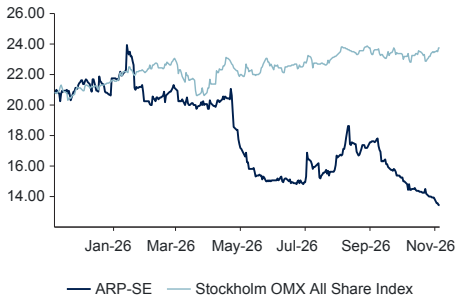
ARP-SE/ARP SS

Share price (SEK)	4/11/2026	13.54
Fair value range		14.0-50.0

MCap (SEKm)	964
MCap (EURm)	88
No. of shares (m)	69.3
Free float (%)	32.6
Av. daily volume (k)	14

Next event Q4 report 19 February 2027

Performance



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PLNm	2024	2025	2026e	2027e	2028e
Sales	3,434	3,197	3,041	3,343	3,408
EBITDA	299	28	79	216	246
EBITDA margin (%)	8.7	0.9	2.6	6.5	7.2
EBIT adj.	185	-152	-109	68	103
EBIT adj. margin (%)	5.4	-4.8	-3.6	2.0	3.0
Pretax profit	193	-204	-79	40	79
EPS	2.23	-1.44	-0.86	0.33	0.68
EPS adj.	2.23	-1.44	-0.86	0.33	0.68
Sales growth (%)	-3.2	-6.9	-4.9	9.9	1.9
EPS growth (%)	-37.5	nm	-40.1	nm	nm

Source: ABG Sundal Collier, Company Data

	2026e	2027e	2028e
P/E (x)	nm	16.5	8.0
P/E adj. (x)	nm	16.5	8.0
P/BVPS (x)	0.27	0.27	0.27
EV/EBITDA (x)	12.0	4.4	3.9
EV/EBIT adj. (x)	-8.7	14.1	9.3
EV/sales (x)	0.31	0.29	0.28
ROE adj. (%)	-9.3	3.1	5.7
Dividend yield (%)	0.0	1.8	3.8
FCF yield (%)	-44.7	-11.5	-3.9
Le. adj. FCF yld. (%)	-46.2	-12.7	-5.1
Net IB debt/EBITDA (x)	3.5	1.3	1.1
Le. adj. ND/EBITDA (x)	7.7	1.5	1.3

Disclosures and analyst certifications are located on pages 18-19 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

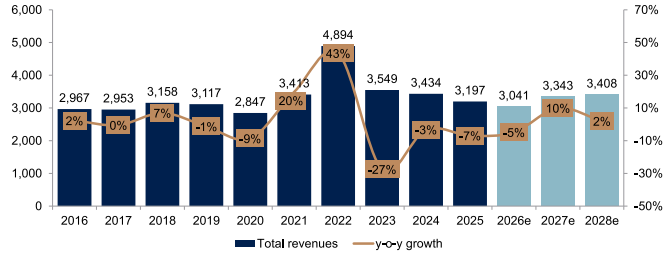
Arctic Paper is a paper production company focusing on high quality coated and uncoated paper products. The company currently consist of three paper mills and five brands: Amber, Arctic, Arctic Volume, Munken and G. With a majority ownership of the Rottneros AB Group, the company complements their product 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

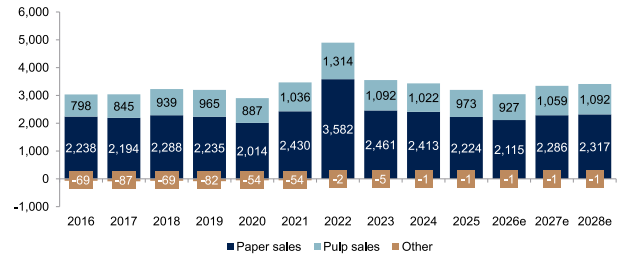
Key risks include: (i) cyclicality of both pulp and paper demand, (ii) Arctic Paper's net short position on pulp, pulpwood, energy and chemicals prices, (iii) a structural decline in paper demand, (iv) potential losses stemming from hedging against electricity and pulp prices and (v) production facility-related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

Revenue and growth (PLNm)



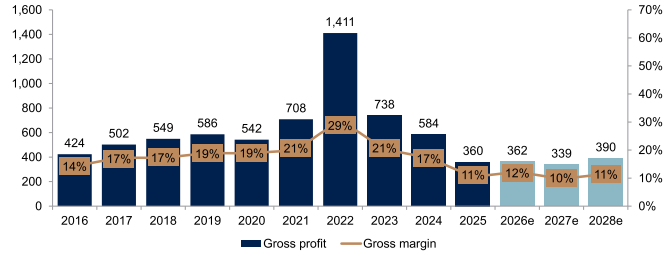
Source: ABG Sundal Collier, Company data.

Revenue split (PLNm)



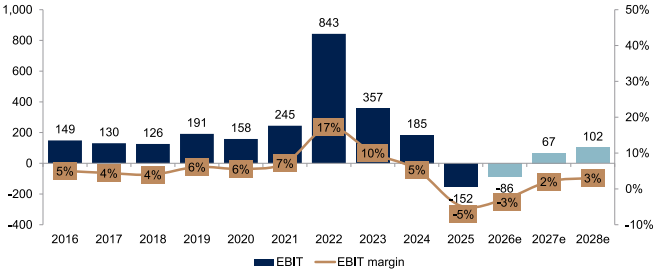
Source: ABG Sundal Collier, Company data.

Gross profit and margin (PLNm)



Source: ABG Sundal Collier, Company data.

EBIT and margin (PLNm)



Source: ABG Sundal Collier, Company data.

Estimate changes

Estimate changes

	OLD			NEW			Changes		
PLNm	2026	2027	2028	2026	2027	2028	2026	2027	2028
Revenues	**3,027**	**3,269**	**3,331**	**3,041**	**3,343**	**3,408**	**0%**	**2%**	**2%**
Reported EBITDA	**66**	**214**	**242**	**79**	**216**	**246**	**20%**	**1%**	**1%**
Paper EBITDA	54	147	176	76	160	185	42%	9%	5%
Pulp EBITDA	16	75	80	16	75	85	-1%	1%	6%
Reported EBIT	**-86**	**67**	**102**	**-75**	**68**	**103**	**13%**	**1%**	**1%**
Clean EBIT	**-86**	**67**	**102**	**-109**	**68**	**103**	**-27%**	**1%**	**1%**
EPS	**-1.07**	**0.33**	**0.66**	**-0.86**	**0.33**	**0.68**	**19%**	**1%**	**3%**

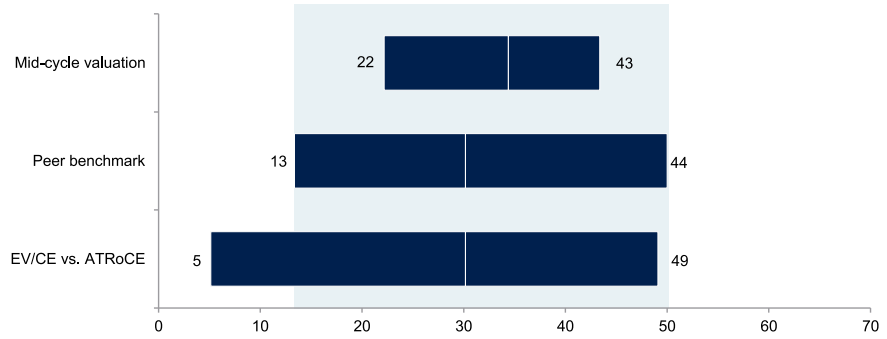
Key figures	2026	2027	2028	2026	2027	2028	2026	2027	2028
EBITDA margin	2%	6%	7%	3%	6%	7%	0.1%	0.0%	-0.1%
EBIT margin	-2%	2%	3%	-4%	2%	3%	-1.2%	0.0%	0.0%

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 ~0.41x. Based on our mid-cycle assumptions, we estimate a fair value range of SEK 14-50 per share.

Valuation summary

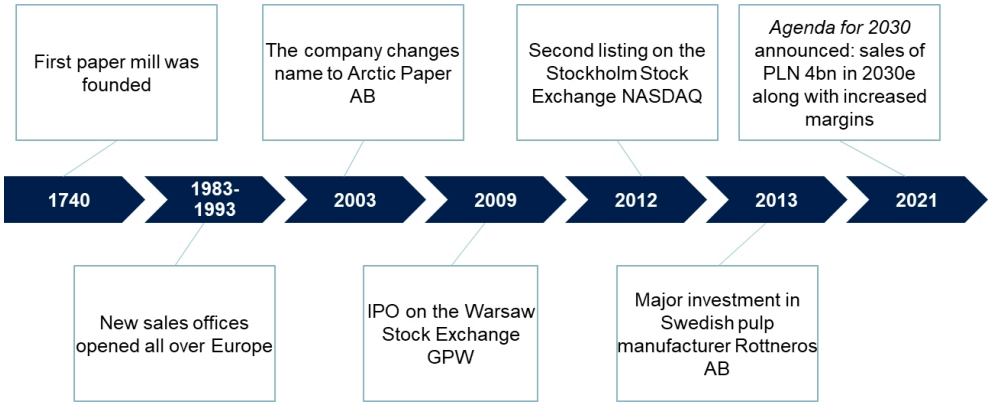


Source: ABG Sundal Collier, FactSet

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

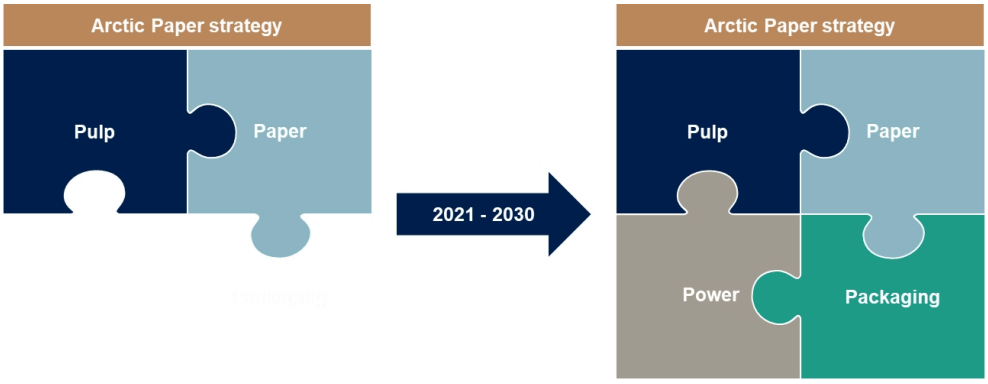


Source: ABG Sundal Collier, Company data.

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)



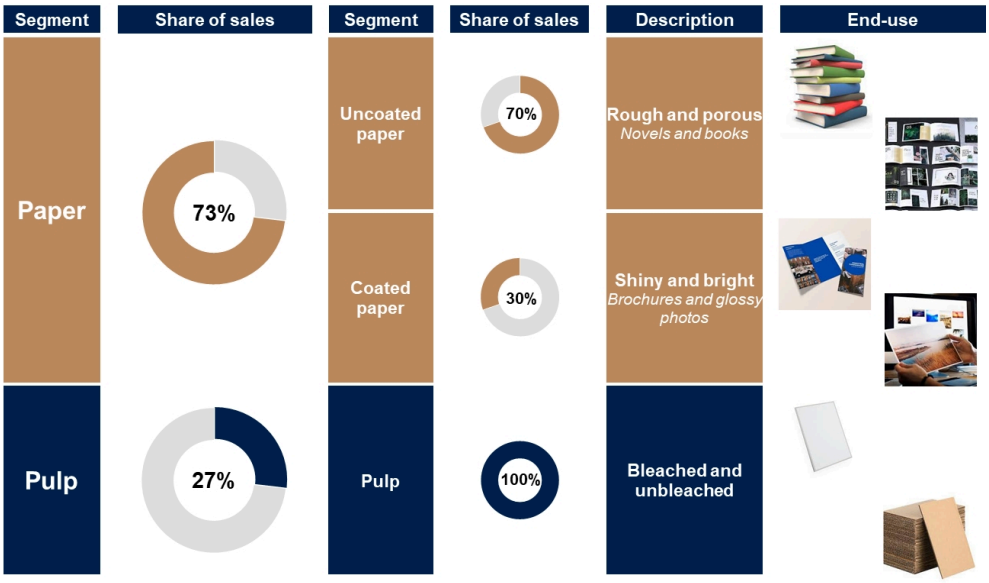
Source: ABG Sundal Collier, Arctic Paper

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.

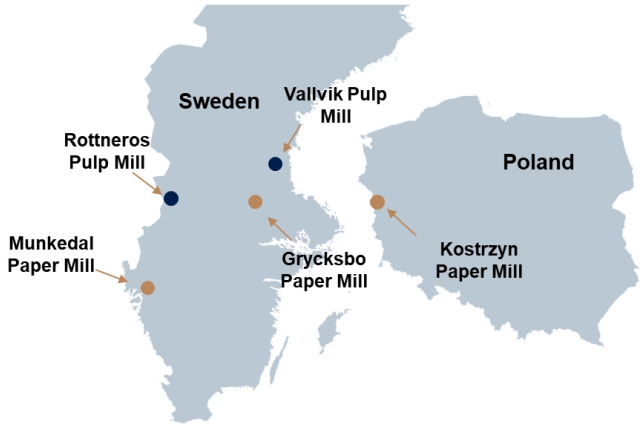
Arctic Paper Grycksbo produces coated graphical wood free paper under the brands G, Arctic and Arctic Volume. The mill has a capacity of ~220,000 tonnes/year (~25kt per year of premium production). Like Munkedals, Grycksbo is a non-integrated paper mill meaning that it uses dried pulp as the starting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

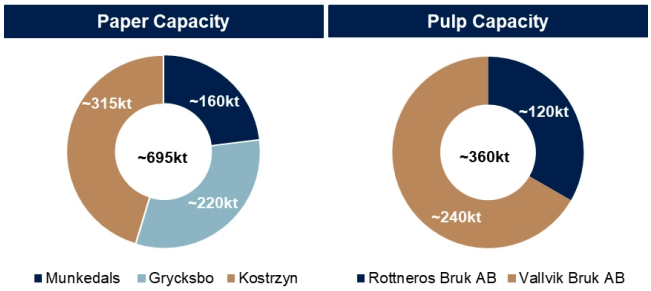
Rottneros Bruk develops and produces Chemi-Thermo-Mechanical Pulp (CTMP) with a capacity of ~120,000 tonnes/year. The capacity will increase to ~160,000 tonnes/year in 2024. Vallvik produces long-fibre chemical sulphate pulp with a capacity of ~240,000 tonnes/year. All external energy is sourced from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

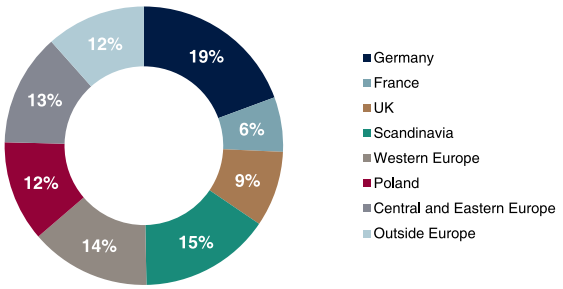
Arctic Paper divides its customers into direct and indirect buyers. The groups of direct and indirect buyers are the following: printing houses, wholesalers, publishers, advertising agencies and final buyers. Direct buyers are the customers buying paper straight from the Group's paper mills. Indirect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

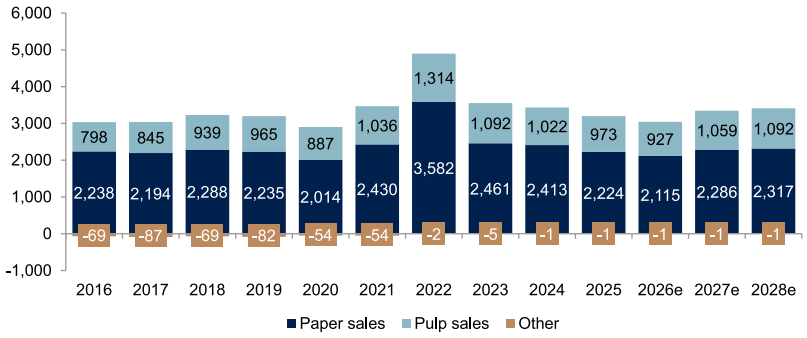
With the paper and pulp industry being highly energy intensive, investments in renewable energy are also a priority in the long-term strategy. With the ongoing decarbonisation of the European power generation sector and what seems to be a structural increase in electricity prices, the company believes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

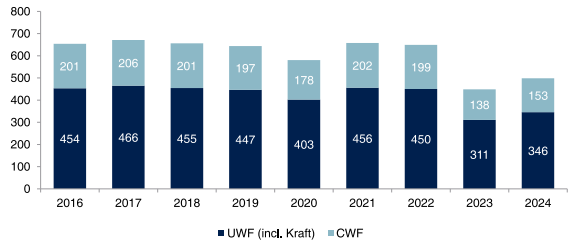
Revenue split (PLNm)



Source: ABG Sundal Collier, Company data.

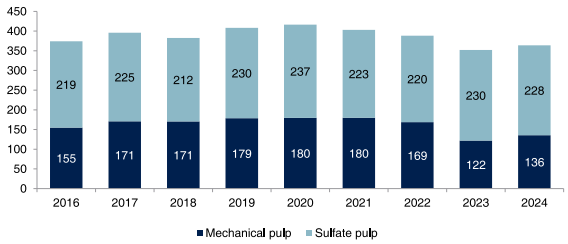
Presently, Arctic Paper's two key segments Paper and Pulp generate ~70% and ~30% of the company's total revenue, respectively. Paper and pulp sales are both dependent on commodity prices, and in years where prices are relatively high (e.g. '22), y-o-y growth is exceptional, while in years where prices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

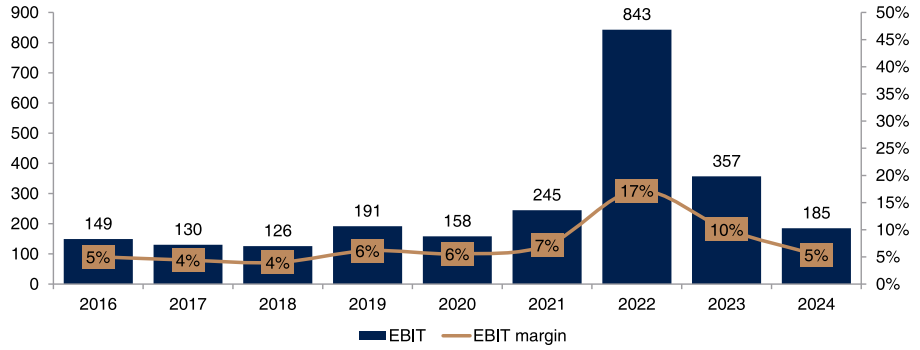


Source: ABG Sundal Collier, Company data.

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.

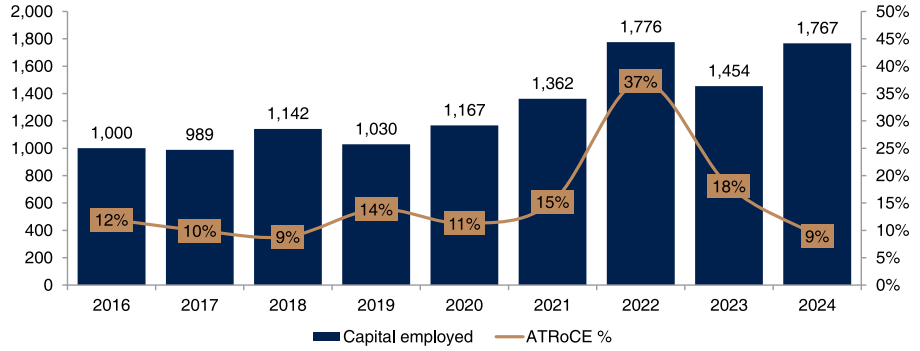
EBIT and EBIT margin (PLNm)



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)



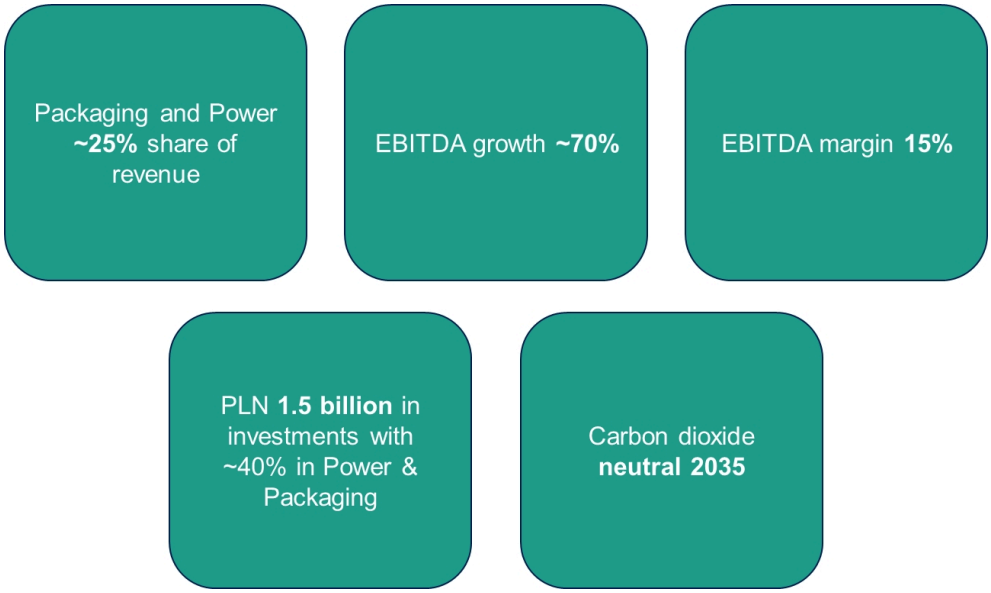
Source: ABG Sundal Collier, Company data.

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 excepts the total investments between 2022 and 2030 to be 1.5 billion PLN, with ~40% entering the new business areas.

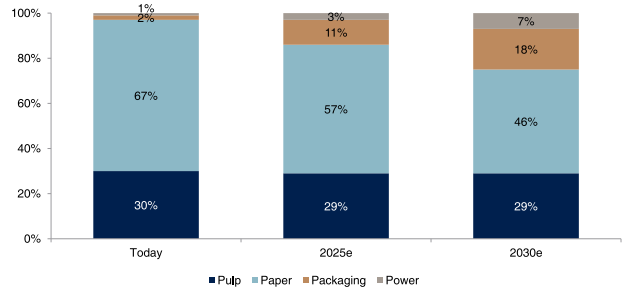
Financial targets



Source: ABG Sundal Collier, Company data.

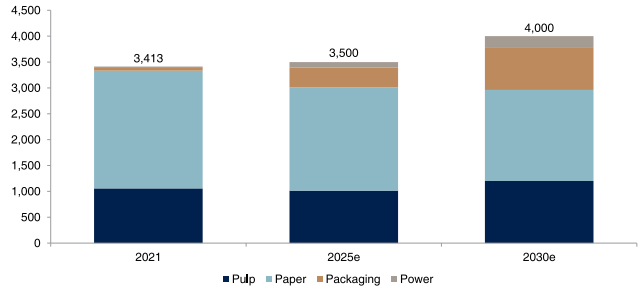
The financial targets, set forth in the *Agenda for 2030* strategy memorandum from October 2021, were based on known information at that time. 2022 was an exceptional year in many ways for Arctic Paper, as the company generated revenue of PLN ~4.9bn, exceeding the 2030e goal by more than 20%. However,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

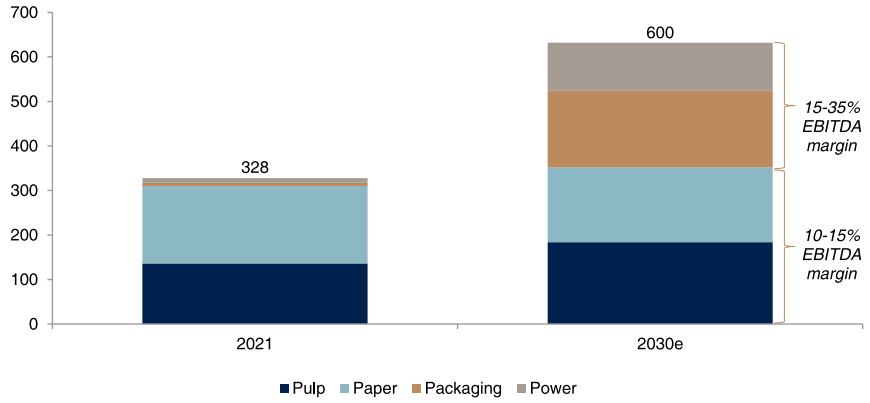
Several secular trends work in favour of the up-and-coming Packaging segment: (i) a growing e-commerce market that drives demand for packaging, (ii) a global shift from the use of plastic to the use of smart fibre-based packaging solutions, and (iii) a general demand for more sustainable packaging solutions.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

	**Michal 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 Umur 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: -**
	**Mats Frostne** Group HR & Communications Director	More than 18 years of experience within HR from amongst other Lindkvist & Partners, Stena Metall, and Royal Canin before joining Arctic Paper. M.Sc. In Organizational Psychology from University of Gothenburg **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	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 M.Sc. in Chemical Engineering and Paper Technology from Chalmers University **Holdings in Arctic Paper incl. related parties: -**
	**Roger Mattsson** Deputy Chairman of the Supervisory Board	Former Group Finance Controller at Arctic Paper. Currently chairman of the board for Nemus Holding AB and Munkedal Skog AB. M.Sc. in Business Administration and Economics from University of Gothenburg **Holdings in Arctic Paper incl. related parties: -**
	**Thomas Onstad** Member of the Supervisory Board	Founder of Nemus Holding AB, the majority owner of the Arctic Paper Group Graduate of London School of Foreign trade **Holdings in Arctic Paper incl. related parties: 47,205,107 shares**
	**Zofia Dzik** Member of the Supervisory Board	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. MBA from Manchester Business School. Executive Leadership Programs at Stanford University and INSEAD Business School. **Holdings in Arctic Paper incl. related parties: -**
	**Anna Jakubowski** Member of the Supervisory Board	Experience as Sales Manager and Business Development Manager at Procter and Gamble. Former General Manager at the Coca-Cola Company and Avon Bachelor of Business and Administration from Wilfrid Laurier University, Waterloo, Ont. Canada **Holdings in Arctic Paper incl. related parties: -**

Source: ABG Sundal Collier, Company data

Income Statement (PLNm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Sales	3,117	2,847	3,413	4,894	3,549	3,434	3,197	3,041	3,343	3,408
COGS	-2,532	-2,306	-2,705	-3,484	-2,811	-2,850	-2,966	-2,679	-3,005	-3,018
Gross profit	586	542	708	1,411	738	584	231	362	339	390
Other operating items	-307	-270	-380	-437	-263	-285	-202	-283	-122	-144
EBITDA	**278**	**271**	**328**	**974**	**475**	**299**	**28**	**79**	**216**	**246**
Depreciation and amortisation	-87	-113	-83	-131	-118	-114	-190	-153	-148	-143
of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	**191**	**158**	**245**	**843**	**357**	**185**	**-166**	**-75**	**68**	**103**
EO Items	0	0	0	0	0	0	-14	34	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	**191**	**158**	**245**	**843**	**357**	**185**	**-166**	**-75**	**68**	**103**
Net financial items	-33	-36	-21	85	-16	8	-38	-4	-28	-24
Pretax profit	**158**	**122**	**223**	**928**	**341**	**193**	**-204**	**-79**	**40**	**79**
Tax	-33	-19	-47	-171	-69	-31	40	-1	-8	-15
Net profit	**125**	**104**	**176**	**757**	**272**	**162**	**-163**	**-80**	**33**	**64**
Minority interest	-42	7	-49	-126	-25	-7	-75	-20	10	16
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	**83**	**111**	**127**	**631**	**247**	**154**	**-238**	**-100**	**43**	**80**
EPS	1.19	1.60	1.84	9.11	3.57	2.23	-1.44	-0.86	0.33	0.68
EPS adj.	1.19	1.60	1.84	9.11	3.57	2.23	-1.44	-0.86	0.33	0.68
Total extraordinary items after tax	0	0	0	0	0	0	-14	34	0	0
Leasing payments	-9	-11	-12	-7	-10	-9	-6	-6	-5	-5
Tax rate (%)	*21.1*	*15.3*	*21.2*	*18.4*	*20.1*	*16.2*	*19.8*	*-1.8*	*19.0*	*19.2*
Gross margin (%)	*18.8*	*19.0*	*20.7*	*28.8*	*20.8*	*17.0*	*7.2*	*11.9*	*10.1*	*11.4*
EBITDA margin (%)	*8.9*	*9.5*	*9.6*	*19.9*	*13.4*	*8.7*	*0.9*	*2.6*	*6.5*	*7.2*
EBITA margin (%)	*6.1*	*5.6*	*7.2*	*17.2*	*10.1*	*5.4*	*-5.2*	*-2.5*	*2.0*	*3.0*
EBIT margin (%)	*6.1*	*5.6*	*7.2*	*17.2*	*10.1*	*5.4*	*-5.2*	*-2.5*	*2.0*	*3.0*
Pre-tax margin (%)	*5.1*	*4.3*	*6.5*	*19.0*	*9.6*	*5.6*	*-6.4*	*-2.6*	*1.2*	*2.3*
Net margin (%)	*4.0*	*3.6*	*5.2*	*15.5*	*7.7*	*4.7*	*-5.1*	*-2.6*	*1.0*	*1.9*
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	*-1.3*	*-8.7*	*19.8*	*43.4*	*-27.5*	*-3.2*	*-6.9*	*-4.9*	*9.9*	*1.9*
EBITDA growth (%)	*27.1*	*-2.4*	*20.8*	*197.2*	*-51.2*	*-37.1*	*-90.5*	*178.8*	*174.3*	*13.6*
EBITA growth (%)	*51.9*	*-17.3*	*54.6*	*244.7*	*-57.7*	*-48.1*	*-189.7*	*-55.1*	*-191.1*	*51.6*
EBIT growth (%)	*51.9*	*-17.3*	*54.6*	*nm*	*-57.7*	*-48.1*	*-189.7*	*-55.1*	*-191.1*	*51.6*
Net profit growth (%)	*123.4*	*-16.9*	*69.8*	*330.2*	*-64.1*	*-40.5*	*-200.8*	*-51.0*	*-140.9*	*94.5*
EPS growth (%)	*nm*	*34.3*	*14.5*	*nm*	*-60.8*	*-37.5*	*nm*	*-40.1*	*nm*	*nm*
Profitability	-	-	-	-	-	-	-	-	-	-
ROE (%)	*14.0*	*16.4*	*15.3*	*50.5*	*16.3*	*10.7*	*-16.0*	*-6.9*	*3.1*	*5.7*
ROE adj. (%)	*14.0*	*16.4*	*15.3*	*50.5*	*16.3*	*10.7*	*-15.1*	*-9.3*	*3.1*	*5.7*
ROCE (%)	*14.6*	*11.7*	*16.8*	*49.4*	*17.7*	*10.2*	*-7.8*	*-2.6*	*4.5*	*5.4*
ROCE adj. (%)	*14.6*	*11.7*	*16.8*	*49.4*	*17.7*	*10.2*	*-7.2*	*-4.3*	*4.5*	*5.4*
ROIC (%)	*14.5*	*12.5*	*15.8*	*47.3*	*18.9*	*9.9*	*-7.3*	*-4.0*	*2.8*	*4.3*
ROIC adj. (%)	*14.5*	*12.5*	*15.8*	*47.3*	*18.9*	*9.9*	*-6.7*	*-5.8*	*2.8*	*4.3*
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	278	271	328	974	475	299	42	45	216	246
EBITDA adj. margin (%)	*8.9*	*9.5*	*9.6*	*19.9*	*13.4*	*8.7*	*1.3*	*1.5*	*6.5*	*7.2*
EBITDA lease adj.	269	261	316	967	465	290	36	39	212	241
EBITDA lease adj. margin (%)	*8.6*	*9.2*	*9.2*	*19.8*	*13.1*	*8.4*	*1.1*	*1.3*	*6.3*	*7.1*
EBITA adj.	191	158	245	843	357	185	-152	-109	68	103
EBITA adj. margin (%)	*6.1*	*5.6*	*7.2*	*17.2*	*10.1*	*5.4*	*-4.8*	*-3.6*	*2.0*	*3.0*
EBIT adj.	191	158	245	843	357	185	-152	-109	68	103
EBIT adj. margin (%)	*6.1*	*5.6*	*7.2*	*17.2*	*10.1*	*5.4*	*-4.8*	*-3.6*	*2.0*	*3.0*
Pretax profit Adj.	158	122	223	928	341	193	-190	-113	40	79
Net profit Adj.	125	104	176	757	272	162	-149	-114	33	64
Net profit to shareholders adj.	83	111	127	631	247	154	-224	-135	43	80
Net adj. margin (%)	*4.0*	*3.6*	*5.2*	*15.5*	*7.7*	*4.7*	*-4.7*	*-3.8*	*1.0*	*1.9*

Source: ABG Sundal Collier, Company Data

Cash Flow (PLNm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
EBITDA	278	271	328	974	475	299	28	79	216	246
Net financial items	-33	-36	-21	85	-16	8	-38	-4	-28	-24
Paid tax	-10	-12	-31	-65	-87	-53	-37	-7	-8	-15
Non-cash items	6	34	-30	-229	31	71	118	18	-28	-24
Cash flow before change in WC	241	258	245	764	403	325	72	86	153	182
Change in working capital	102	-46	-7	-157	68	-136	46	-90	-32	-32

Cash Flow (PLNm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Operating cash flow	**342**	**211**	**238**	**607**	**471**	**189**	**118**	**-4**	**122**	**150**
Capex tangible fixed assets	-122	-141	-160	-156	-147	-417	-302	-164	-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	**220**	**70**	**79**	**452**	**324**	**-228**	**-184**	**-168**	**-43**	**-15**
Dividend paid	0	0	-21	-28	-187	-69	0	0	0	-7
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Leasing liability amortisation	-9	-11	-12	-7	-10	-9	-6	-6	-5	-5
Other non-cash items	-134	-51	-4	83	-111	-49	92	8	35	35
Balance Sheet (PLNm)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026e**	**2027e**	**2028e**
Goodwill	9	10	9	9	8	8	8	8	8	8
Other intangible assets	54	68	71	69	62	45	85	87	87	87
Tangible fixed assets	984	1,088	1,158	1,127	1,168	1,419	1,528	1,527	1,543	1,532
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	34	28	63	167	54	21	22	24	24	24
Fixed assets	1,081	1,195	1,302	1,372	1,292	1,492	1,643	1,646	1,663	1,652
Inventories	354	365	403	601	445	495	444	476	526	515
Receivables	302	298	403	503	415	429	368	402	466	467
Other current assets	33	24	114	296	70	53	173	97	105	105
Cash and liquid assets	266	256	168	482	500	288	152	74	62	71
Total assets	**2,036**	**2,137**	**2,389**	**3,254**	**2,723**	**2,757**	**2,779**	**2,695**	**2,823**	**2,809**
Shareholders equity	607	750	912	1,588	1,443	1,455	1,518	1,380	1,398	1,399
Minority	264	283	331	465	358	313	282	275	272	268
Total equity	**871**	**1,033**	**1,243**	**2,052**	**1,802**	**1,769**	**1,800**	**1,654**	**1,670**	**1,668**
Long-term debt	263	241	190	162	104	225	93	164	164	164
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	214	223	234	233	176	151	110	118	118	118
Short-term debt	162	148	97	43	49	61	195	208	208	208
Accounts payable	435	379	507	551	448	427	455	426	520	509
Other current liabilities	91	111	119	212	145	124	127	125	143	142
Total liabilities and equity	**2,036**	**2,137**	**2,389**	**3,254**	**2,723**	**2,757**	**2,779**	**2,695**	**2,823**	**2,809**
Net IB debt	127	108	56	-443	-402	-22	116	274	286	278
Net IB debt excl. pension debt	127	108	56	-443	-402	-22	116	274	286	278
Net IB debt excl. leasing	127	108	56	-443	-402	-22	116	274	286	278
Capital employed	1,295	1,423	1,530	2,258	1,954	2,055	2,087	2,026	2,042	2,040
Capital invested	997	1,141	1,299	1,609	1,400	1,747	1,916	1,928	1,957	1,945
Working capital	162	196	294	637	337	426	403	424	436	435
EV breakdown	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Market cap. diluted (m)	376	376	376	376	376	376	376	376	376	376
Net IB debt adj.	159	134	119	-276	-348	-1	147	298	310	316
Market value of minority	264	283	331	465	358	313	282	275	272	268
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
EV	**799**	**793**	**826**	**564**	**387**	**688**	**805**	**949**	**959**	**960**
Total assets turnover (%)	148.7	136.5	150.8	173.4	118.7	125.3	115.5	111.1	121.2	121.0
Working capital/sales (%)	7.3	6.3	7.2	9.5	13.7	11.1	13.0	13.6	12.8	12.8
Financial risk and debt service	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net debt/equity (%)	14.6	10.5	4.5	-21.6	-22.3	-1.2	6.4	16.6	17.1	16.6
Net debt / market cap (%)	33.7	28.8	15.0	-117.8	-106.8	-5.8	30.8	72.8	76.2	73.8
Equity ratio (%)	42.8	48.3	52.0	63.1	66.2	64.2	64.8	61.4	59.2	59.4
Net IB debt adj. / equity (%)	18.3	13.0	9.6	-13.5	-19.3	-0.1	8.2	18.0	18.6	18.9
Current ratio	1.39	1.47	1.51	2.33	2.23	2.06	1.46	1.38	1.33	1.35
EBITDA/net interest	8.3	7.6	15.3	11.5	29.4	36.7	0.8	19.5	7.8	10.1
Net IB debt/EBITDA (x)	0.5	0.4	0.2	-0.5	-0.8	-0.1	4.1	3.5	1.3	1.1
Net IB debt/EBITDA lease adj. (x)	0.6	0.5	0.4	-0.3	-0.7	-0.0	4.0	7.7	1.5	1.3
Interest coverage	5.6	4.3	10.0	114.5	11.9	17.8	3.9	2.2	1.8	3.5

Source: ABG Sundal Collier, Company Data

Share Data (PLNm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
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)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
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	0.00	0.30	0.40	2.70	1.07	0.00	0.00	0.00	0.10	0.20
Reported earnings per share	1.19	1.60	1.84	9.11	3.57	2.23	-1.44	-0.86	0.33	0.68

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (PLNm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
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	1.19	1.60	1.84	9.11	3.57	2.23	-1.44	-0.86	0.33	0.68
Dividend per share	0.00	0.30	0.40	2.70	1.07	0.00	0.00	0.00	0.10	0.20
EPS adj.	1.19	1.60	1.84	9.11	3.57	2.23	-1.44	-0.86	0.33	0.68
BVPS	8.76	10.82	13.16	22.91	20.83	21.00	20.43	19.91	20.18	20.20
BVPS adj.	7.85	9.70	12.00	21.79	19.82	20.25	19.08	18.54	18.80	18.82
Net IB debt/share	2.29	1.93	1.72	-3.99	-5.02	-0.02	2.12	4.30	4.48	4.55
Share price	13.54	13.54	13.54	13.54	13.54	13.54	13.54	13.54	13.54	13.54
Market cap. (m)	376	376	376	376	376	376	376	376	376	376
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	4.5	3.4	3.0	0.6	1.5	2.4	nm	nm	16.5	8.0
EV/sales (x)	0.3	0.3	0.2	0.1	0.1	0.2	0.3	0.3	0.3	0.3
EV/EBITDA (x)	2.9	2.9	2.5	0.6	0.8	2.3	28.5	12.0	4.4	3.9
EV/EBITA (x)	4.2	5.0	3.4	0.7	1.1	3.7	-4.8	-12.7	14.1	9.3
EV/EBIT (x)	4.2	5.0	3.4	0.7	1.1	3.7	-4.8	-12.7	14.1	9.3
Dividend yield (%)	0.0	5.5	7.4	49.7	19.7	0.0	0.0	0.0	1.8	3.8
FCF yield (%)	58.6	18.7	20.9	120.1	86.3	-60.6	-48.8	-44.7	-11.5	-3.9
Le. adj. FCF yld. (%)	56.2	15.9	17.7	118.2	83.7	-63.0	-50.4	-46.2	-12.7	-5.1
P/BVPS (x)	0.62	0.50	0.41	0.24	0.26	0.26	0.27	0.27	0.27	0.27
P/BVPS adj. (x)	0.63	0.51	0.42	0.24	0.26	0.26	0.25	0.27	0.27	0.27
P/E adj. (x)	4.5	3.4	3.0	0.6	1.5	2.4	nm	nm	16.5	8.0
EV/EBITDA adj. (x)	2.9	2.9	2.5	0.6	0.8	2.3	19.1	21.3	4.4	3.9
EV/EBITA adj. (x)	4.2	5.0	3.4	0.7	1.1	3.7	-5.3	-8.7	14.1	9.3
EV/EBIT adj. (x)	4.2	5.0	3.4	0.7	1.1	3.7	-5.3	-8.7	14.1	9.3
EV/CE (x)	0.6	0.6	0.5	0.3	0.2	0.3	0.4	0.5	0.5	0.5
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	3.9	5.0	4.7	3.2	4.1	12.1	9.4	5.4	4.9	4.8
Capex/depreciation	1.4	1.2	1.9	1.2	1.2	3.6	1.6	1.1	1.1	1.2
Capex tangibles / tangible fixed assets	12.4	13.0	13.8	13.8	12.6	29.4	19.8	10.7	10.7	10.8
Capex intangibles / definite intangibles	--	--	--	--	--	--	--	--	--	--
Depreciation on intang / def. intang	--	--	--	--	--	--	--	--	--	--
Depreciation on tangibles / tangibles	8.8	10.4	7.2	11.6	10.1	8.1	12.5	10.1	9.6	9.3

Source: ABG Sundal Collier, Company Data

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