

# Standing strong in turbulent times

**Nordic Paper interim report Q3 2022**

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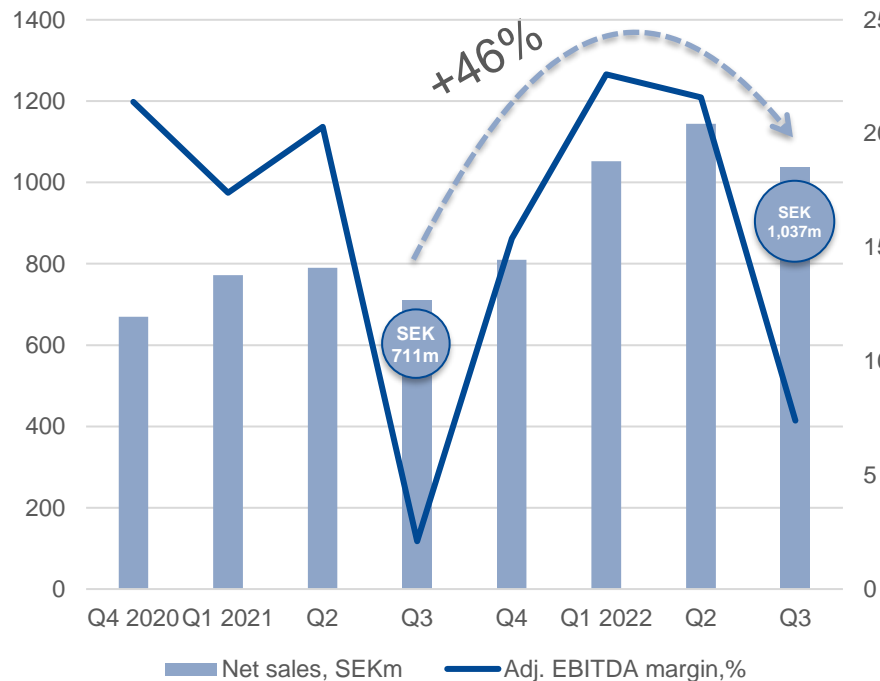


## Standing strong in turbulent times

- ✓ EBITDA x4 compared to Q3 2021
- ✓ Product price increases compensated cost inflation
- ✓ Normal seasonal impact from annual maintenance stops
- ✓ Strong performance in Kraft Paper, disappointing in Natural Greaseproof
- ✓ Leverage now lower than before Canadian acquisition, discipline in working capital

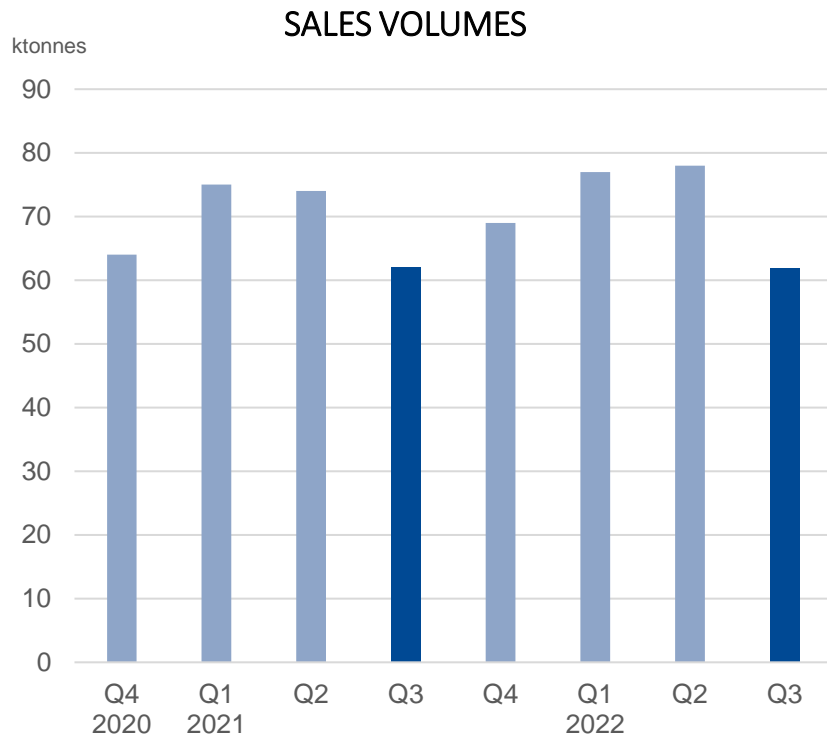


# Net sales up 46% and EBITDA x4 vs Q3 2021



- ✓ Net sales SEK 1,037m
- ✓ EBITDA SEK 77m
- ✓ EBITDA margin 7.4%

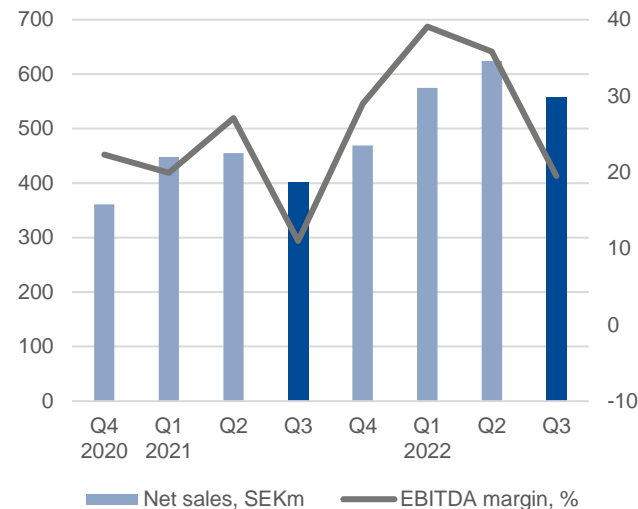
# Sales volumes in line with Q3 2021



- ✓ Normal Q3 seasonality in sales volumes
- ✓ Some additional negative impact from slightly lower production during the quarter in Säffle and Bäckhammar

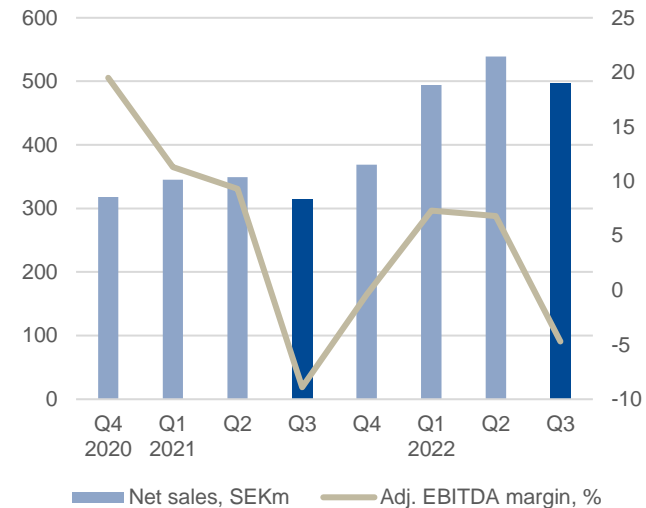
## Kraft Paper – high profitability in a continued strong market

- ✓ Continued strong demand, signs of return to more balanced market conditions
- ✓ Product prices increased by 34% compared to Q3 2021
- ✓ EBITDA margin in the quarter was 19,5% compared to 31,1% on R12m



## Natural Greaseproof – disappointing result despite product price increases

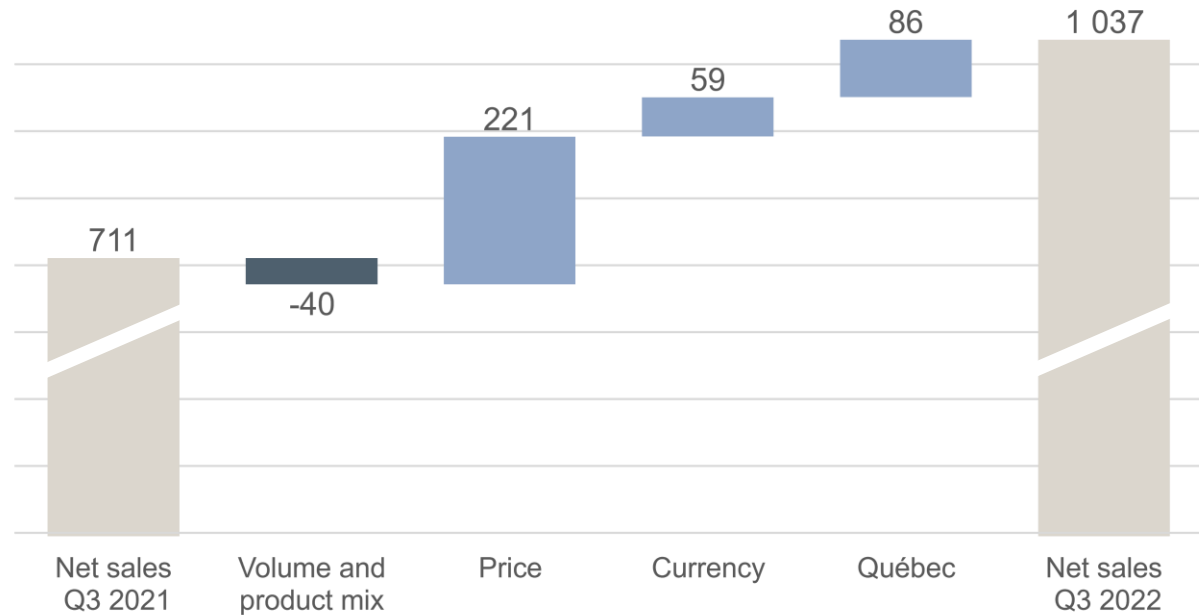
- ✓ Continued strong demand, signs of return to more balanced market conditions
- ✓ 58% increase in net sales y-o-y, price increases and acquisition main drivers
- ✓ Cost inflation in the quarter mainly mitigated by product price increases
- ✓ Negative EBITDA from seasonality effects



# Net sales bridge Q3 2022

Canadian acquisition, Québec, separately disclosed in chart below

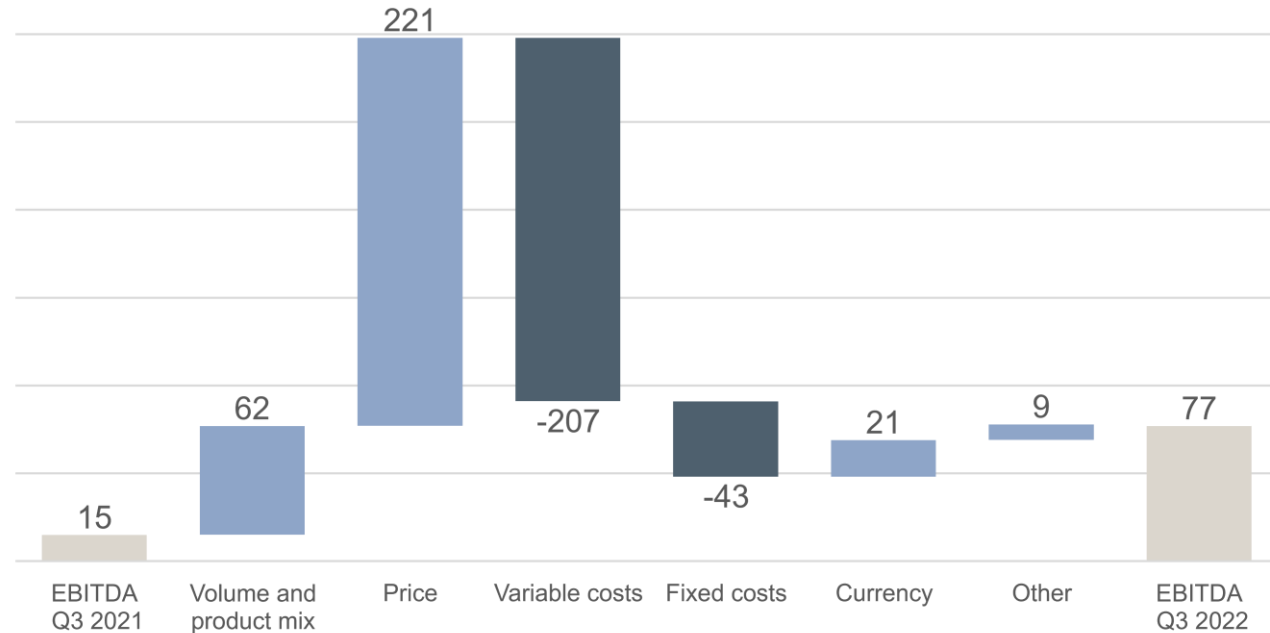
SEKm



# EBITDA bridge Q3 2022

Canadian acquisition, Québec, included in volume and product mix, variable costs and fixed costs

SEKm

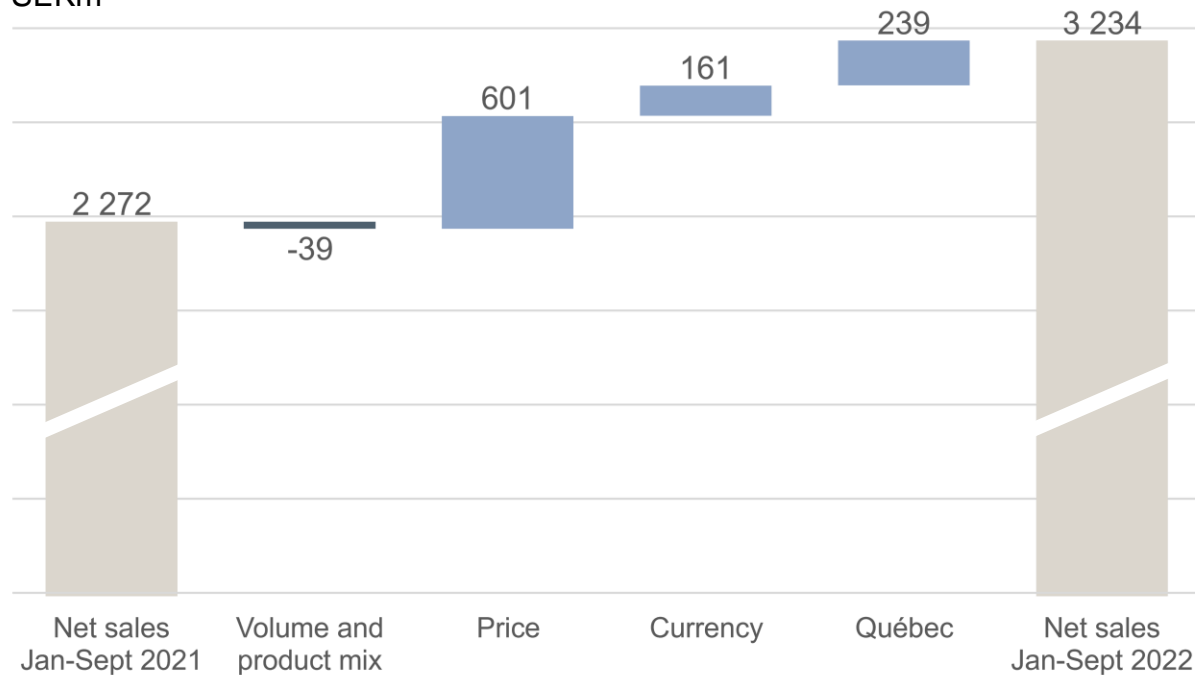




# Net sales bridge Jan-Sept 2022

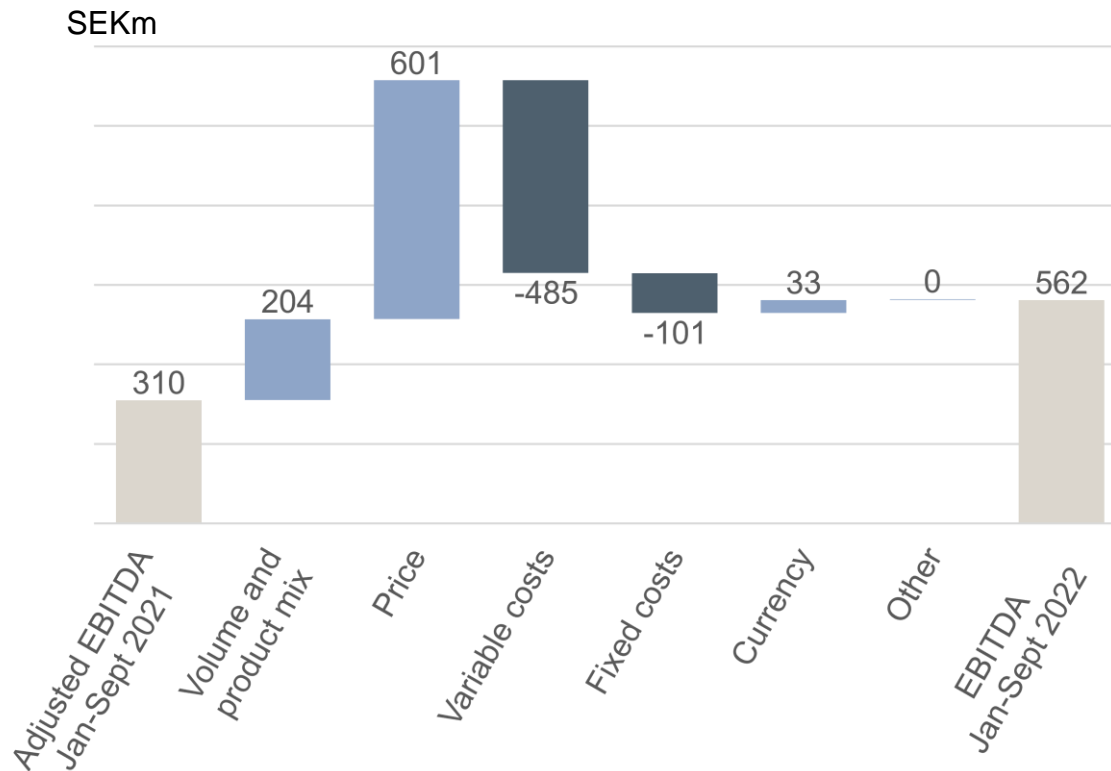
Canadian acquisition, Québec, separately disclosed in chart below

SEKm

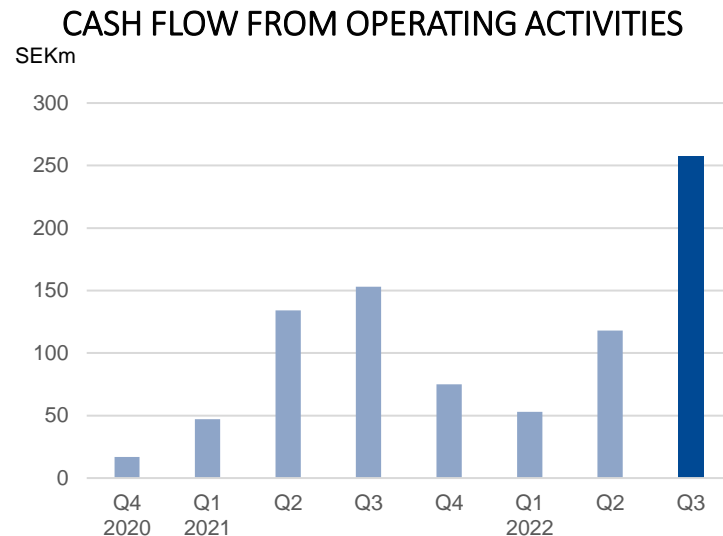
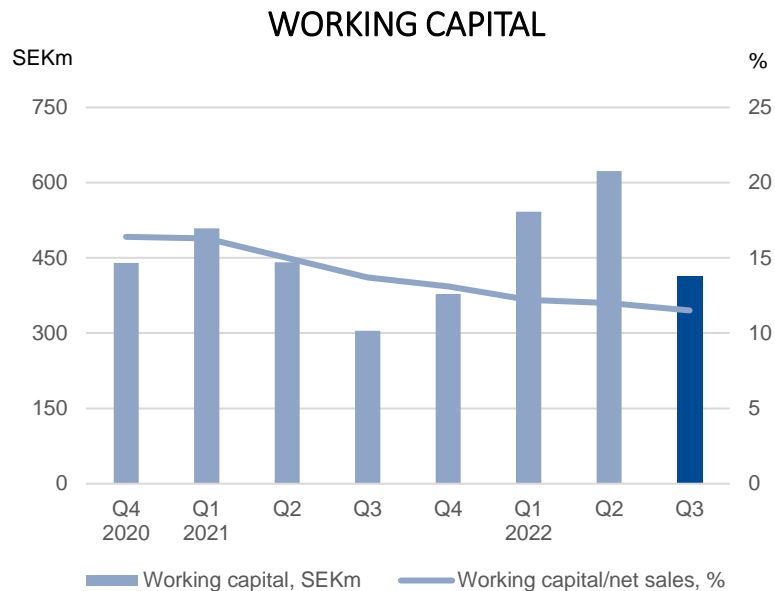


# EBITDA bridge Jan-Sept 2022

Canadian acquisition, Québec, included in volume and product mix, variable costs and fixed costs

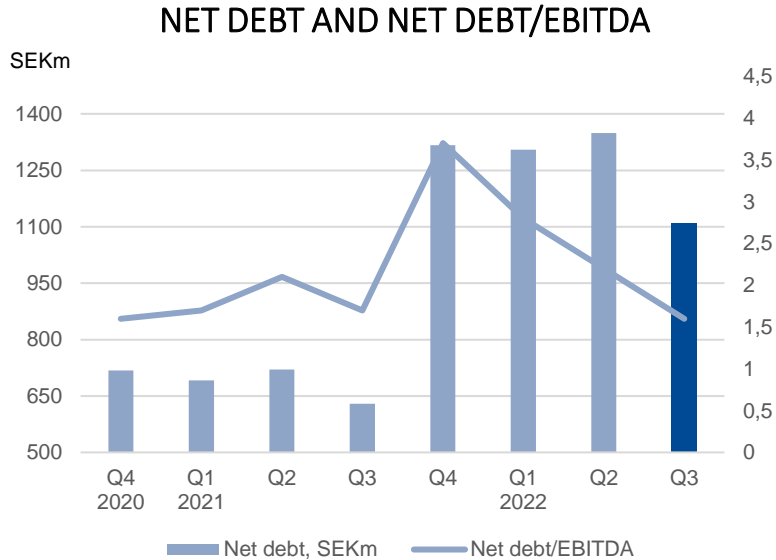


# Working capital and cash flow



- Working capital/net sales decreasing due to disciplined work relating to inventory
- Increase in cash flow as result increased and working capital decreased more than in the same period last year

# Financial position

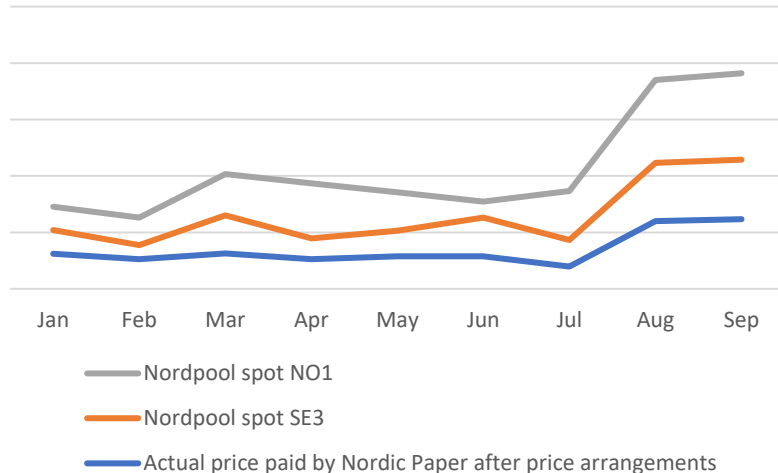


- ✓ Net debt decreased from SEK 1,349m to 1,110m during the quarter
- ✓ Strong increase of cash and bank, SEK 235m increase compared to Q2
- ✓ Net debt/EBITDA 1.6, target <2.5
  - ✓ Decrease from 3.7 since 31 Dec 2021 due to increased EBITDA and addition of Canadian business for three quarters

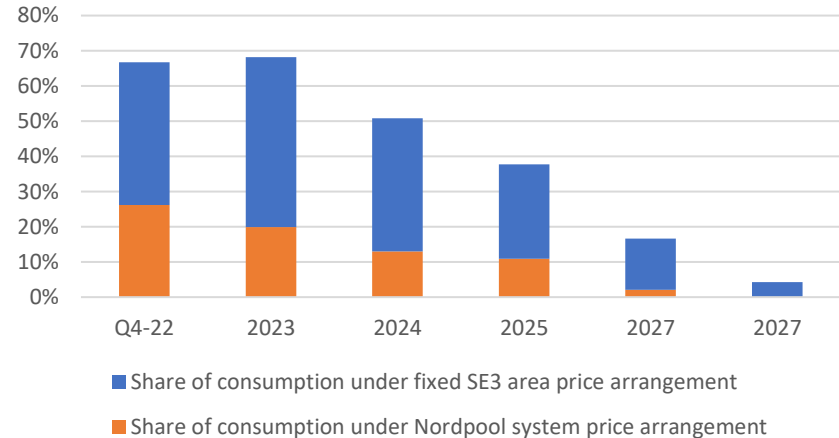
# Nordic Paper electricity hedging

- ✓ Nordic Paper consumes about 520 GWh electricity annually including Québec
- ✓ 24% of electricity need is generated in our own turbine in Bäckhammar
- ✓ A large share of external electricity is sourced under long term price arrangements

Electricity spot price and price paid by Nordic Paper during 2022



Future price arrangements for electricity as of Sept 30 2022



# Higher ambition in fighting climate change

## **New targets to reduce Nordic Paper climate impact:**

- ✓ Nordic Paper is to reduce its emissions of fossil greenhouse gases, including indirect emissions, by 50% to 2030 compared to 2020,  
and
- ✓ at least 50% reduction of emissions of direct emissions (scope 1) and emissions from purchased energy (scope 2) to 2030 compared to 2020.



# Outlook

- ✓ Signs of return to more balanced market situation
- ✓ Electricity price volatility expected to continue.  
Prices likely to increase during winter.
- ✓ Continuation of product prices increases in Natural Greaseproof, subject to the result of implemented energy surcharges
- ✓ Pulp prices stabilizes, first signs of a decrease
- ✓ Price increases for wood



# Q&A



# Summary

- ✓ Strong market has continued in Q3
- ✓ EBITDA x4 compared to Q3 2021
- ✓ Signs of return to more balanced market situation
- ✓ Continuation of product prices increases in Natural Greaseproof, subject to the result of implemented energy surcharges
- ✓ Pulp prices stabilizes, first signs of a decrease

