

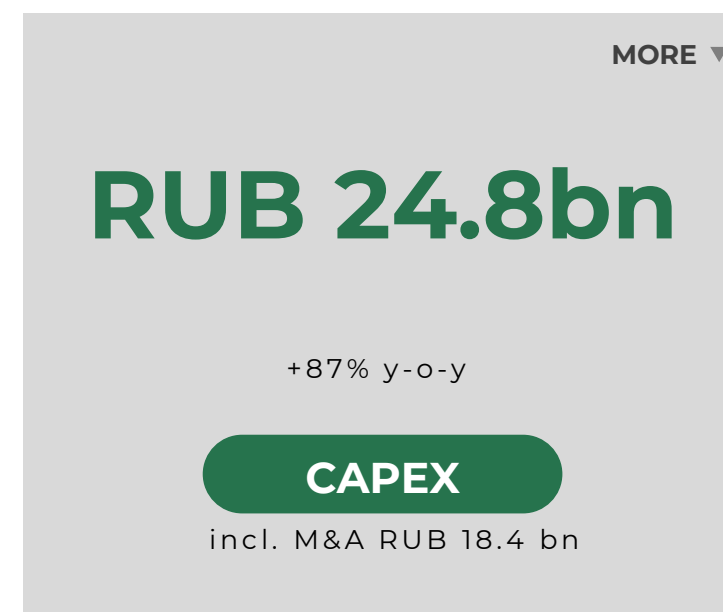
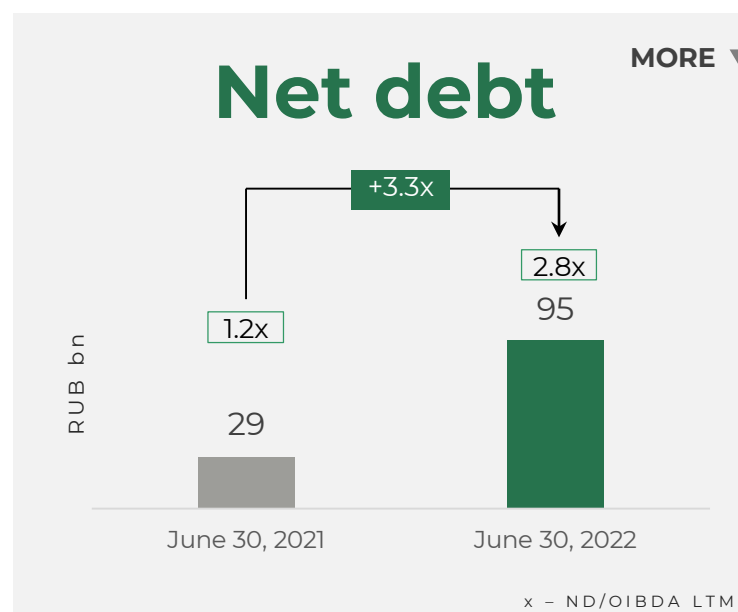
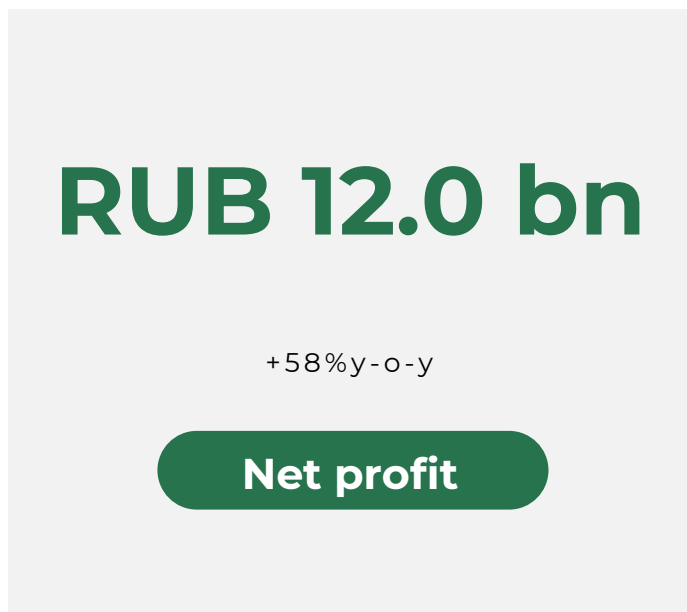
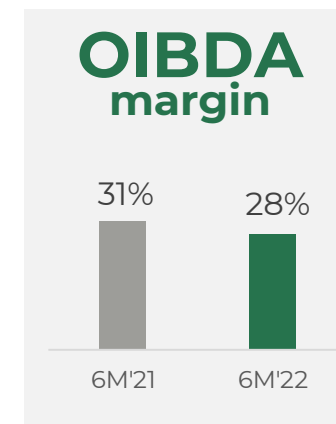
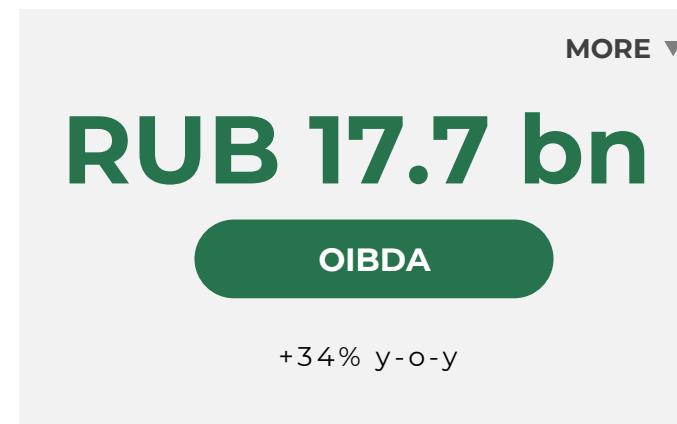
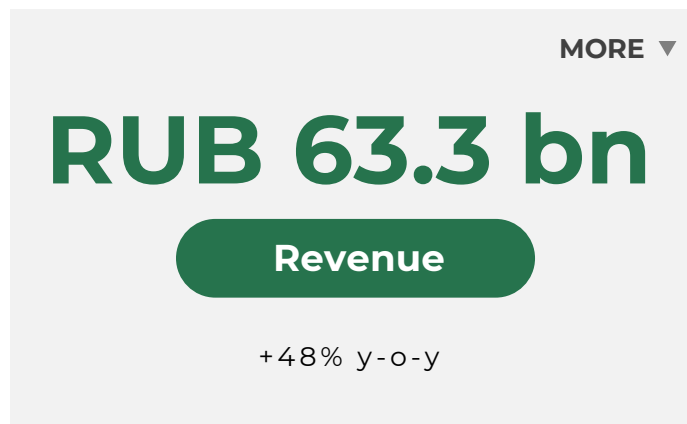


# SEGEZHA GROUP

6M 2022 FINANCIAL & OPERATING RESULTS

August 26, 2022

# SEGEZHA GROUP 6M 2022 RESULTS OVERVIEW

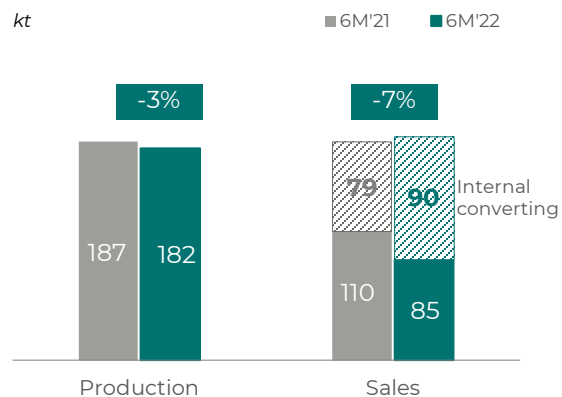




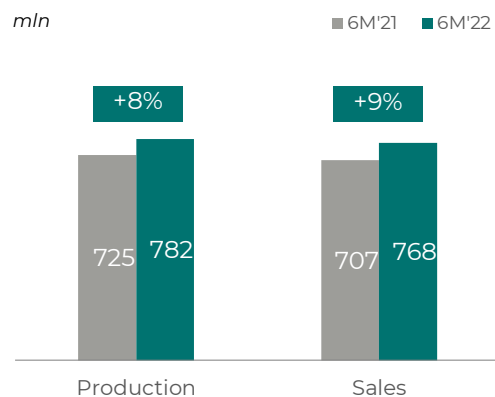
# SEGEZHA GROUP OPERATING RESULTS



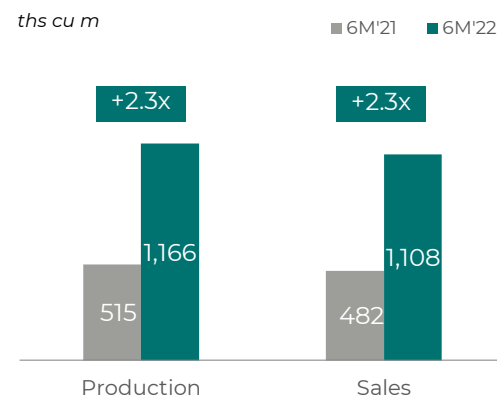
## Paper



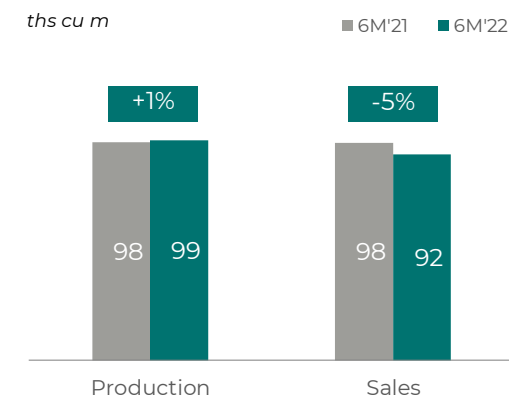
## Paper sacks



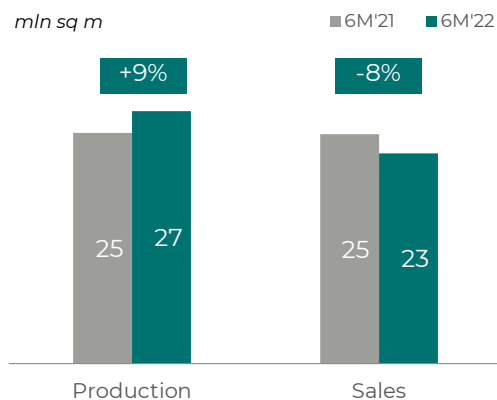
## Sawn timber



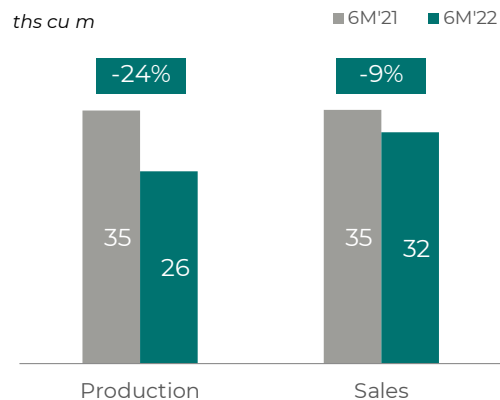
## Plywood



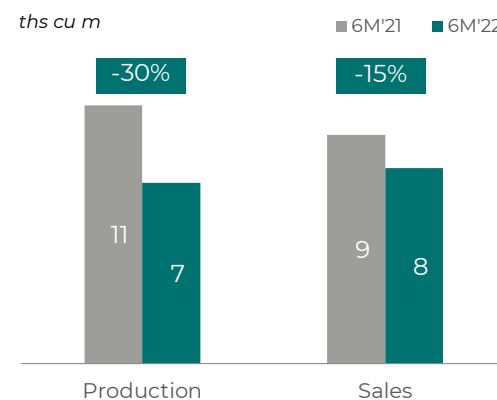
## Fibreboards



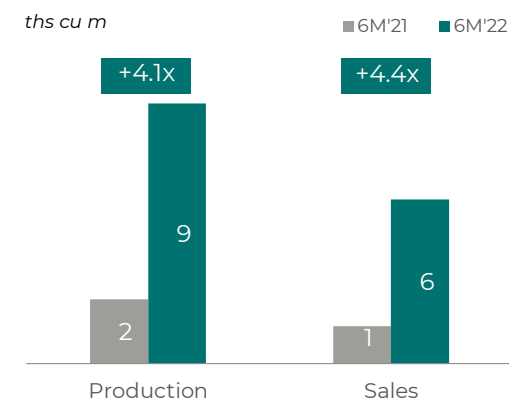
## Glulam



## Home kits

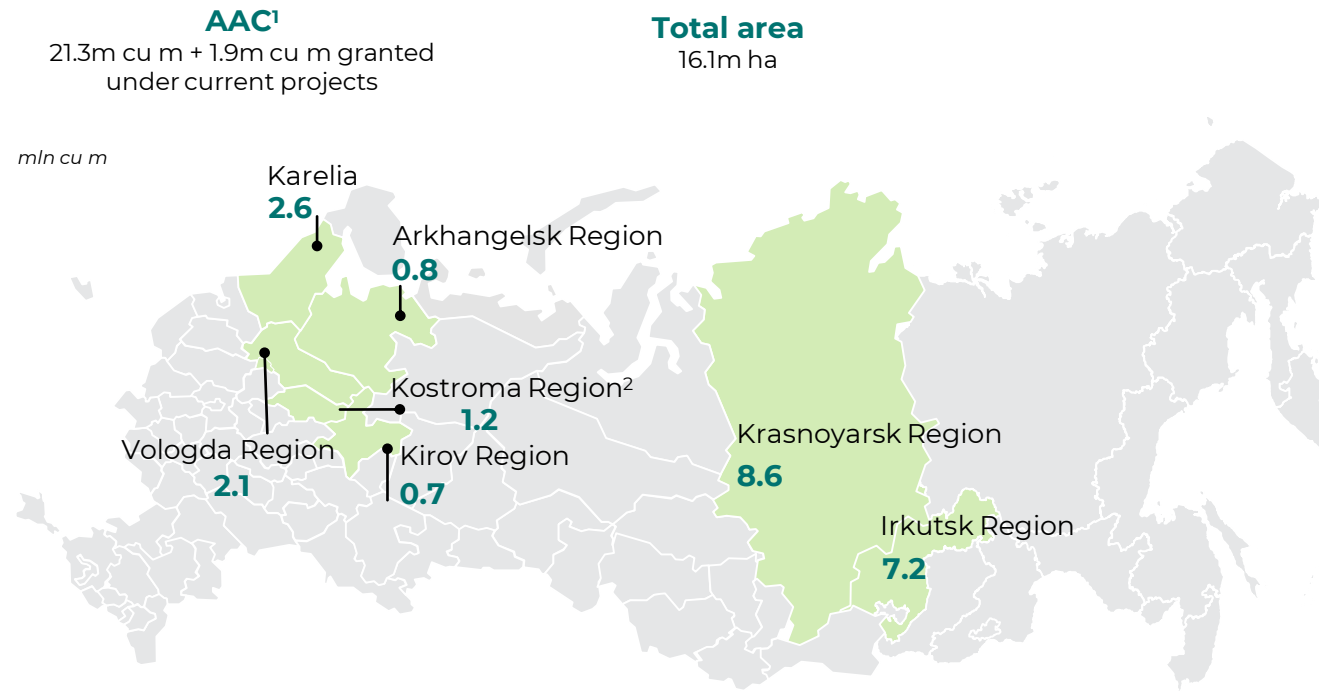


## CLT



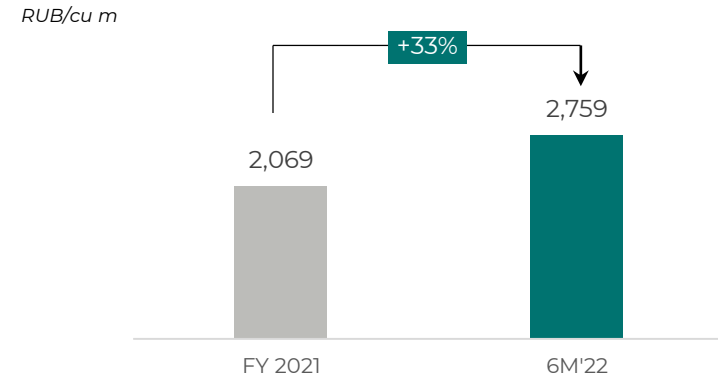
# HARVESTING

## Segezha Group forestry map

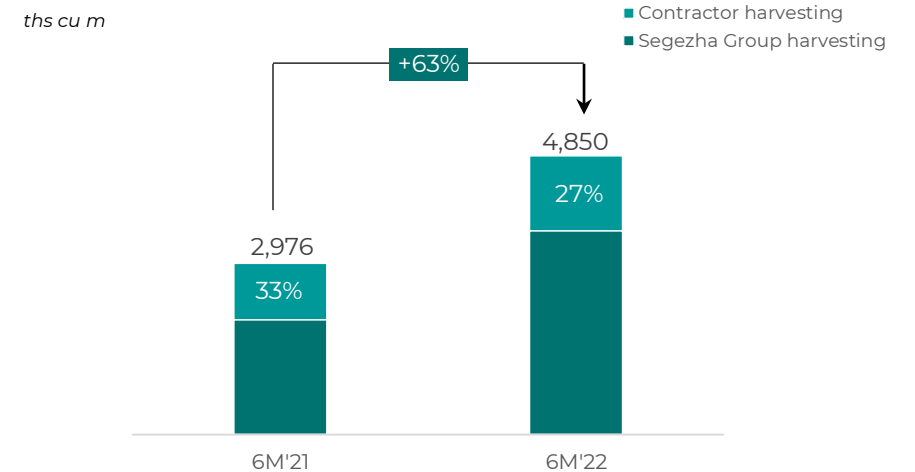


**93%** wood self-sufficiency across the Group<sup>3</sup>

## Segezha Group cost of timber harvesting

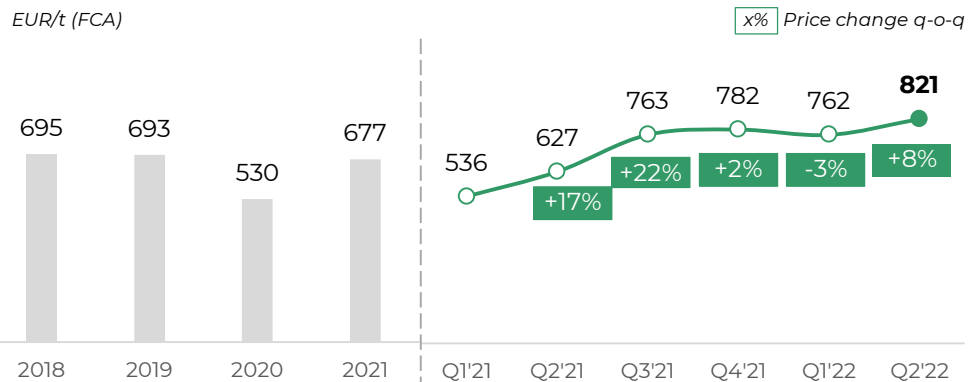


## Timber harvesting volumes

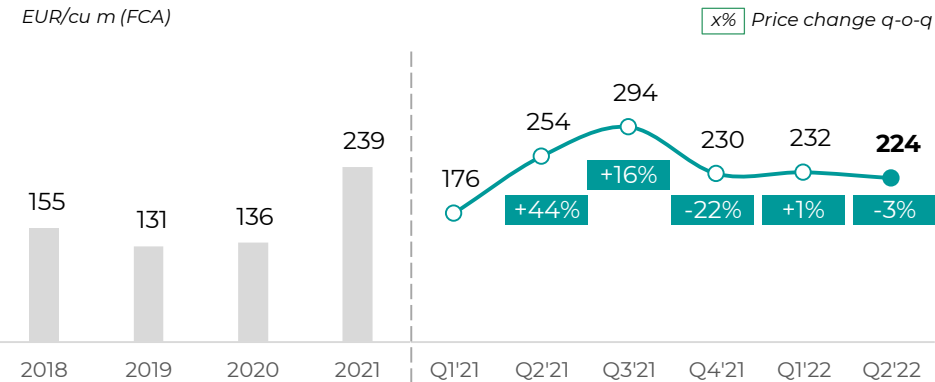


# PRICE DYNAMICS

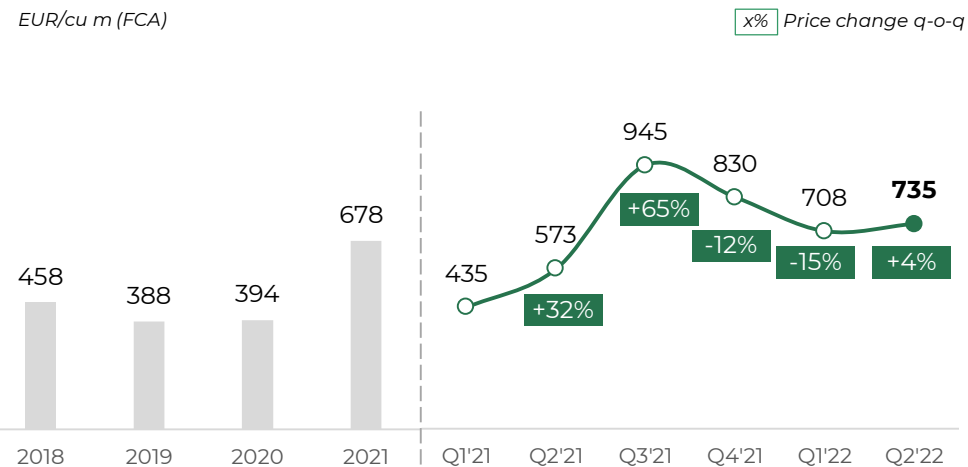
## Paper



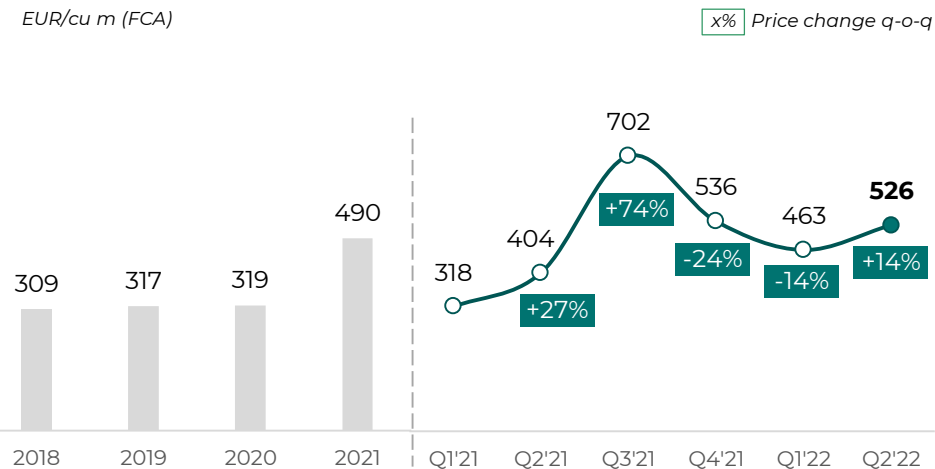
## Sawn timber



## Birch plywood

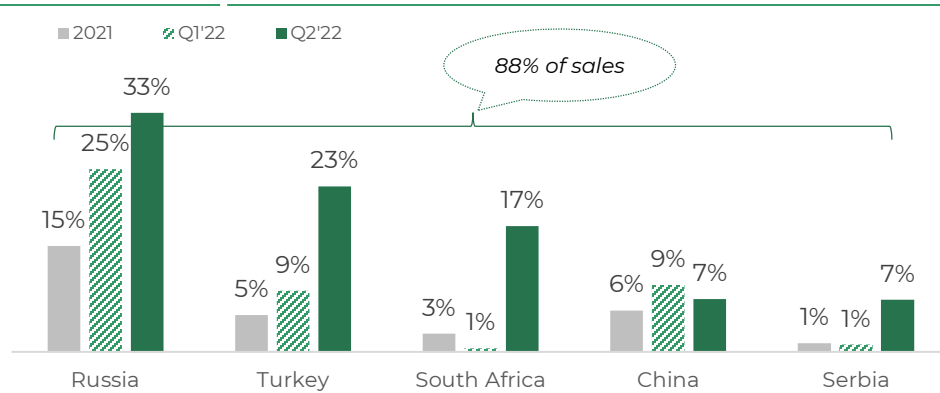


## Glulam

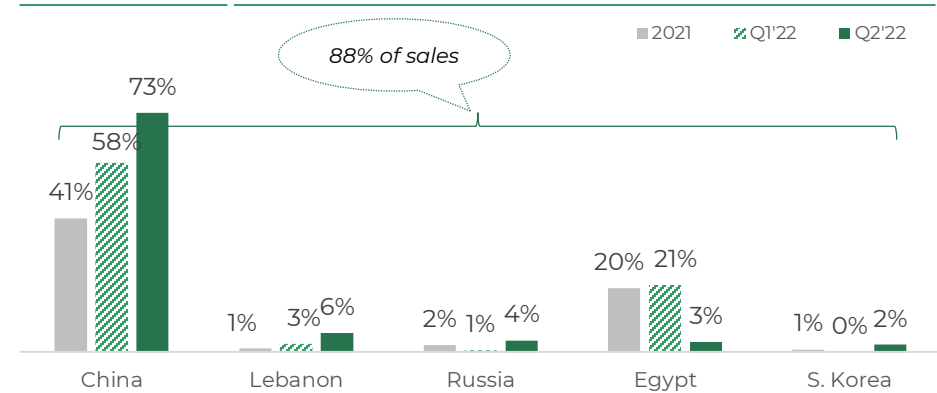


# KEY MARKETS: SHIFT TO BETTER OPPORTUNITIES

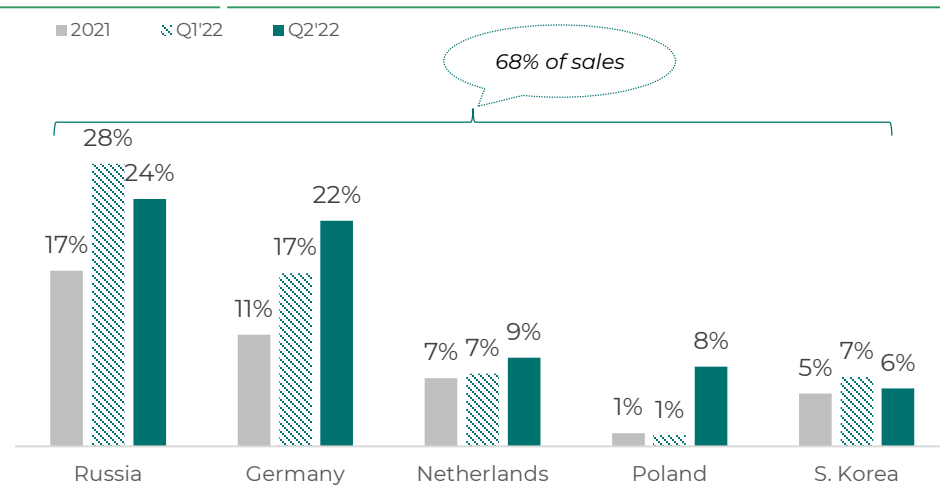
## Paper



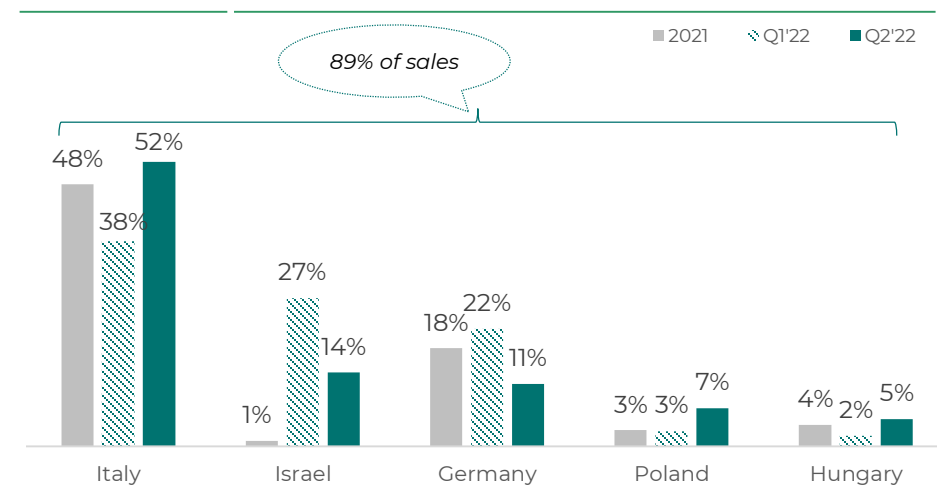
## Sawn timber



## Plywood



## Glulam



# REVENUE DRIVERS YoY

## Revenue bridge by factors

RUB bn

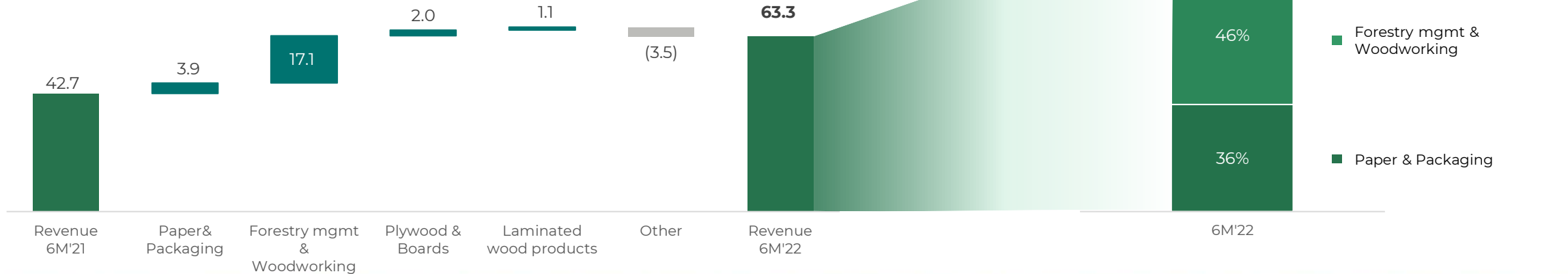


## Comments

- In 6M'22 **revenue went up by 48% y-o-y to RUB 63 bn** with key drivers being price improvement, and consolidation effect of NLHK and IFR assets
- The largest revenue contribution was made by Forestry Management & Woodworking segment as most of newly consolidated business is allocated to this segment with exception for plywood asset

## Revenue bridge by segments

RUB bn



## OIBDA bridge by factors

RUB bn

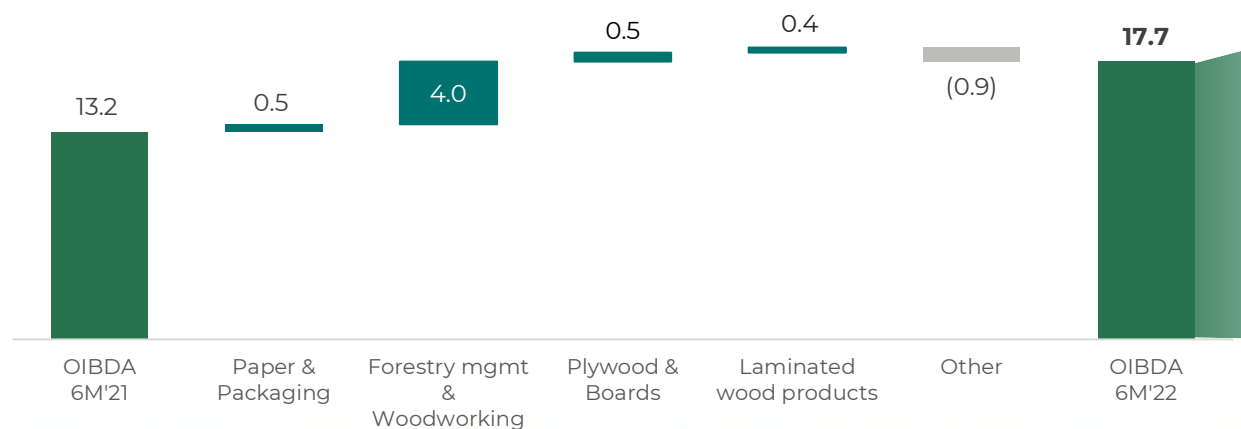


## Comments

- In 6M'22 **OIBDA increased to RUB 17.7 bn, up by 34% y-o-y** driven by revenue growth and measures taken by Group's management to strictly control costs
- Cost of sales and SG&A** were growing faster than revenue on the back of inflation for key materials, harvesting and transportation costs during 6M'22
- EBITDA was RUB 17.7 bn, in line with OIBDA (the difference between the two metrics was an immaterial sum for other operating costs)

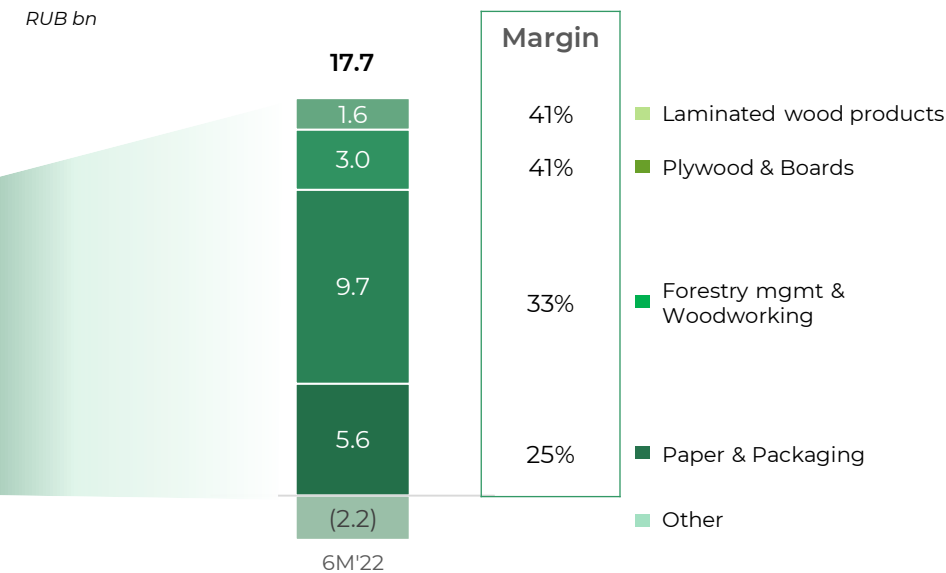
## OIBDA bridge by segments

RUB bn



## OIBDA structure by segments

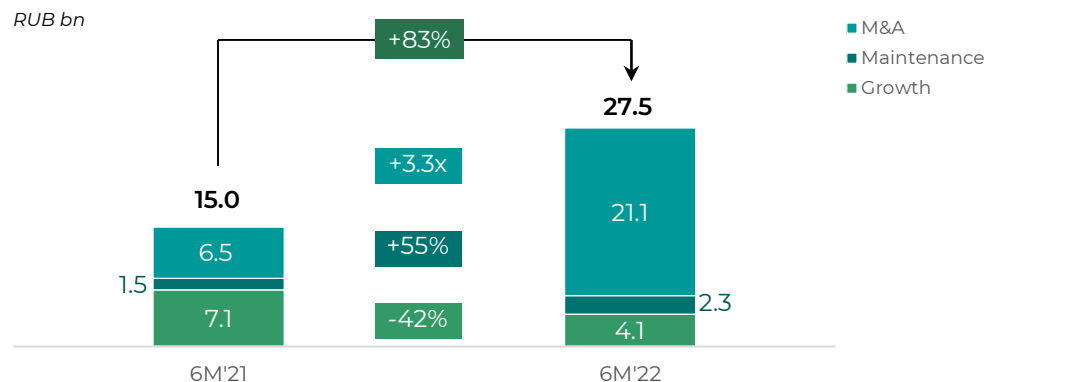
RUB bn



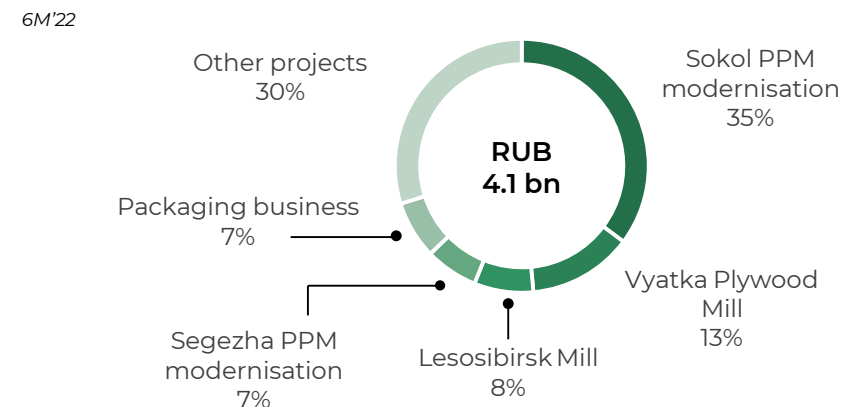


# CAPEX & WORKING CAPITAL

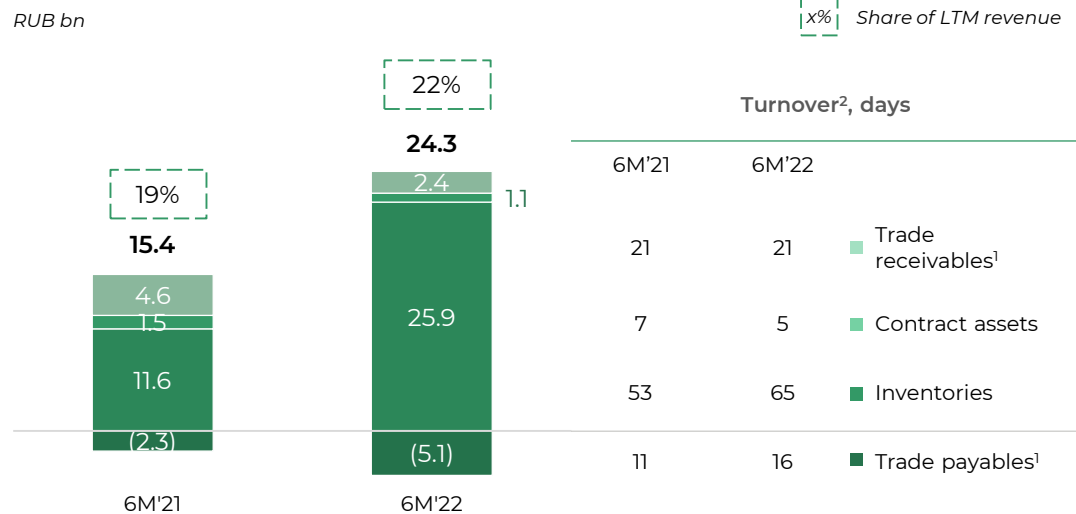
## CAPEX dynamics



## Growth CAPEX breakdown



## Operating working capital<sup>1</sup>



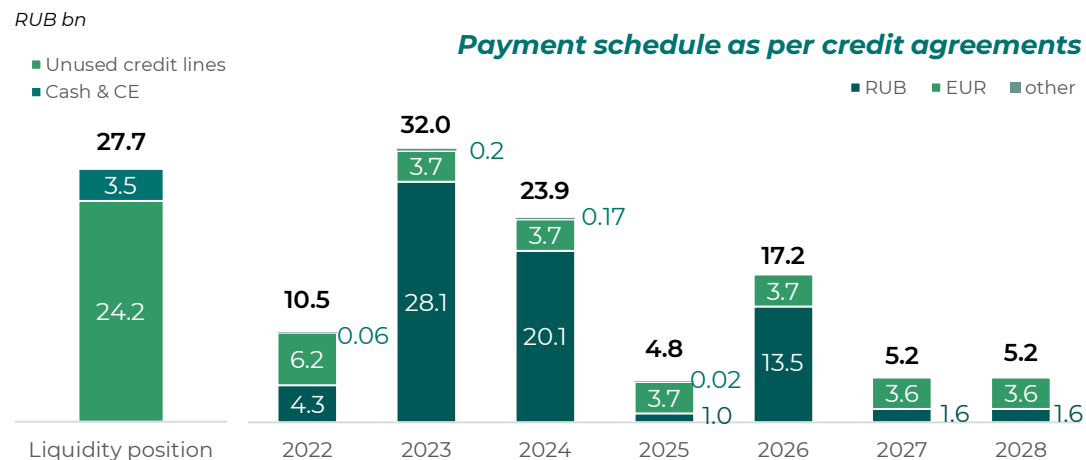
## Comments

- In **6M'22 CAPEX for maintenance and growth projects decreased to RUB 6.4 bn** (-25% y-o-y) due to shrank investments in growth projects because of uneven macroeconomic situation. Key payments were:
  - Modernization of 2 PPMs in Segezha and Sokol
  - Expansion of Vyatka plywood mill
  - Development of Segezha's own converting facilities
  - Modernisation of Lesosibirsk mill
- **RUB 18.4 bn** were spent on payments for IFR M&A proceeded in Jan'22
- **Working capital growth<sup>1</sup>** was mostly due to **Inter Forest Rus & NLHK** consolidation

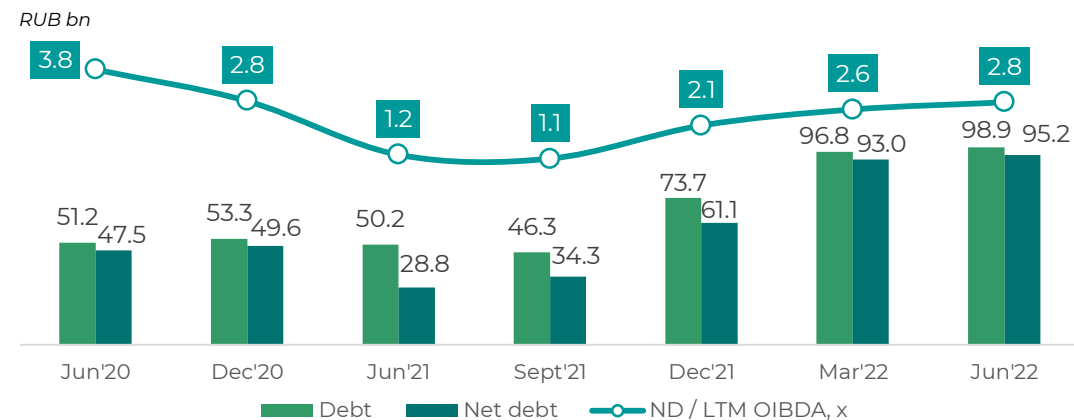
## FCF



## Debt repayment schedule & liquidity position



## Comfortable level of debt



## Comments

- Segezha Group paid out dividends for FY 2021 in the amount of RUB 10.0 bn in June'22.
- In May, 2022 Segezha placed new ruble bond issuances on MOEX for RUB 9 bn each with a duration in 2024 correspondingly. Coupon was set at 10.9%
- 82% of the debt is RUB nominated, 18% were represented by foreign currencies (mostly EUR)
- Weighted average rate on borrowed funds was 6.4%, weighted average financing period – 2.3 years
- Cash & cash equivalents is nominated in RUB by 63%, and foreign currency - 37%

# SEGEZHA'S PLAN FOR INVESTMENT PROJECTS



Project	Region	Segment	2019	2020	2021	2022	2023	2024	2025	Remaining CAPEX <sup>1</sup>	Status	Capacity <sup>3</sup> increase	
<b>Plywood Mill</b>	Galich, Kostroma region	Plywood & Boards	CAPEX <sup>1</sup> = RUB 3.2 <sup>2</sup> bn								RUB 0.3 bn	<b>COMPLETED</b>	+125 k cu m of birch plywood
<b>Consumer Packaging</b>	Moscow region	Paper & Packaging		RUB 0.9 bn						-	<b>COMPLETED</b>	+144 m consumer paper sacks	
<b>Segezha Pulp &amp; Paper Mill (modernisation)</b>	Segezha, Karelia	Paper & Packaging	RUB 4.5 bn								RUB 0.8 bn	<b>COMPLETED</b>	+25 kt of sack paper
<b>Sokol Pulp &amp; Paper Mill (modernisation)</b>	Sokol, Vologda region	Paper & Packaging			RUB 17.0 bn						RUB 13.7 bn	Installation of metal structures of the main building of the paper mill and the waste paper preparation workshop is underway.	+3.2 kt sack paper +43 kt greaseproof paper +18 kt subpergament paper
<b>Lesosibirsk Mill (modernisation)</b>	Lesosibirsk, Krasnoyarsk region	Forestry Mgmt & Woodworking			RUB 6.0 bn						RUB 4.8 bn	Part of equipment on site, looking for some alternative	+50 k cu m sawn timber +100 kt pellets
<b>Wood resources</b>	Russia	Forestry Mgmt & Woodworking			> RUB 12.0 bn						-		1. Renewal of forest equipment 2. AAC expansion
<b>Segezha East</b>	Krasnoyarsk region (Siberia)	Paper & Packaging	Developing stage, no decision made										~1.0 mt of pulp
<b>Segezha West</b>	Segezha, Karelia	Paper & Packaging	Developing stage, no decision made										+1.5 mt of pulp
<b>Plywood Mill (expansion)</b>	Vyatka, Kirov region	Plywood & Boards			RUB 5.8 bn						RUB 5.0 bn	Equipment on site. Installation of equipment is put on hold	+64 k cu m of plywood
<b>Omega mill (modernisation)</b>	Onega, Karelia	Forestry Mgmt & Woodworking				RUB 6.8 bn					RUB 6.3 bn	ON HOLD	+48 k cu m sawn timber +30 kt pellets

Source: Company data

Notes: **1.** CAPEX presented net of VAT and recalculated based on RUB/USD rate of 60. **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

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# THANK YOU!

**Elena Romanova**

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