

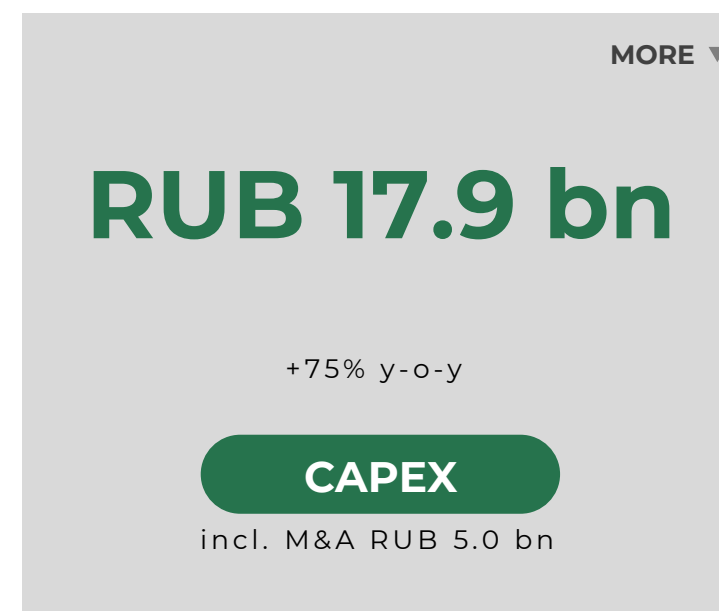
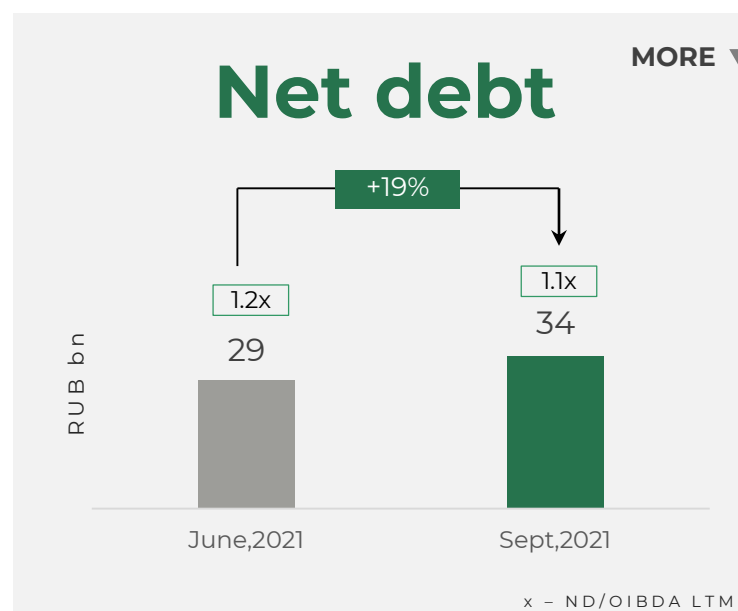
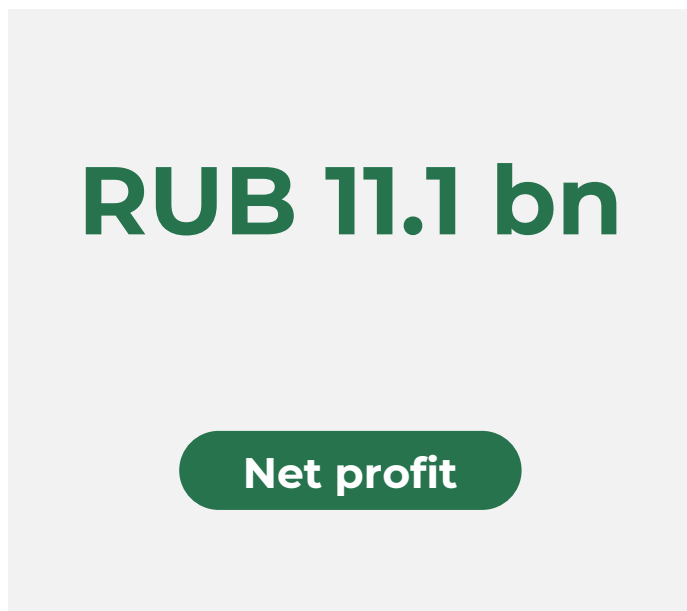
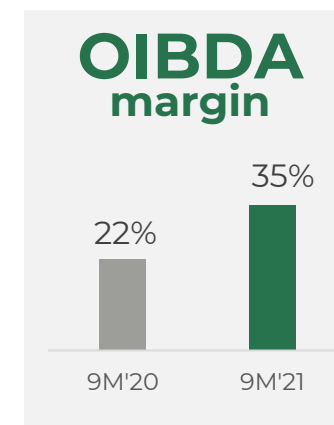
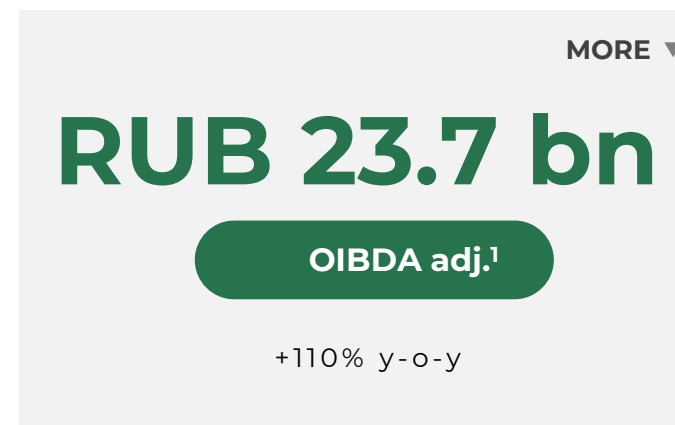
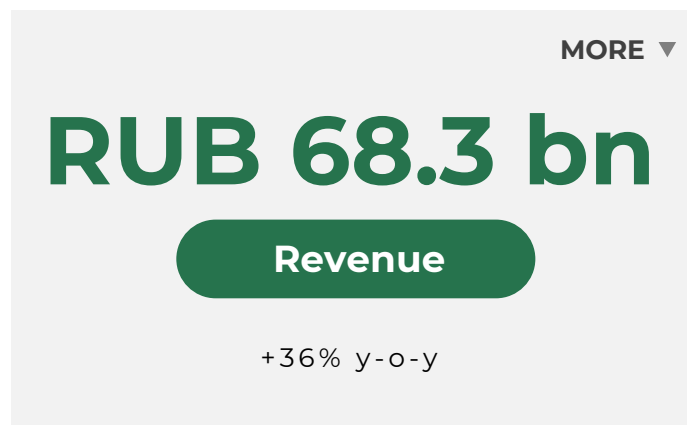


SEGEZHA GROUP

9M 2021 IFRS & OPERATING RESULTS

November 2, 2021

SEGEZHA GROUP 9M'21 RESULTS OVERVIEW

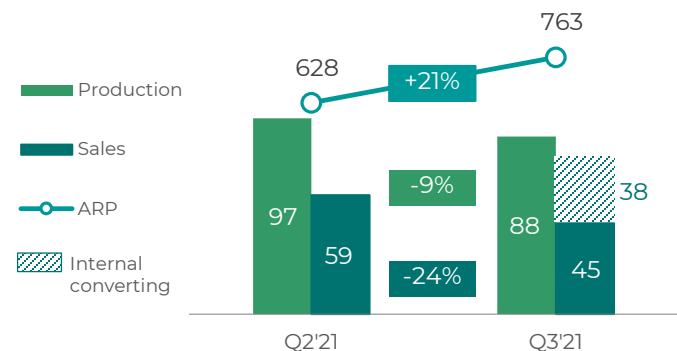


SEGEZHA GROUP OPERATING RESULTS



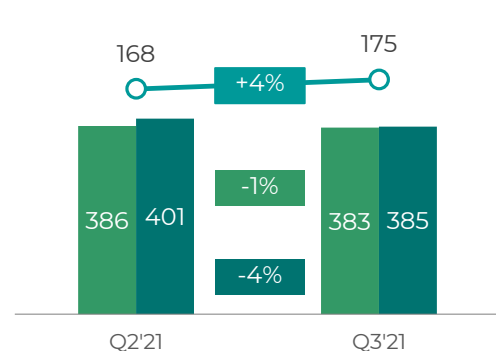
Paper

kt, ARP in euro/t



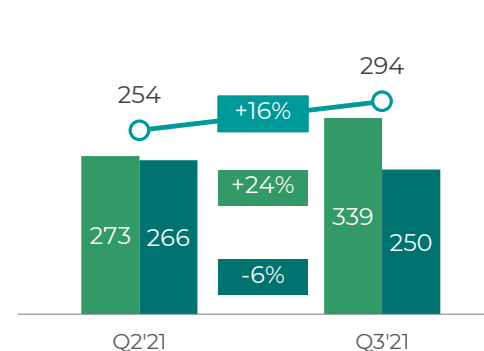
Paper sacks

mln, ARP in euro/item



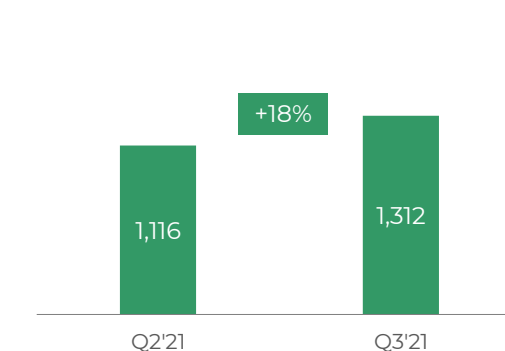
Sawn timber

ths cu m, ARP in euro/cu m



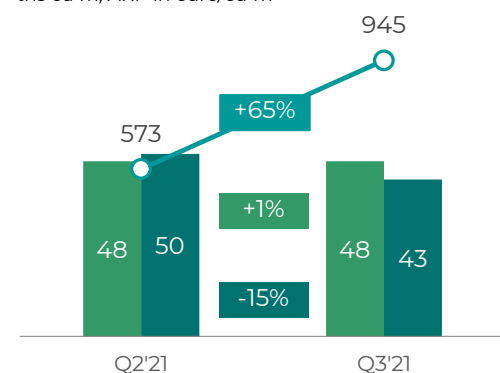
Harvesting

cu m



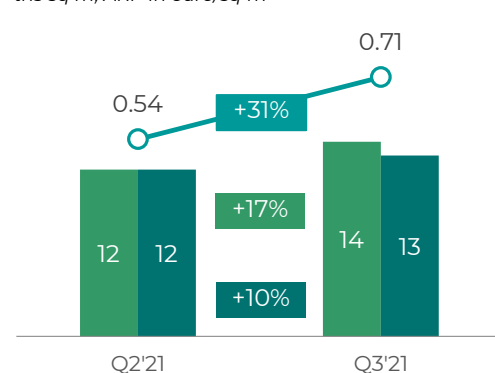
Plywood

ths cu m, ARP in euro/cu m



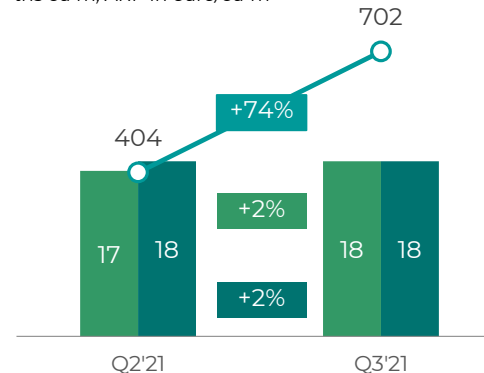
Fibreboards

ths sq m, ARP in euro/sq m



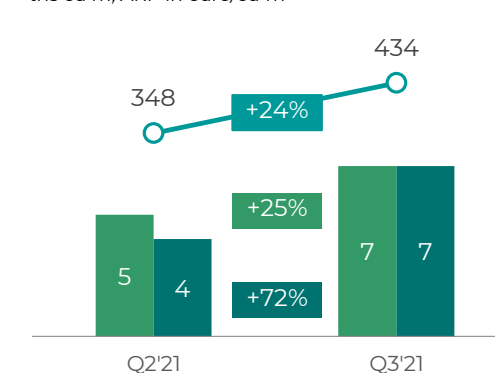
Glulam

ths cu m, ARP in euro/cu m



Home kits

ths cu m, ARP in euro/cu m



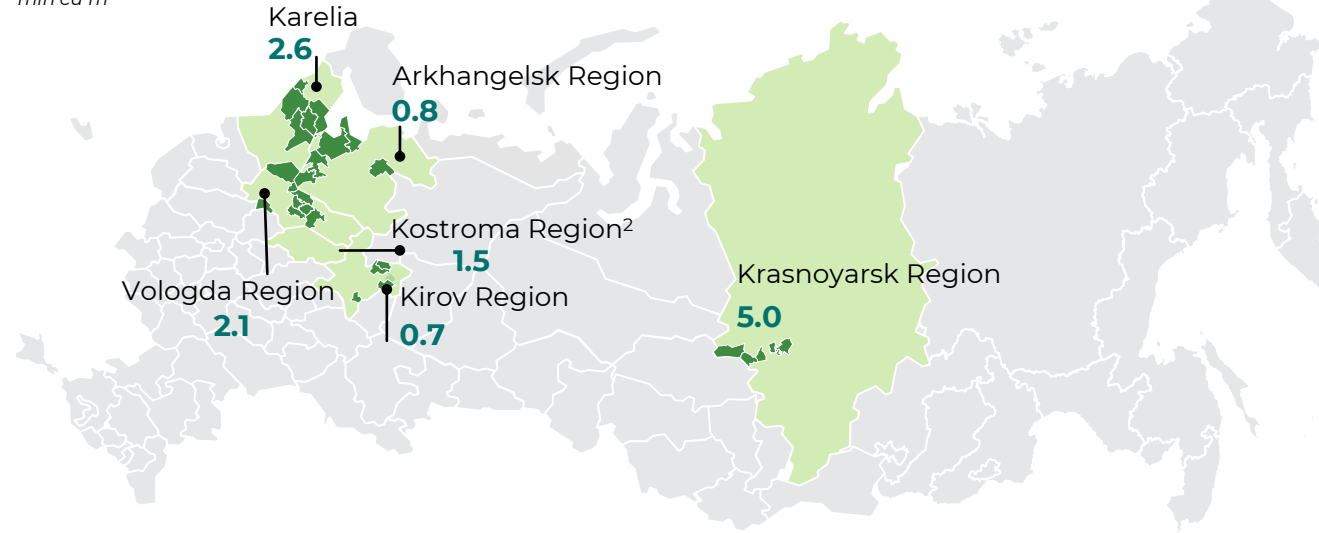
HARVESTING

Segezha Group forestry map

AAC¹
11.4m cu m + 1.3m cu m granted under current projects

Total area¹
10.4m ha

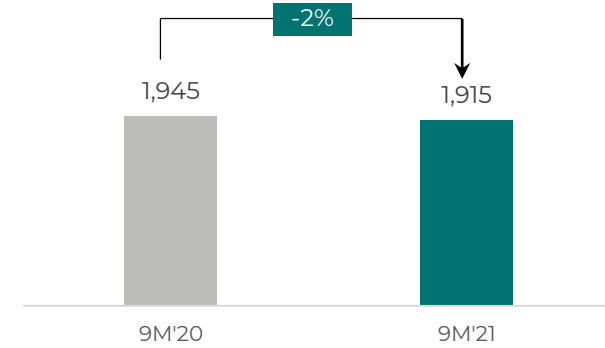
mln cu m



82% wood self-sufficiency across the Group

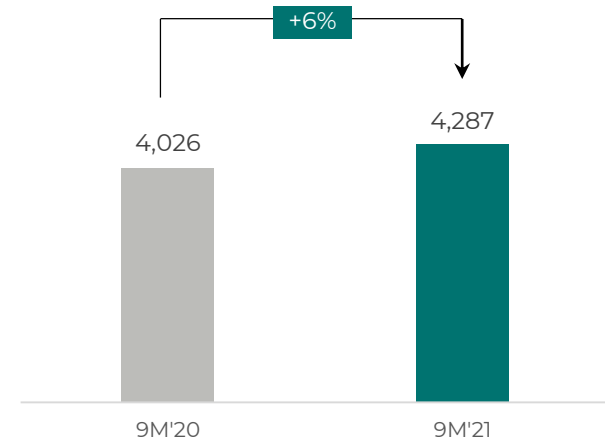
Segezha Group cost of timber harvesting

RUB/cu m



Timber harvesting volumes

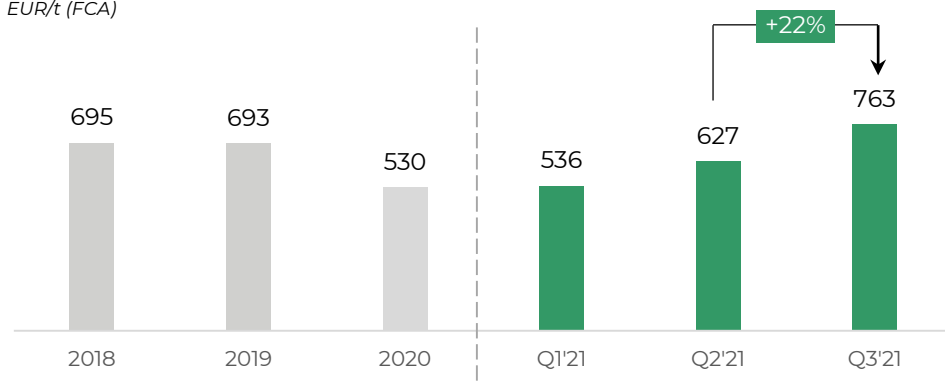
ths cu m



PRICE DYNAMICS

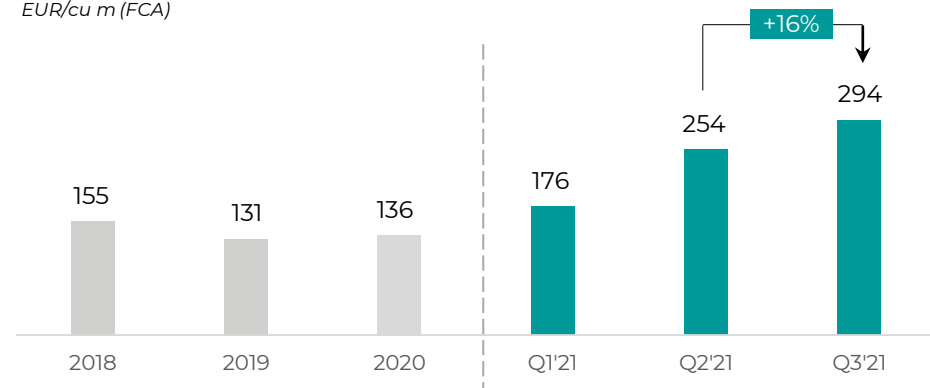
Paper

EUR/t (FCA)



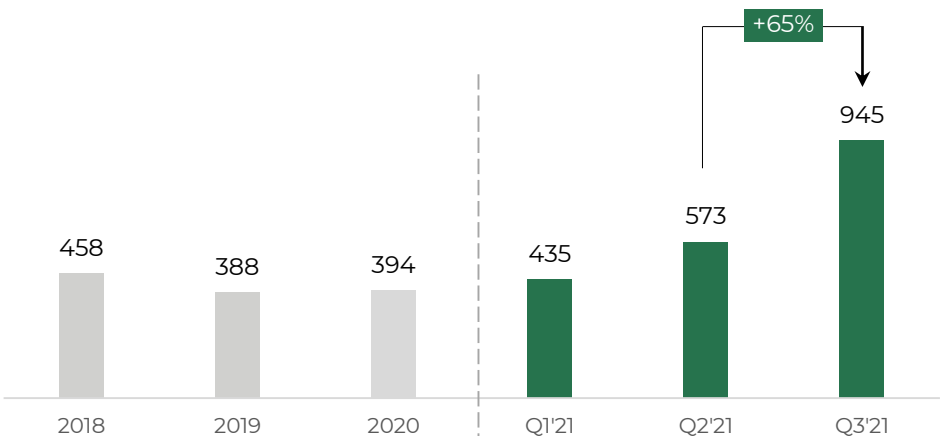
Sawn timber

EUR/cu m (FCA)



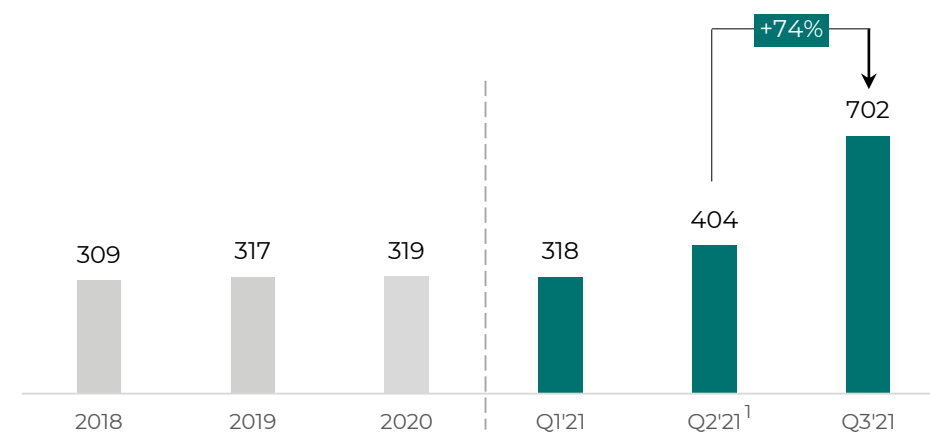
Plywood

EUR/cu m (FCA)



Glulam

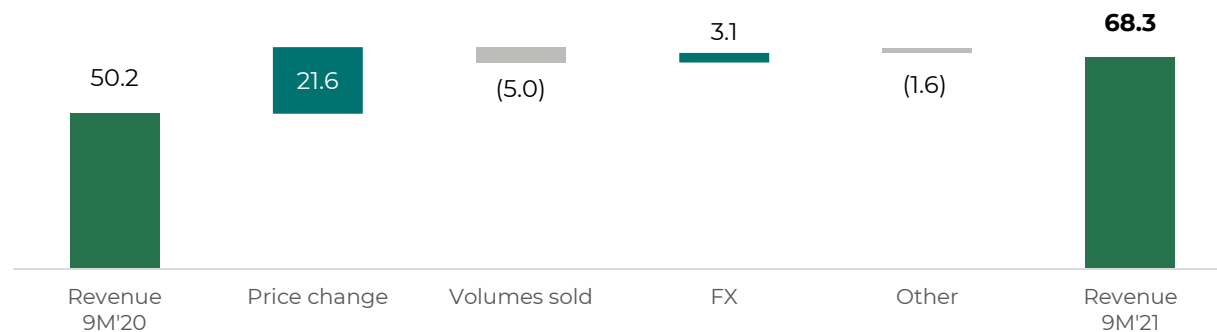
EUR/cu m (FCA)



REVENUE DRIVERS YoY

Revenue bridge by factors

RUB bn

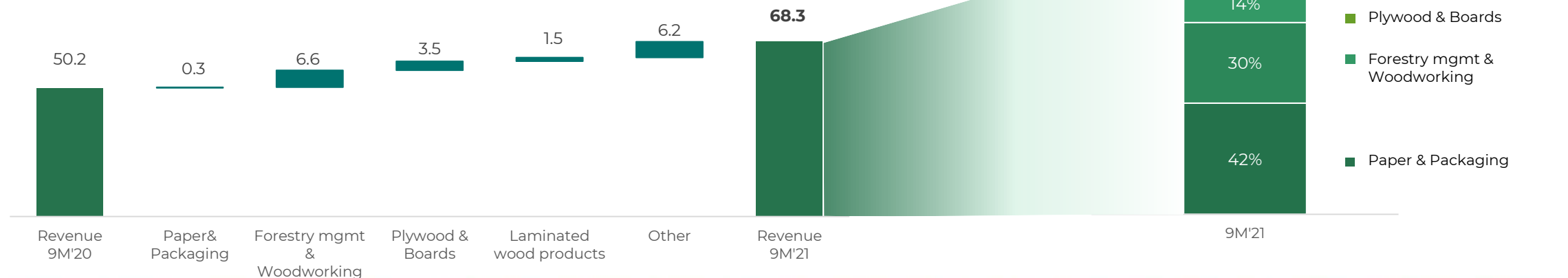


Comments

- In 9M'21 revenue amounted to RUB 68 bn, up by 36% y-o-y driven predominantly by market recovery and associated price growth
- The largest revenue contribution was made by Forestry Management & Woodworking as well as the Plywood & Boards segment on the back of solid price growth and sales

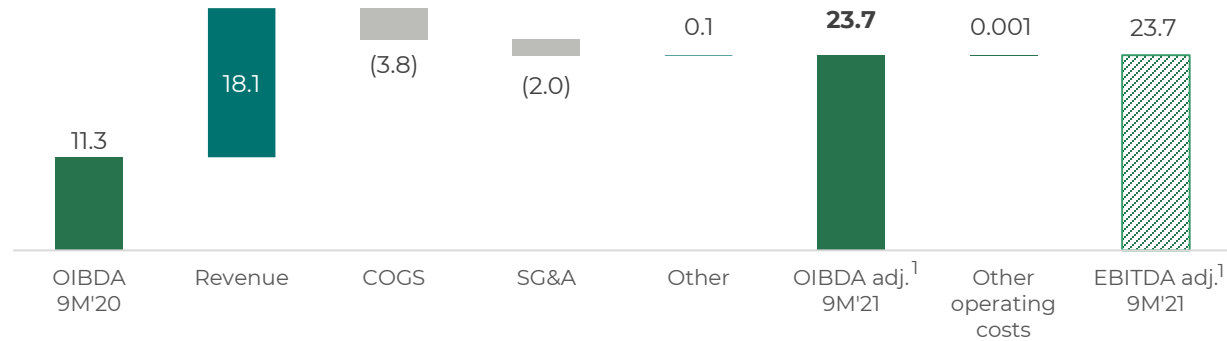
Revenue bridge by segments

RUB bn



OIBDA bridge by factors

RUB bn

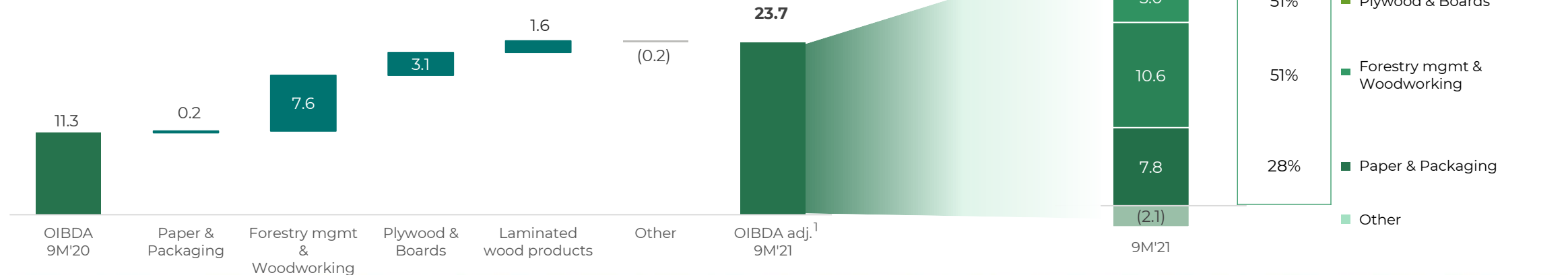


Comments

- In 9M'21 OIBDA adj.¹ reached RUB 24 bn, up by 2x y-o-y driven – as in the first half of the year – by revenue growth and measures taken to improve operational efficiency
- EBITDA adj.¹ for 9M'21 was RUB 24 bn, in line with OIBDA (the difference between the two metrics was an immaterial sum for other operating costs)

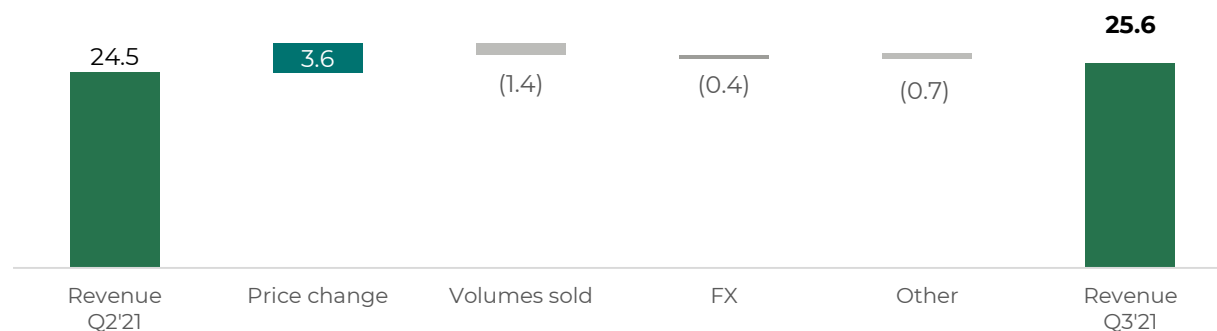
OIBDA bridge by segments

RUB bn



Revenue bridge by factors

RUB bn

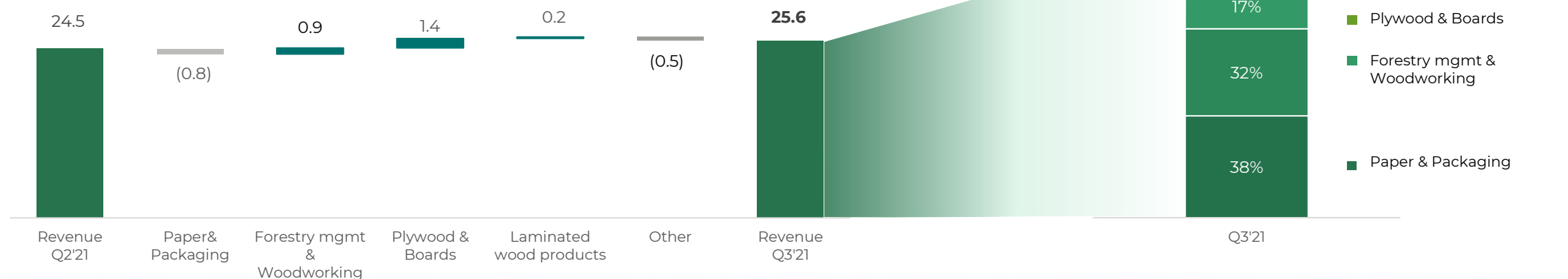


Comments

- In Q3'21 revenue reached RUB 26 bn, up by 5% q-o-q due to the growing price trend
- The largest revenue contribution was made by the Plywood & Boards segment as well as Forestry Management & Woodworking on the back of solid price growth and sales. These segments increased their share of revenue to 17% (+6 p.p.) and 32% (+3 p.p.), respectively

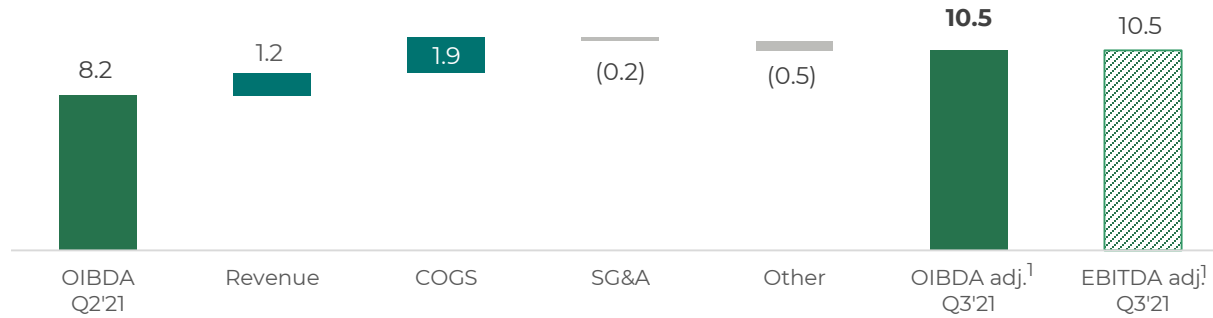
Revenue bridge by segments

RUB bn



OIBDA bridge by factors

RUB bn

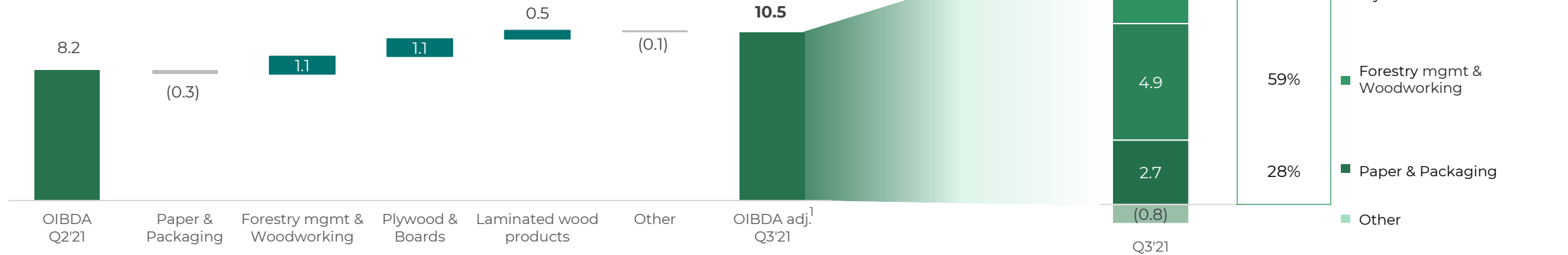


Comments

- In Q3'21 OIBDA adj.¹ continued its growth reaching RUB 11 bn, up by 29% q-o-q
- COGS decrease of RUB 2 bn q-o-q was mostly due to changed revenue mix
- Forestry Management & Woodworking alongside Plywood & Boards made the largest contribution to OIBDA growth
- Forest Management & Woodworking increased its margin by 8 p.p. to 59%; the OIBDA margin for Plywood & Boards reached 59% (+10 p.p.)

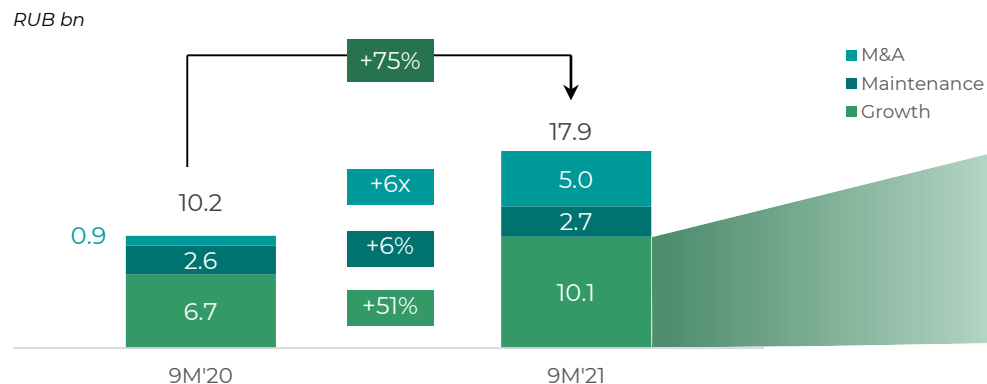
OIBDA bridge by segments

RUB bn

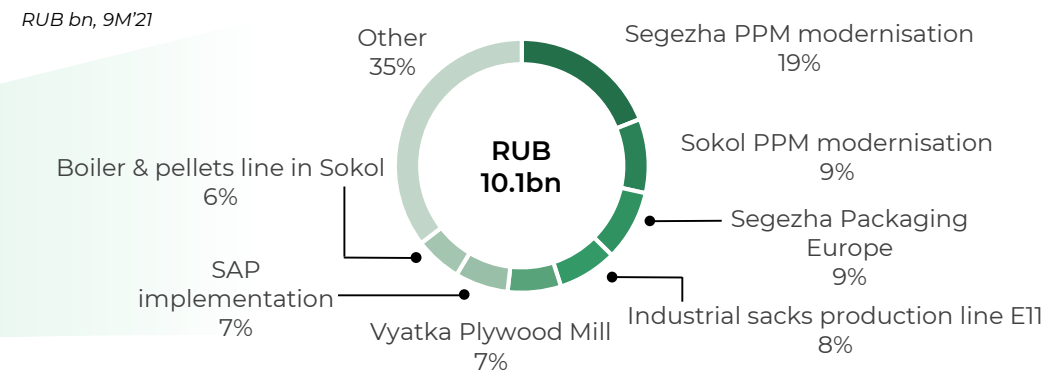


CAPEX & WORKING CAPITAL

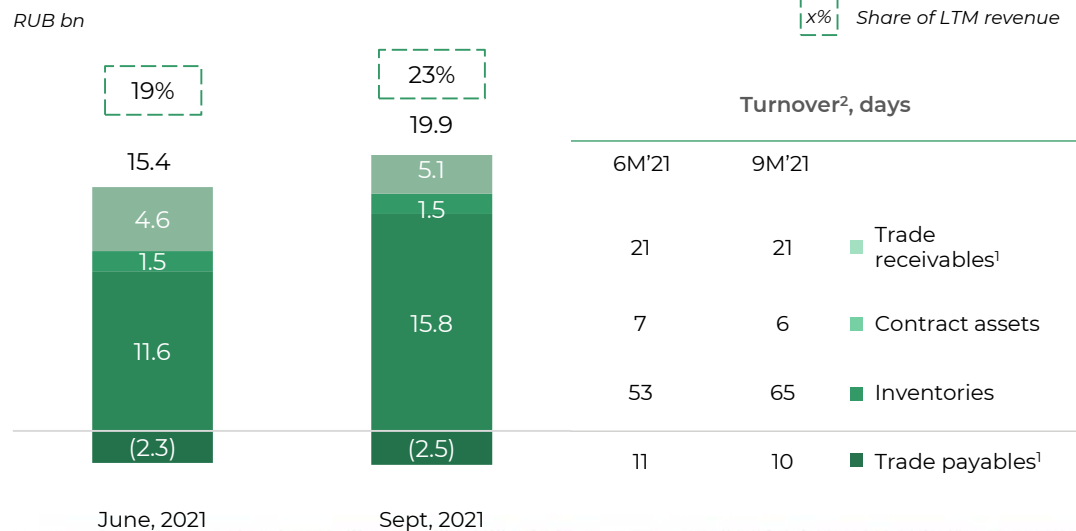
CAPEX dynamics



Growth CAPEX breakdown



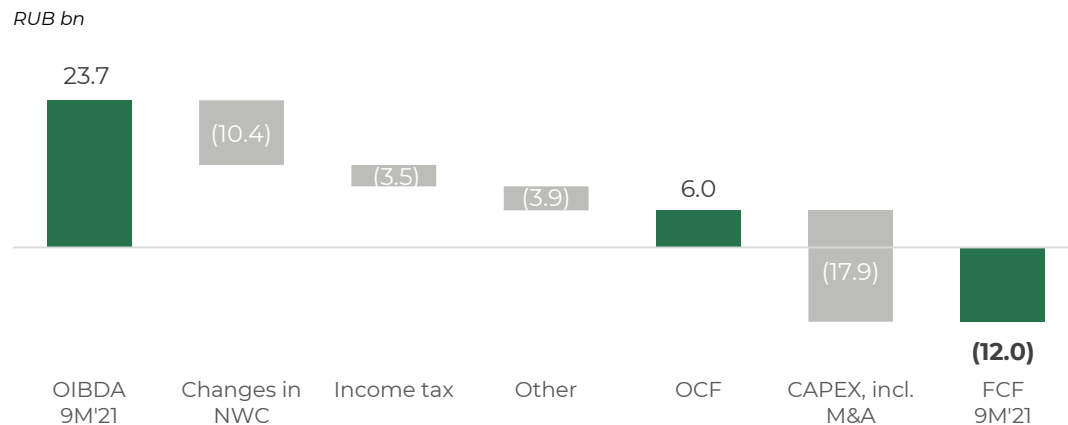
Operating working capital¹



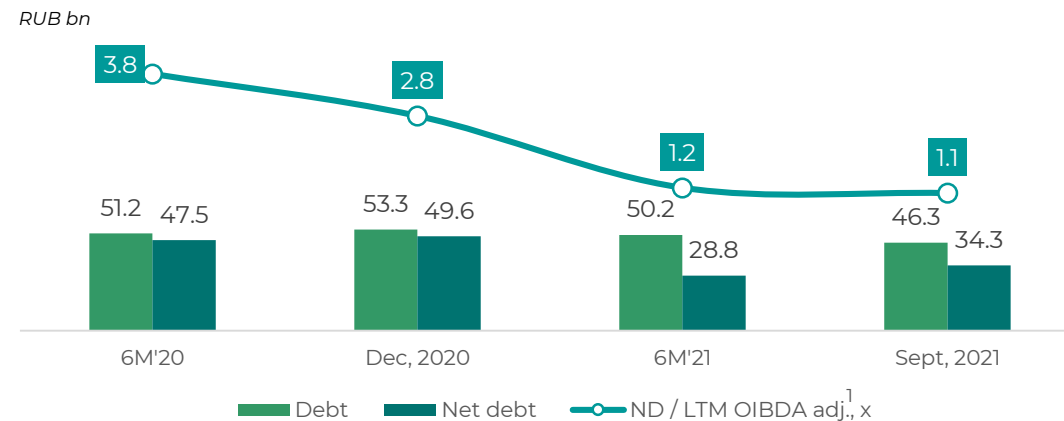
Comments

- In 9M'21 CAPEX reached RUB 18 bn, up by 75% on the back of continued investments into the Group's development projects (RUB 10 bn) and M&A activity
- Maintenance CAPEX posted marginal growth of 6% y-o-y and stayed at RUB 2.7 bn
- Investments into new projects amounted to RUB 10 bn with key projects:
 - Segezha Pulp & Paper Mill modernization (+25 ths t of paper pa)
 - Sokol Pulp & Paper Mill modernization (+65 ths t of paper pa)
 - Expansion of packaging business
- Working capital growth was mostly due to NLHK consolidation as of Sept 15, 2021, and growth of inventories at some production facilities

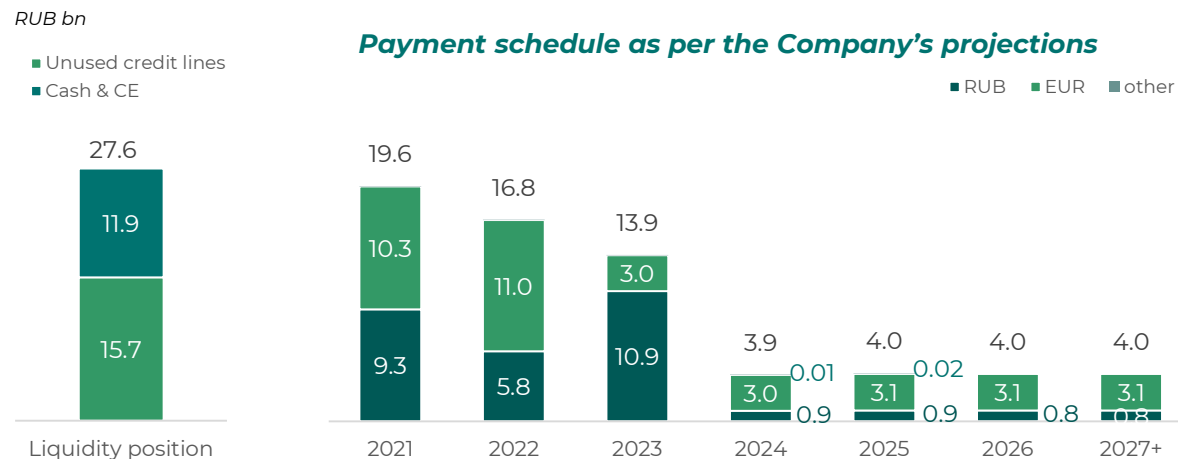
FCF



Robust liquidity & deleveraging



Debt repayment schedule & liquidity position



Comments

- Segezha Group's **credit rating was revised and upgraded** by Expert RA to **ruA+ with a positive outlook** in October, 2021



Rating: ruA+
Forecast: Positive

SEGEZHA'S UPDATE ON INVESTMENT PROJECTS STATUS

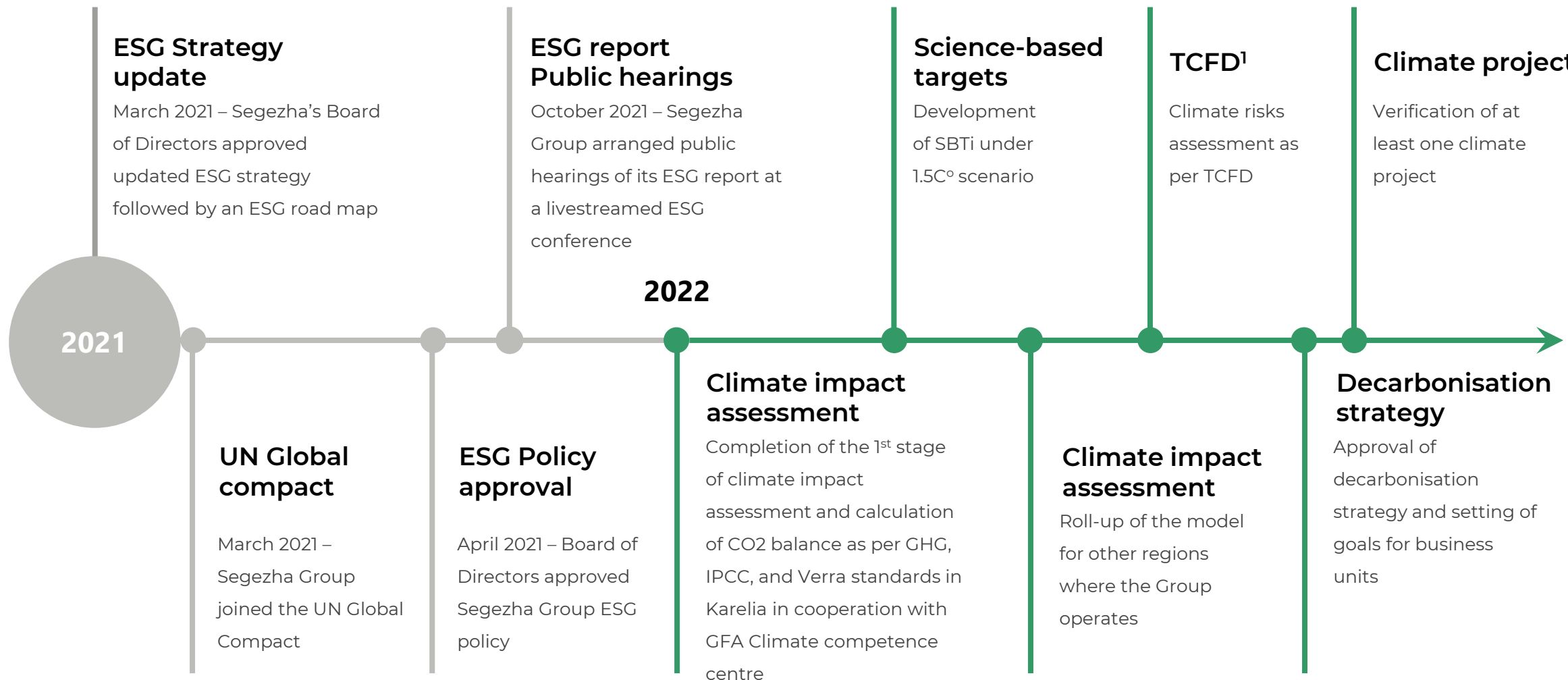


Project	Region	Segment	2019	2020	2021	2022	2023	2024	2025	Remaining CAPEX ¹	Status	Capacity ³ increase
Plywood Mill	Galich, Kostroma region	Plywood & Boards	CAPEX ¹ = RUB 2.9 ² bn							RUB 1.1 ² bn	Installation of equipment	+125 k cu m of birch plywood
Segezha Pulp & Paper Mill (modernisation)	Segezha, Karelia	Paper & Packaging	RUB 4.5 bn							RUB 1.1 bn	Installation of equipment	+25 kt of sack paper
Boiler & pellets line	Sokol, Vologda region	Forestry Mgmt & Woodworking		RUB 1.1 bn						RUB 0.2 bn	Test operations	+65 kt of pellets
Industrial sacks production line E11	Segezha, Karelia	Paper & Packaging		RUB 0.9 bn						-	Completed	+90 m industrial paper sacks
Consumer Packaging	Moscow region	Paper & Packaging		RUB 0.9 bn						RUB 0.2 bn	3 out of 4 are installed, other 2 to be installed till the end of 2021	+144 m consumer paper sacks
SAP implementation	-	Other		RUB 1.9 bn						RUB 0.2 bn	To be completed in Q4'21	-
M&A: NLHK	Lesosibirsk, Krasnoyarsk region	Forestry Mgmt & Woodworking			RUB 4.7bn	RUB 1.5bn				RUB 1.5 bn ⁵	Completed	+2.2 cu m AAC +350 cu m of sawn timber +60 kt of pellets
Plywood Mill (expansion)	Vyatka, Kirov region	Plywood & Boards			RUB 4.9 bn					RUB 4.3 bn	Construction of the foundation for the main building	+64 k cu m of plywood
Sokol Pulp & Paper Mill (modernisation)	Sokol, Vologda region	Paper & Packaging			RUB 12.0 bn					RUB 11.1 bn	Construction of the foundation for the main building	+3.2 kt sack paper +43 kt greaseproof paper +18 kt subpergament paper
Segezha Packaging Europe	Europe	Paper & Packaging			RUB 0.7 bn					RUB 0.1 bn	To be completed in Q1'22	+70 m industrial paper sacks
Wood resources	Russia	Forestry Mgmt & Woodworking			> RUB 12.0 bn					-		1. Renewal of forest equipment 2. AAC expansion
Lesosibirsk Mill (modernisation)	Lesosibirsk, Krasnoyarsk region	Forestry Mgmt & Woodworking			RUB 5.4 bn					RUB 5.1bn	Drying equipment installed (1st stage)	+50 k cu m sawn timber +100 kt pellets
Onega mill (modernisation)	Onega, Karelia	Forestry Mgmt & Woodworking				RUB 5.5 bn				RUB 5.1 bn	Tendering for sorting and sawmilling equipment	+64 k cu m sawn timber +30 kt pellets
Glulam facility	Segezha, Karelia	Laminated wood products				RUB 2.2 ⁴ bn				RUB 2.2 bn	Preparation of the construction site, tender procedures	+240 k cu m of glulam +100 kt of pellets
New plywood mill	Karelia	Plywood & Boards	Developing stage, no decision made									+125 k cu m of plywood
Segezha West	Segezha, Karelia	Paper & Packaging	Developing stage, no decision made									From ~0.9 to 1.5 kt of pulp (various design options are considered)

Source: Company data

Notes: **1.** CAPEX presented net of VAT **2.** Project is deconsolidated from the Group. Group's share, total project capex is RUB 11.5bn net of VAT; project financing structure with Segezha equity contribution of 25% with optionality to consolidate the asset highly preliminary as early as 2023, when the project Debt/OIBDA will be below 3x; excluding capex on AAC expansion (roads construction, investments into equipment) **3.** Subject to adjustments **4.** Group's share, total project capex is RUB 11.2bn net of VAT; project financing structure **5.** CAPEX for development

ESG MILESTONES FOR SEGEZHA GROUP



Appendix

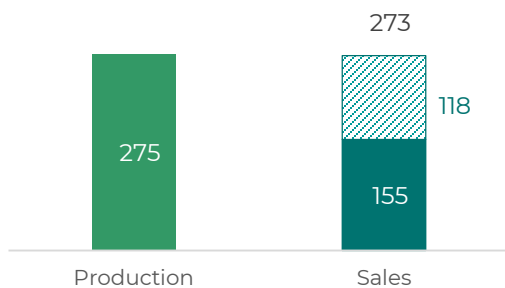
SEGEZHA GROUP KEY OPERATING RESULTS 9M'21



Paper

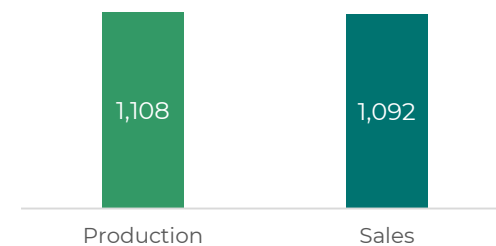
ths t

Internal converting



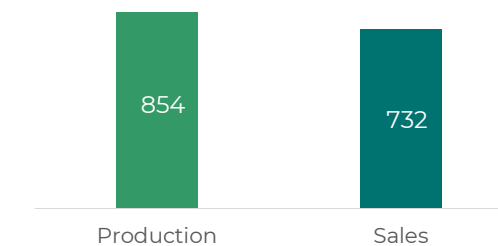
Packaging

mln pcs



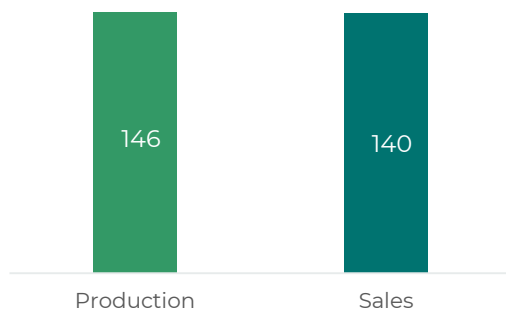
Sawn timber

ths cu m



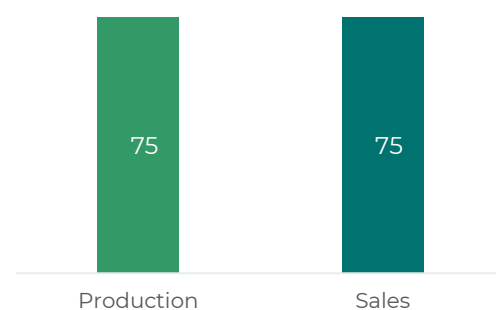
Plywood

ths cu m



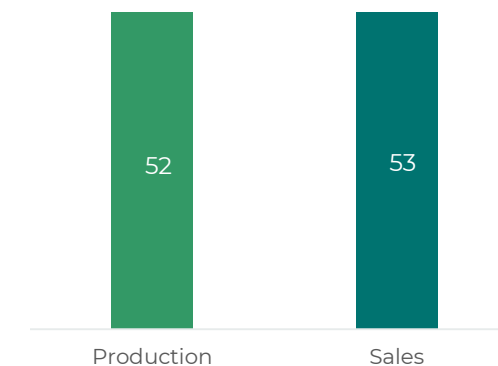
Pellets

ths t



Glulam

ths cu m

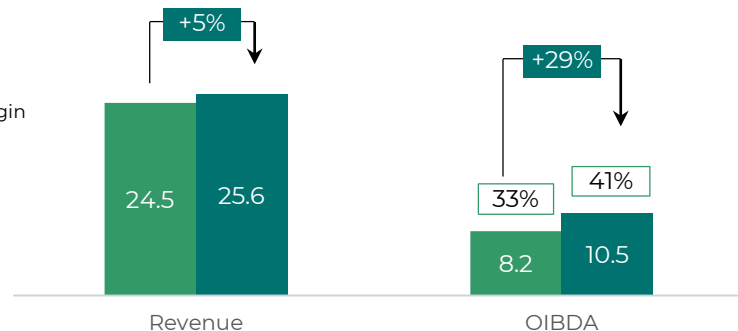


REVENUE & OIBDA DYNAMICS Q3'21

Segezha Group

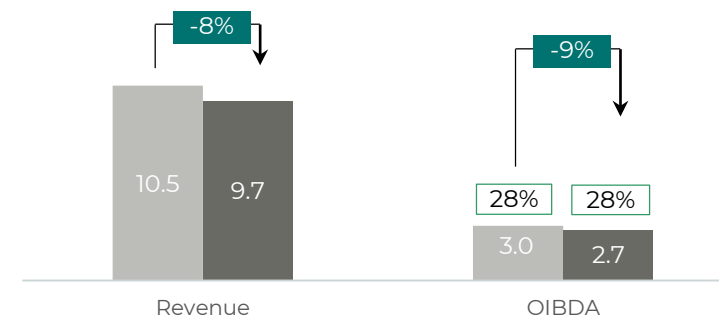
RUB bn

■ Q2'21
■ Q3'21
X% -OIBDA margin



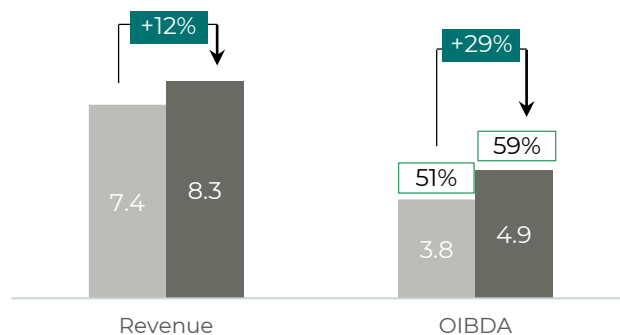
Paper & Packaging

RUB bn



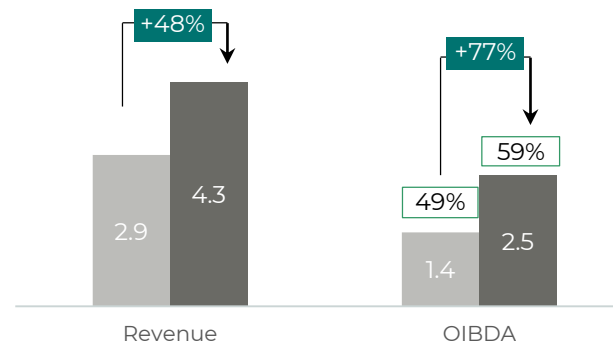
Forestry mgmt & Woodworking

RUB bn



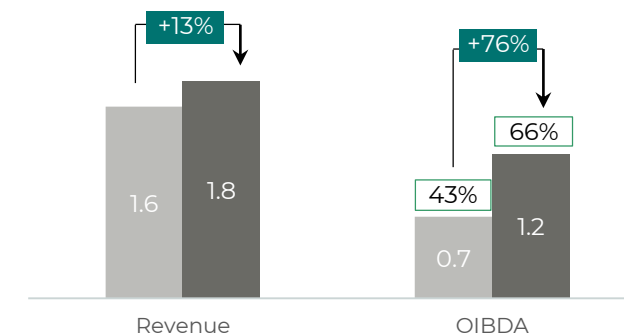
Plywood & Boards

RUB bn



Laminated wood products

RUB bn

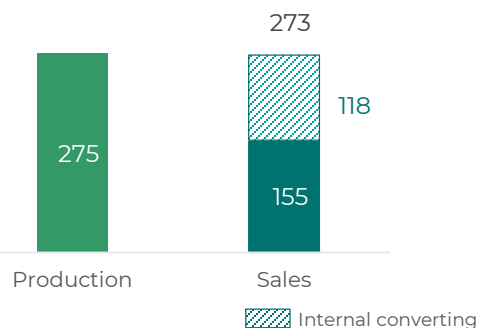


PAPER & PACKAGING SEGMENT

Operating results

Paper

ths t



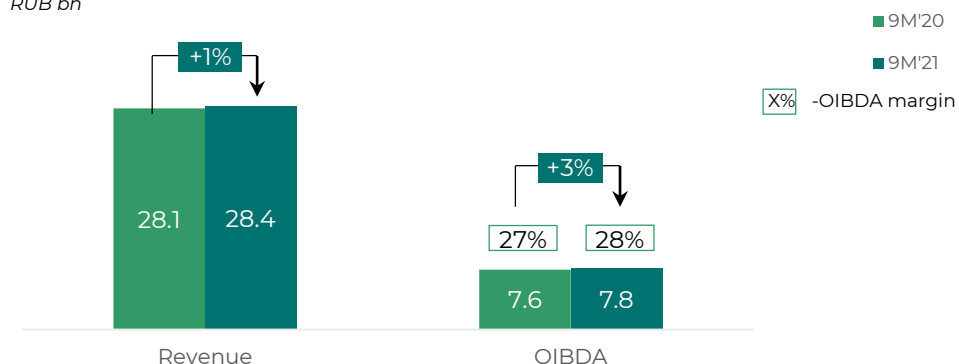
Packaging

mln pcs

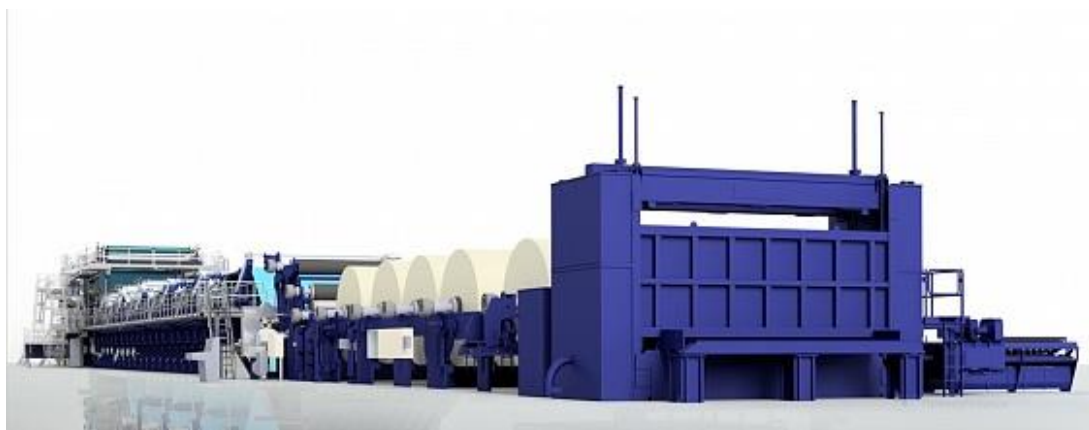


Key financials for Pulp & Paper segment

RUB bn



Construction of a new paper making machine at Sokol PPM



Key projects

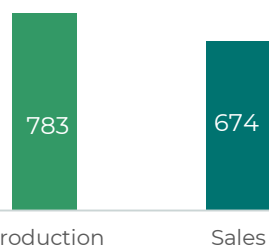
- **The modernisation of the Sokol PPM** will increase the production of various types of paper by 65 ths t per year to 100 ths t per year. Investment in the project is approximately RUB 11 bn. For more information, follow the [link](#).
- **Modernisation of the Segezha PPM** will increase sack paper production capacity by 25 ths t in 2022. Investment in the project will amount to RUB 4.5 bn.

FORESTRY MGMT & WOODWORKING SEGMENT

Operating results

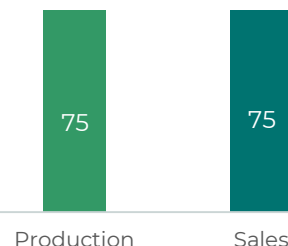
Sawn timber¹

ths cu m



Pellets

ths t



Harvesting

ths cu m

4,287

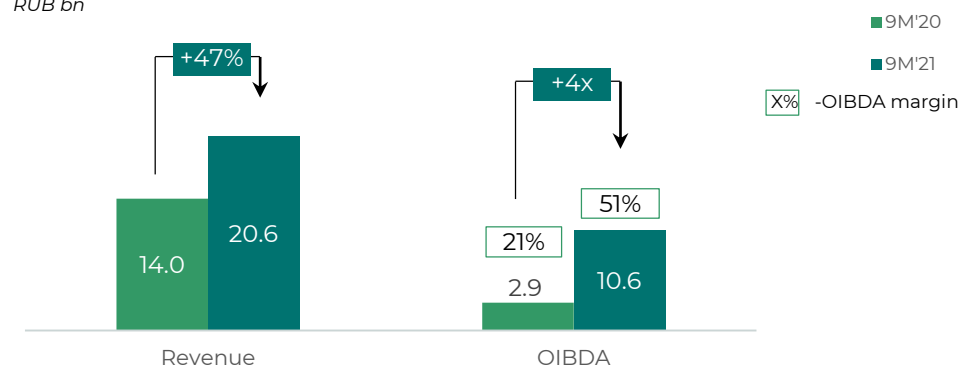


Key highlights

- Segezha Group has one of the highest rates of **raw wood self-sufficiency**, at **82%** in 9M'21
- In 9M'21 the Group increased **volumes of timber harvesting** by **6% y-o-y**
- Despite the raw wood harvesting cost inflation around the world, Segezha Group **managed to decrease its cost** by **2% y-o-y**.
- Segezha Group put into operations an **automated log haulage management system, SegezhaLes**, which allows monitoring of operations and fuel consumption of forestry and log-hauling vehicles. The Group is digitalising the transportation chain – from the forest declaration to the customer. More via the [link](#).

Key financials for Forestry Mgmt & Woodworking segment

RUB bn



Key projects

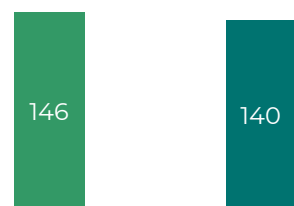
- **The modernisation of the Omega LDK** will increase total annual sawn timber output by 20% to 280 ths cu m and reduce production costs by 30% due to improved operational efficiency through the automation and development of added-value conversion. For more information, follow [the link](#).
- **The modernisation of the Lesosibirsk LDK** will increase production of sawn timber by 50 ths cu m, pellets by 100 ths t, and will also make it possible to achieve zero-waste manufacturing by constructing a new bark waste boiler with a capacity of 40 MW. More information is available [here](#) and [here](#).

PLYWOOD & BOARDS SEGMENT

Operating results

Plywood

ths cu m



Production Sales

Fibreboard

m sq m



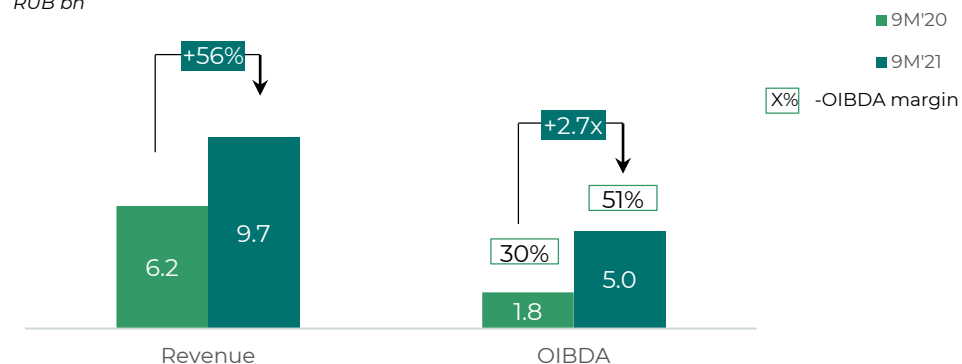
Production Sales

Key highlights

- Segezha Group has successfully **conducted an audit** of the Vyatka Plywood Mill for compliance with the production standards of Gaztransport & Technigaz (France) in order to subsequently produce certified plywood for the insulation lining of **LNG tankers**.
- **Expansion of the customer base:** cooperation has started with more than 20 new customers in the Middle East and China.

Key financials for Plywood & Boards segment

RUB bn

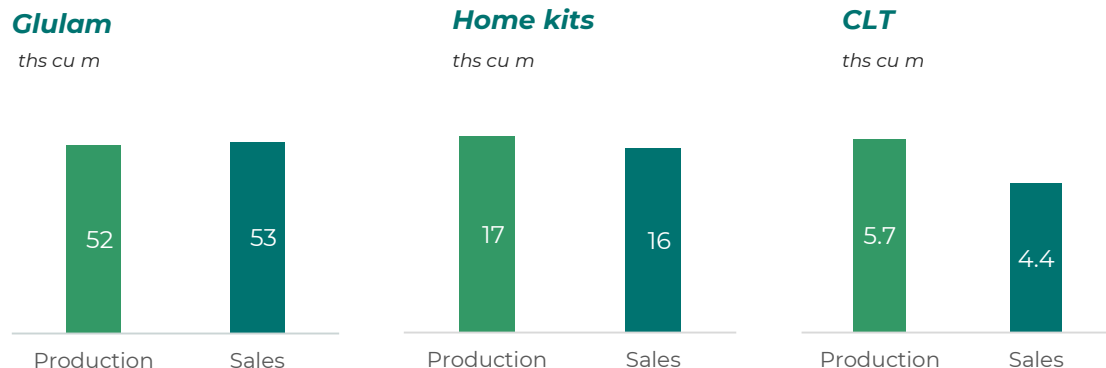


Key projects

- **The expansion of capacity at the Vyatka plywood mill** by 33%, or 64 ths cu m. Investment in the project will amount to RUB 6.5 bn. The launch of new capacities is scheduled for 2022. For more information, follow [the link](#).
- **The construction of the Galich plywood mill** will increase capacity by 125 ths cu m per year. GPM will produce high-margin types of plywood, including Maxi-format plywood, 7x13 ft, which is unique to Russia. Investment in the project is structured as project finance, with the Group investing RUB 2.3 bn. For more information, follow [the link](#).

LAMINATED WOOD PRODUCTS SEGMENT

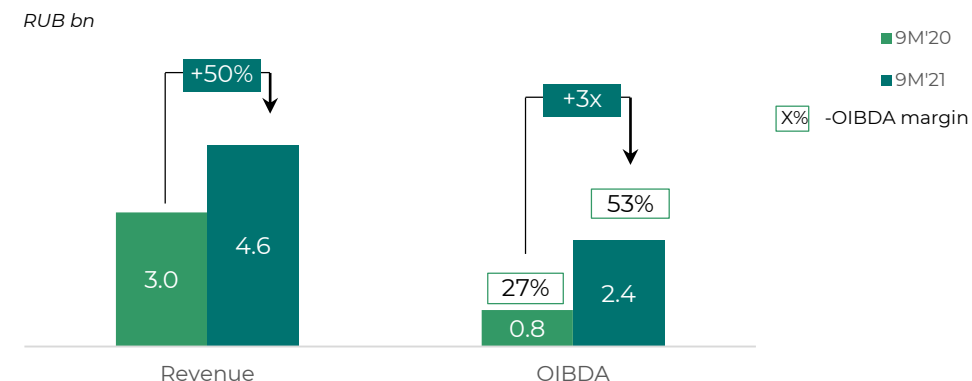
Operating results



Key highlights

- Segezha Group's CLT production facility passed the European Technical Assessment (ETA) on product performance. The ETA of the plant was conducted by the Austrian Institute of Construction Engineering (OIB). For more information, follow [the link](#).
- Glulam produced by Sokol sawmill was certified by the Japanese agency JAS, which is necessary to enter the Japanese market.
- Construction of the first CLT-made private houses were conducted in Russia.

Key financials for Laminated Wood Products segment



Key projects

- Construction of a pellet plant at the Sokol DOK, as well as a new boiler plant operating on bark and wood waste. The capacity of the new unit will be 65 ths t of pellets per year. Investments in the project are approx. RUB 1.1 bn. Production is scheduled to start by the end of 2021. For more information, follow [the link](#).
- Construction of a new glulam plant in Segezha with a capacity of 240 ths cu m of glulam and 100 ths t of pellets. Construction work is planned to start at the end of 2021 with a total project budget of RUB 11.2 bn, and it will be implemented through project financing, similar to the Galich Plywood mill project.

THANK YOU!

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