



THE
NAVIGATOR
COMPANY

9M / Q3 2021

**Results
Presentation**

November 3rd 2021



THE
NAVIGATOR
C O M P A N Y

DISCLAIMER

This presentation is intended to provide a general overview of The Navigator Company S.A.'s business and does not purport to deal with all aspects and details regarding The Navigator Company S.A..

This presentation has been prepared by The Navigator Company S.A. for information purposes only. Some statements in this presentation are forward-looking, based on assumptions and current expectations of future events. Although The Navigator Company, S.A. believes that these were reasonable when made, such statements are inherently subject to significant known and unknown risks and contingencies, which relate to factors that are beyond the ability of The Navigator Company, S.A. to control or estimate precisely, such as international economic conditions, foreign exchange fluctuations, credit markets, the cost of raw materials, legal and regulatory requirements, including measures adopted in connection with the prevention of the dissemination of SARS-CoV-2/COVID-19 and that could cause actual results to differ substantially from those expressed or implied by such statements.

Except as required by any applicable law or regulation, The Navigator Company S.A. or any of its affiliates, directors, officers, employees or advisers or any other person assumes no obligation whatsoever to update the information contained in this presentation or to notify a reader in the event that any matter stated herein changes or becomes inaccurate.

PARTICIPATION

Executive Directors

António Redondo

Adriano Silveira

Fernando Araújo

João Lé

João Paulo Oliveira

Nuno Santos

Investor Relations

Ana Canha

9M / Q3 2021 RESULTS PRESENTATION



01

**Main
Highlights**

02

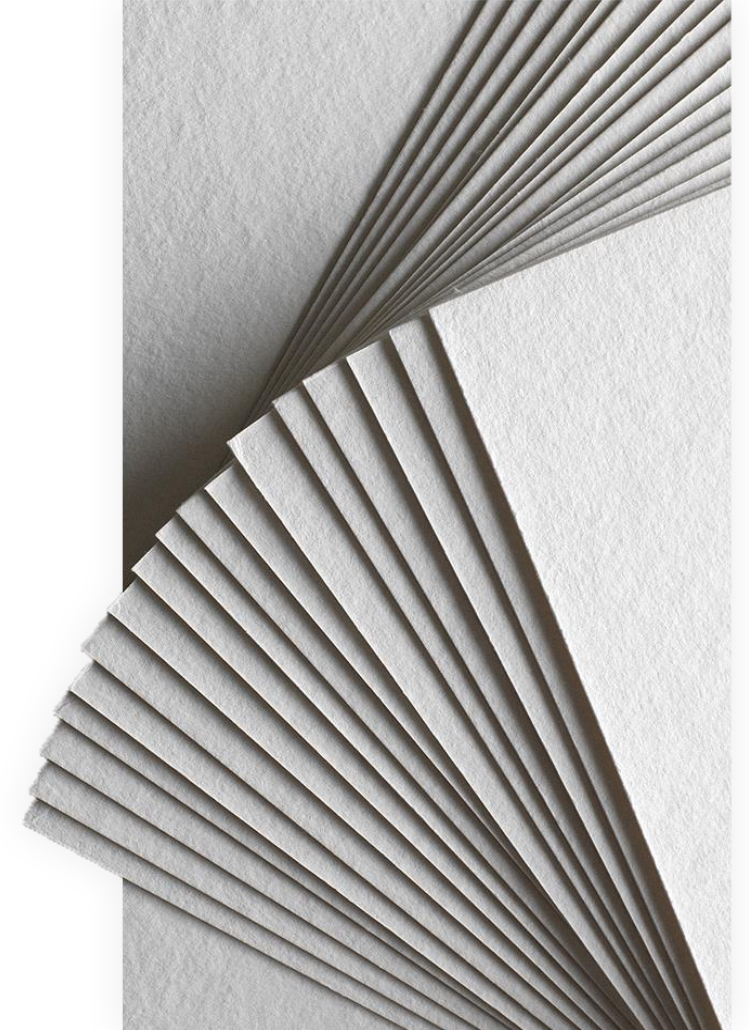
Market &
Group
Performance

03

Outlook

Q3 2021 | RESILIENT QUARTER DESPITE CHALLENGING ENVIRONMENT

- Focus on pricing and product-market strategies, cost control and working capital management helped to mitigate the increase in commodities' prices
- Best quarter volume wise (since Q3 2018) with significant UWF price recovery QoQ
- September ending with the largest paper order book ever registered (61 days), by the end of Q3
- Positive evolution on tissue prices (+5% QoQ; +1% YoY)
- Over the last quarter EBITDA margin returned to 24% level
- Net debt reduced to € 597 million, improving Net debt / EBITDA ratio from 2.22x to 1.86x.
- Innovation through the development of proprietary pulp and paper technology to produce Eucalyptus Globulus based packaging
- Portucel Mozambique has sent the first shipment of wood produced in Mozambique and the second shipment arrived already in October



9M FINANCIAL HIGHLIGHTS

Turnover recovered 7% to € 1 120 million on the back of significant paper volumes

EBITDA totalled € 246 million, and recovery on margin over sales to pre-pandemic levels of 22%

Strong Free Cash Flow generation of € 183 million and Capex of € 52 million, mainly maintenance and environment

Strong Net Debt decline to € 597 million, and Net Debt/ EBITDA ratio of 1.86x reflects Navigator's improvement on operational performance

In millions €	9M 2021	9M 2020	Change 9M'21-9M'20	Q3 2021	Q2 2021	Change QoQ
Turnover	1.120	1.044	+7%	405	374	+8%
EBITDA	246	210	+17%	96	80	+20%
EBITDA /Sales	22%	20%	+ 2 pp	24%	21%	+ 3 pp
CAPEX	52	70	-18	19	13	+6
Free Cash Flow	183	170	+12	61	65	-4
Net Debt	597	644	-47	597	658	-61
Remunerated Net Debt/EBITDA	1.86	2.28	-0.42	1.86	2.22	-0.36



MAIN QUARTER HIGHLIGHTS

Highest turnover since Q3 2018, totaling € 405 million in the quarter (+8% QoQ)

Paper volumes remained vigorous at 380 k tons in Q3, increasing about 13% YoY

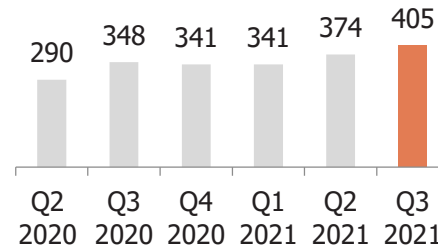
Pulp sales harmed by higher integration into paper and longer maintenance shutdowns postponed from 2020 (-16% QoQ; -4% YoY)

Tissue volumes up by 4% QoQ

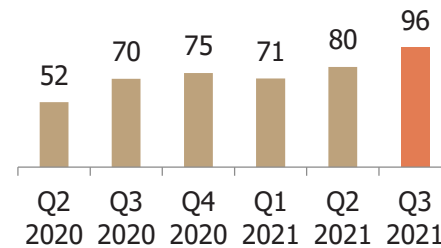
EBITDA amounted to € 96 million, a clear improvement compared with € 80 million in previous quarter (+20% QoQ)

Operational Cash Flow stood at € 79 million, increasing 13% over Q2

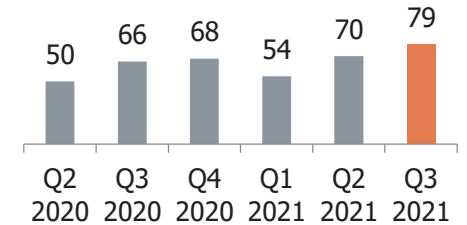
Turnover (M €)



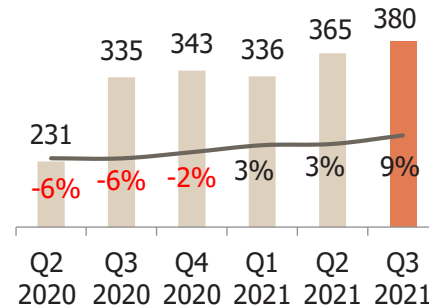
EBITDA (M €)



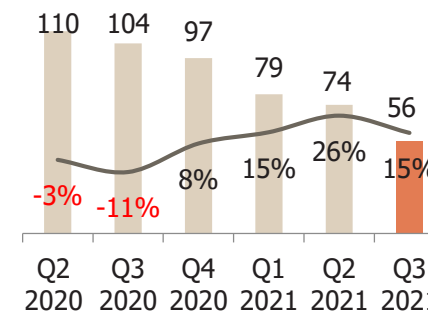
Operational Cash Flow (M €)



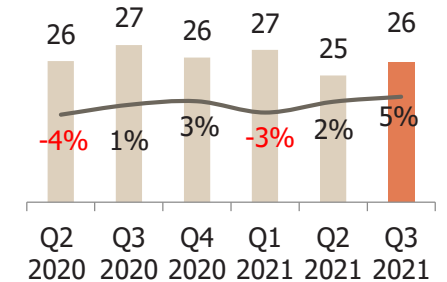
Paper sales (k tons)



Pulp sales (k tons)



Tissue sales (k tons)



— Average Price Evolution (Quarter) *

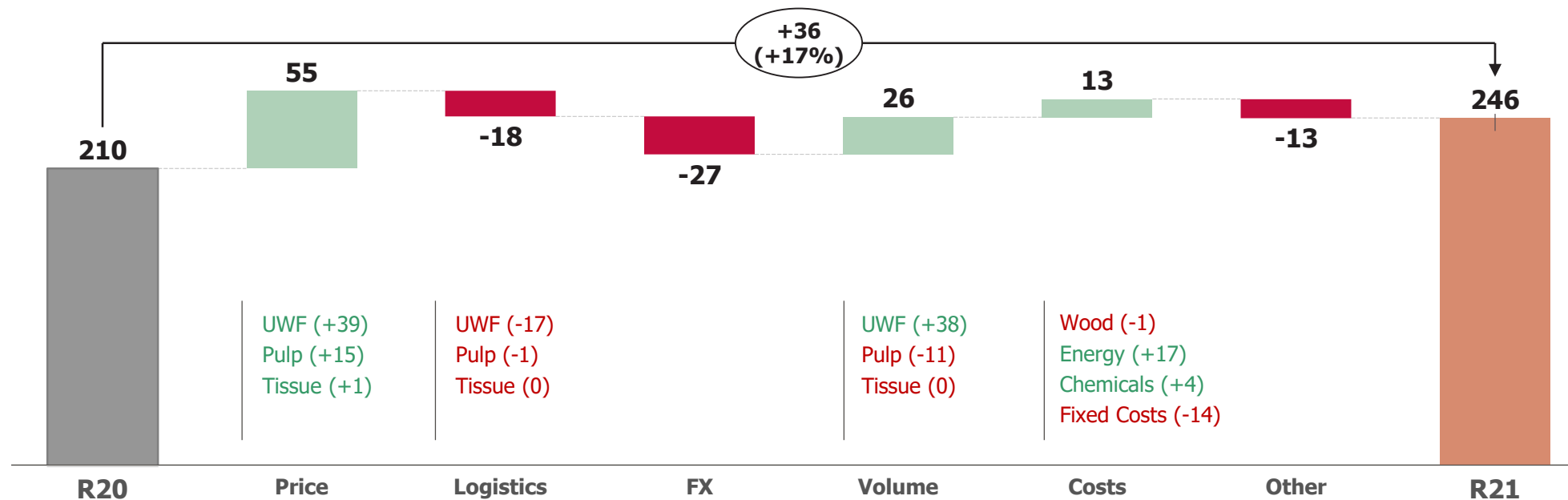
* Quarterly price evolution is influenced by pure price, exchange rates and mixes



EBITDA YoY Analysis

M€

Sound topline performance across the board together with savings in variable costs sustained the positive evolution in EBITDA



A Ascending trend on Pulp market prices throughout the year. UWF prices impacted by adverse FX and logistic costs

B UWF volumes improved 16% YoY supported by demand growth. Pulp limited by maintenance shutdowns, higher integration into paper and low stock levels. Tissue in line with 2020 figures

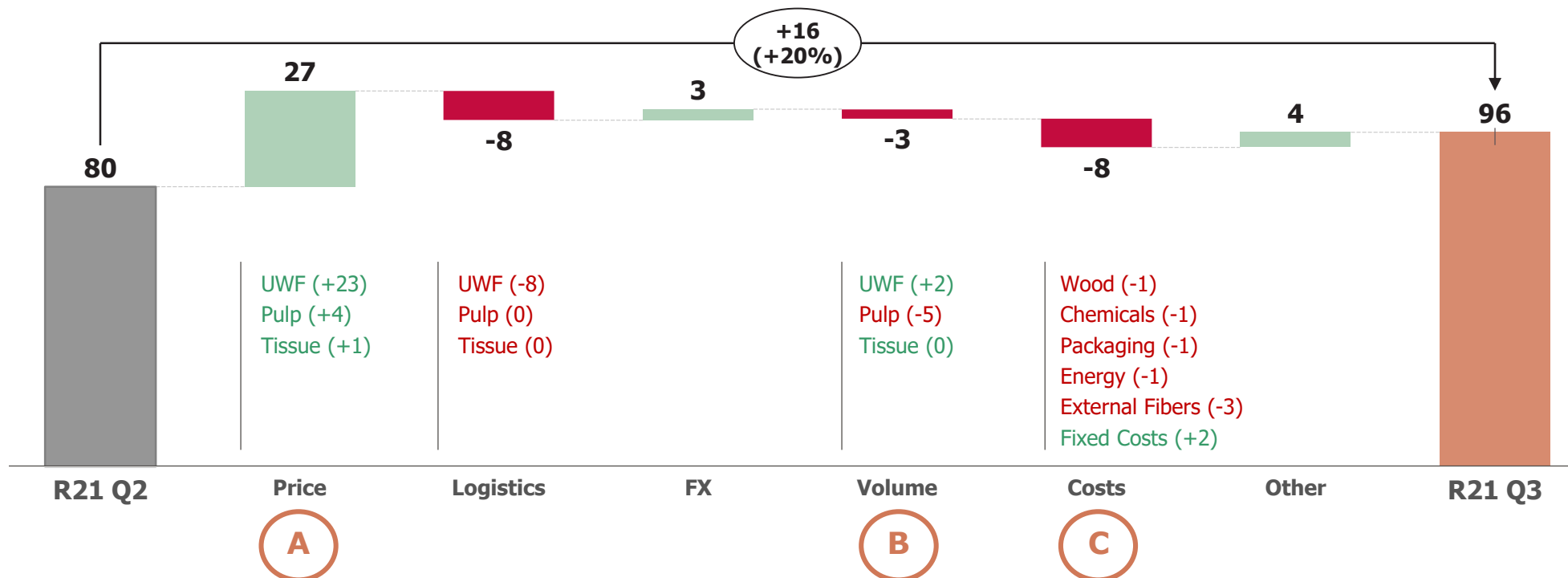
C Favorable impact of variable costs, namely Energy and Chemicals offset the evolution on Fixed Costs (HR costs as expected)



EBITDA QoQ Analysis (1/2)

M€

Record QoQ price improvement in Q3 offset the unfavorable evolution in the acquisition price of several variable cost items



A Uptrend in Pulp market prices, as well as increased logistic costs and commodities' price escalation, have been sustaining improvements in UWF and Tissue prices

B Economic activity recovery drove UWF volumes to grow in Q3. Pulp constrained by lower volumes available (-26%), while Tissue was above last quarter (+4%)

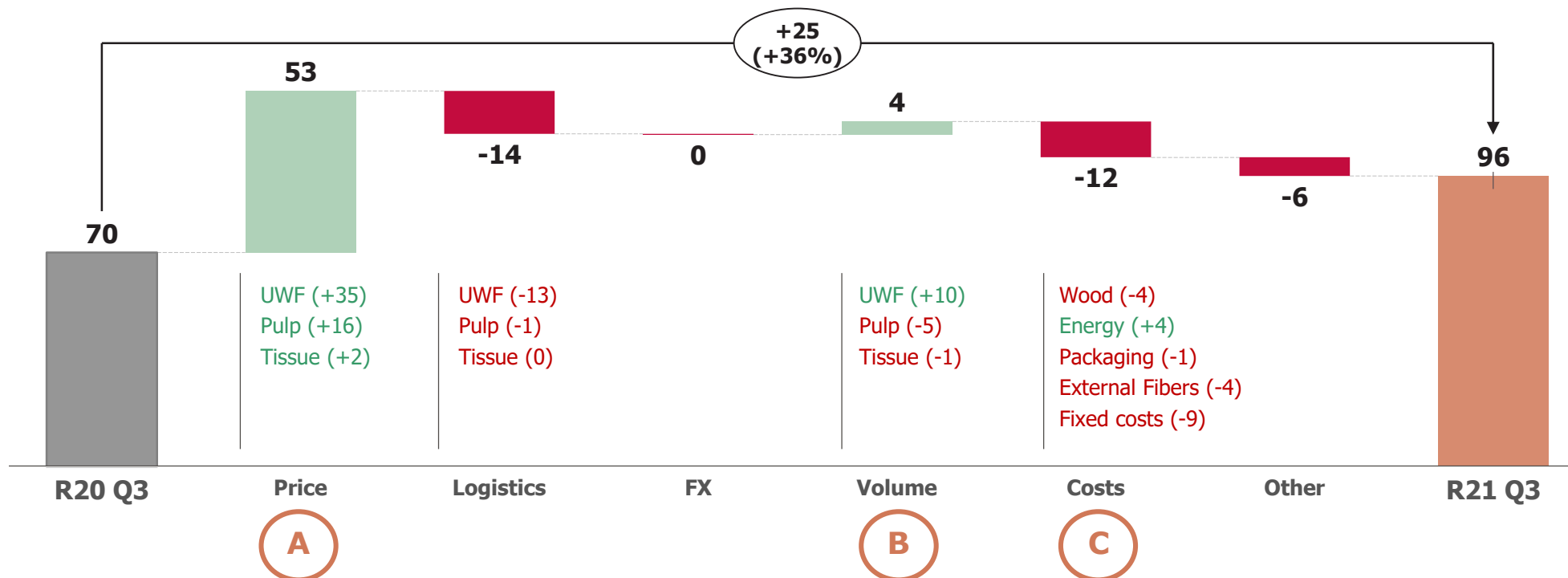
C Inflationary pressure on the purchase price of several raw materials negatively impacts variable costs



EBITDA QoQ Analysis (2/2)

M€

Significant growth in EBITDA (+36%) as the positive price impact outpaced the recent pressure on variable costs



A Price improvement measures across all business segments backed by good demand and cost increases.

B UWF sales volumes significant growth (+13%) compared to last year. UWF, longer maintenance shutdowns postponed from 2020 and very low stocks limited market pulp availability

C More than 80% of fixed costs reduction program 2019-2020 (excluding HR) was maintained throughout 2021

9M / Q3 2021 RESULTS PRESENTATION



01

Main
Highlights

02

Market &
Group
Performance

03

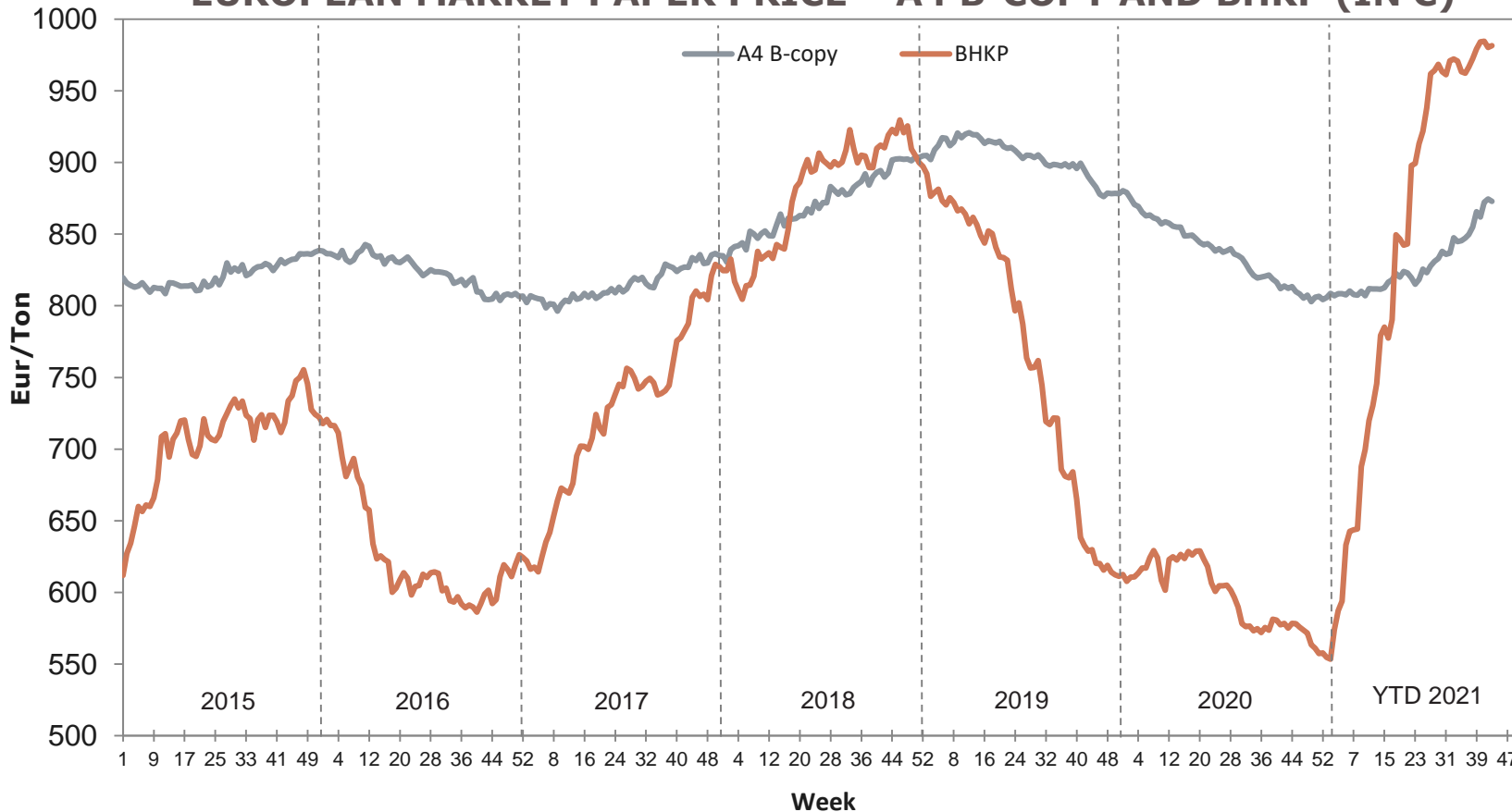
Outlook



PULP & PAPER PRICES IN 2021

Pulp prices currently at the highest level since beginning of 2000, with September ending at ≈ 979 €/ton; recent weakening of the Euro against USD impacting this value. Average paper prices declined 2.6% YoY, although improving when compared with Q2 (+3%) and Q3 2020 (+2%).

EUROPEAN MARKET PAPER PRICE – A4 B-COPY AND BHKP (IN €)



Source: FOEX

Average BHKP prices

	2014-19	9M 2020	9M 2021
Europe USD	823	680	983
Europe EUR	711	606	824
China USD	622	457	683

Average A4 B-Copy price

	2014-19	9M 2020	9M 2021
EUR	844	846	824

UPDATE ON THE PULP MARKET

PRICE

- Very strong pulp price increases since the beginning of the year, with China adjusting in Q3:
 - BHPK in Europe (YTD September): 979 €/ton (+77%)
 - BHPK in China (YTD September): 600 USD/ton (+16%)

DEMAND

- Global hardwood demand drop of 4.5% August YTD (YoY), hit by China's abnormal performance, specially over the last 3 months (-21.9% YoY)
- Conversely, in Europe demand is growing healthily (+8.1% YoY over the last 3 months), on the back of post Covid recovery on P&W, Packaging and Specialties segments

SUPPLY

- Pulp stocks at European ports at 1.3 Mt, 0.2 Mt below last 4-year average, despite the increase seen in Q3
- Logistics constraints have so far made it difficult for producers to divert pulp to Europe
- New pulp capacity has started operation in South America recently, however, expected to take time to ramp-up and reach the market. Start up date of another relevant project was recently postponed

UWF MARKET CONDITIONS

PULP PRICE

- All time record high BHKP price puts significant pressure on paper producers; BSKP is also at very high levels and other cost inputs such as energy, chemicals and logistics have registered strong increases

DEMAND

- Global Printing and Writing demand recovered 1.7 M tons YTD August (+4%), with UWF growing 5%, outperforming demand for coated paper (+4%) and mechanical paper (+1%)
- **EUROPE** | UWF paper demand for the first nine months continues the positive evolution (+6%), where sales of European producers in Europe rose 10% comparing with 9M 2020
- **USA** | UWF accumulated demand for 9M 2021 grew 2% YoY and 5% in Q3 YoY; this rebound is seen in other regions

BALANCE S/D

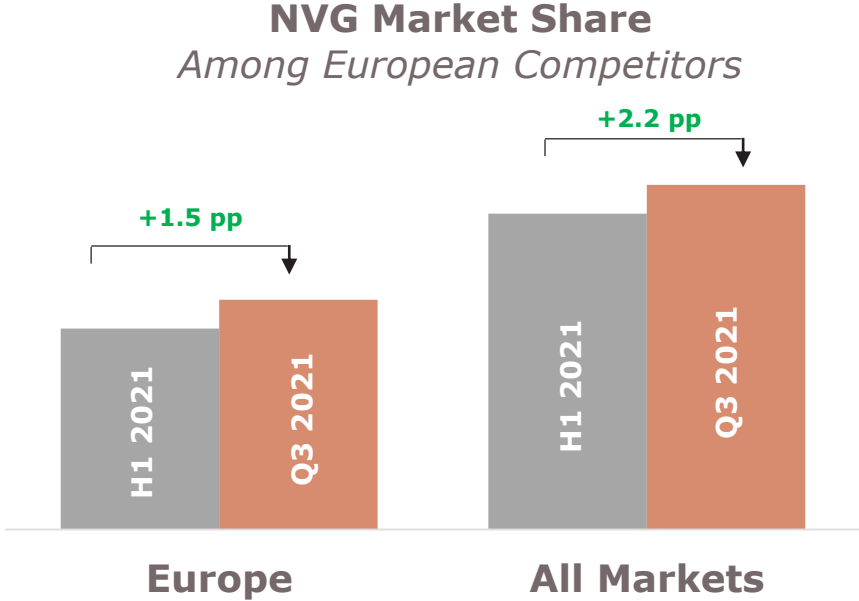
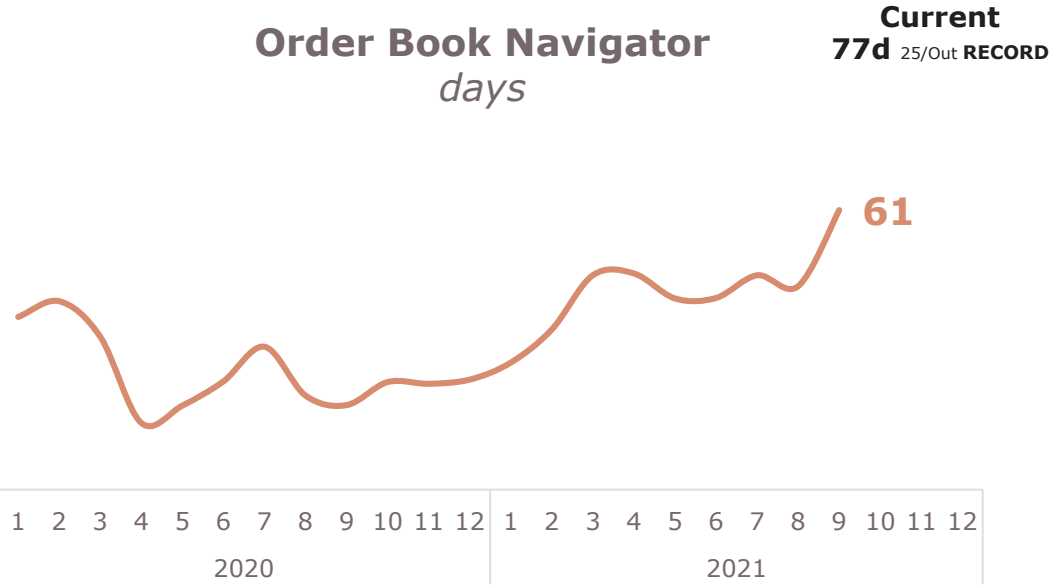
- Trade flows from major export origins are still constrained due to high sea freight rates and improving demand on local markets
- Announced capacity exits due to lack of profitability of circa -1.2 Mt in Europe and -1.7 Mt in the USA since 2019 (net)

PRICE LEVEL

- A4 B-copy price index for Europe by end of September was in 866 €/ton, a positive evolution since the start of the year (806 €/ton). Along with it, Navigator applied several price increases in all regions

NAVIGATOR PAPER PERFORMANCE

Navigator closed Q3 with an order book of 61 days and a drop in its paper stocks over the first 9 months of the year, ending September with approximately 11 stock days, an all-time low record. Navigator has been able to increase its market share among European Competitors from the first half to Q3 by further proving to its superior value offer and the long lasting and very reliable position as a UWF supplier.



NAVIGATOR PAPER & PULP PERFORMANCE

PAPER PERFORMANCE in 9M/Q3

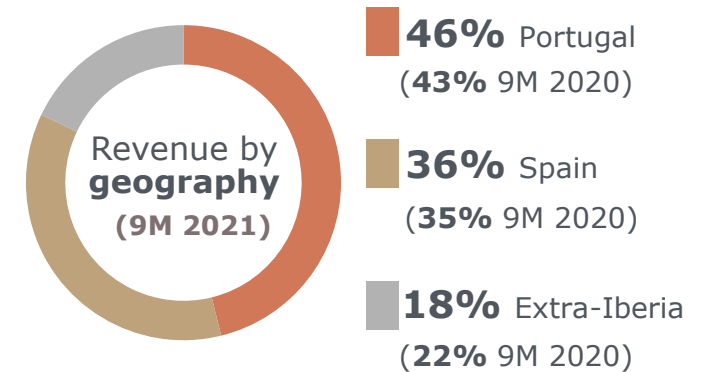
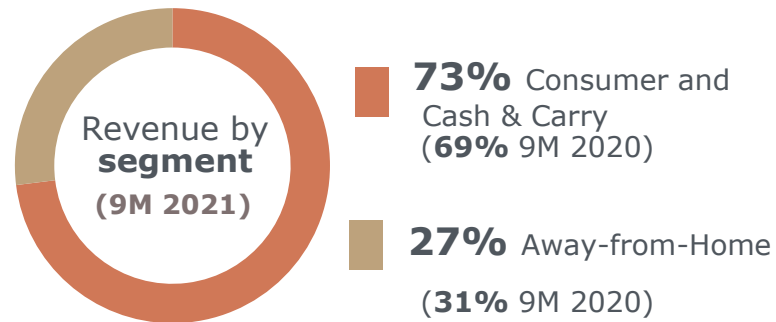
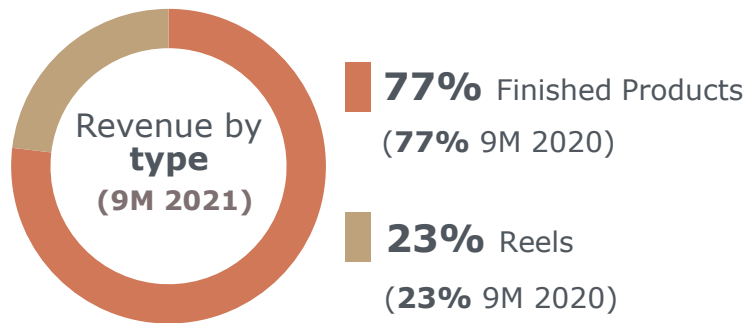
- UWF sales volume increased about 4% comparing with previous quarter to 380 ktons (highest since Q3 2018), and showed a clear recovery YoY (+16%)
- Paper turnover reflects the improvement on paper demand seen during the year, increasing 14% in QoQ, 15% YoY
- Navigator reduced stocks to a historically low level of 11 days, while reaching in September a order book of 61 days, the highest ever register by the end of Q3 (61 days)

PULP PERFORMANCE in 9M/Q3

- Navigator started 2021 with a relatively low stock level which, together with higher paper integration, maintenance shutdowns and extremely low pulp stocks at the end of Q3, reduced volumes during the first 9 months to around 207 ktons. Pulp sales stood at € 113 million, 4% below 9M of 2020 (when market pulp availability was significantly higher)
- The recovery in pulp prices observed since the start of the year helped to mitigate the decline in sales volumes

TISSUE BUSINESS KEEPS GOOD PERFORMANCE

Stable performance during Q3 with Away-from-Home segment shading off

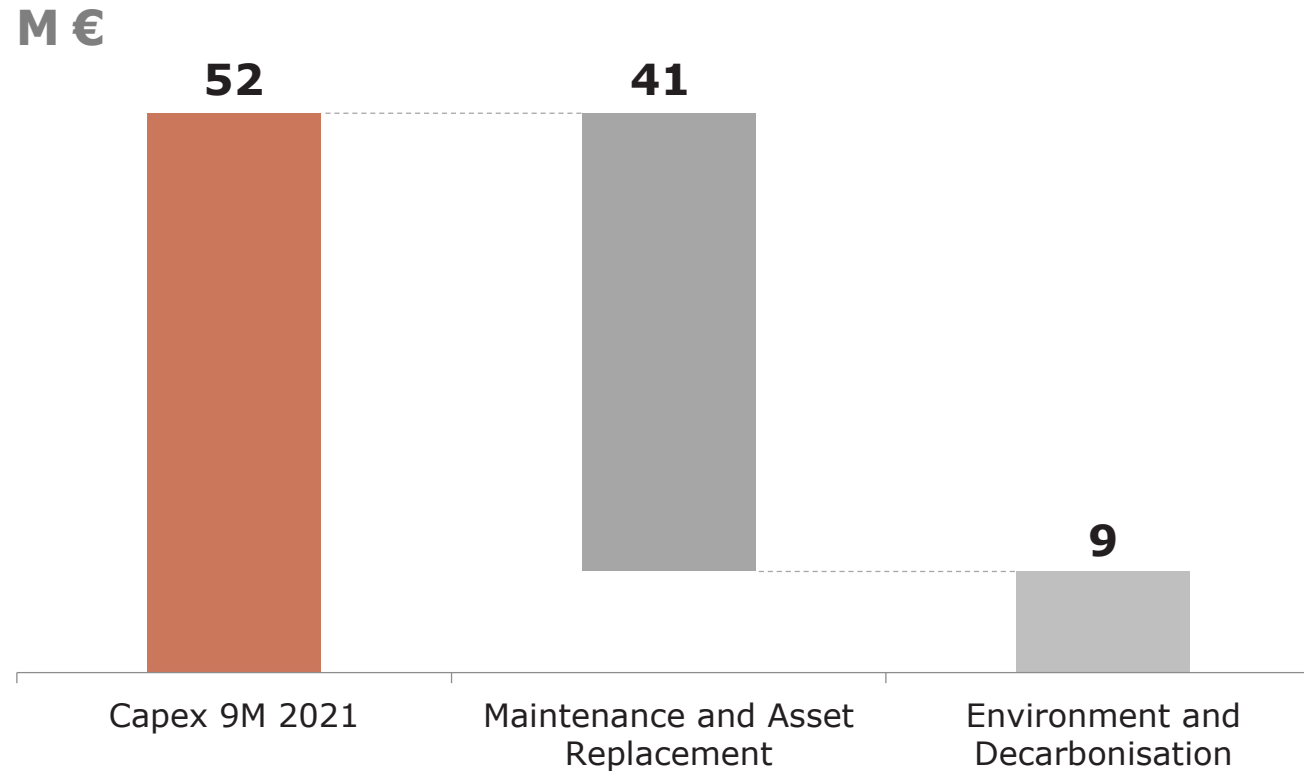


- Positive evolution on average selling prices allowed a favorable sales turnover, in line with previous year and increasing around 9% QoQ
- Global volume sold remain solid at 26 ktons during Q3

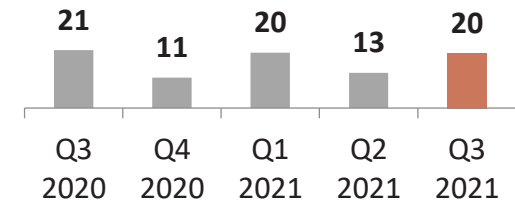


9M 2021 CAPEX OF € 52 MILLION

In 2020, in a context of uncertainty created by the pandemic, Navigator only executed, besides boiler investment, at Figueira da Foz, the projects considered necessary to maintain the production capacity, while postponing all other projects. With a better visibility into the future, the Capex execution plan was resumed in the first quarter of 2021 and historical levels of Capex are expected going forward.

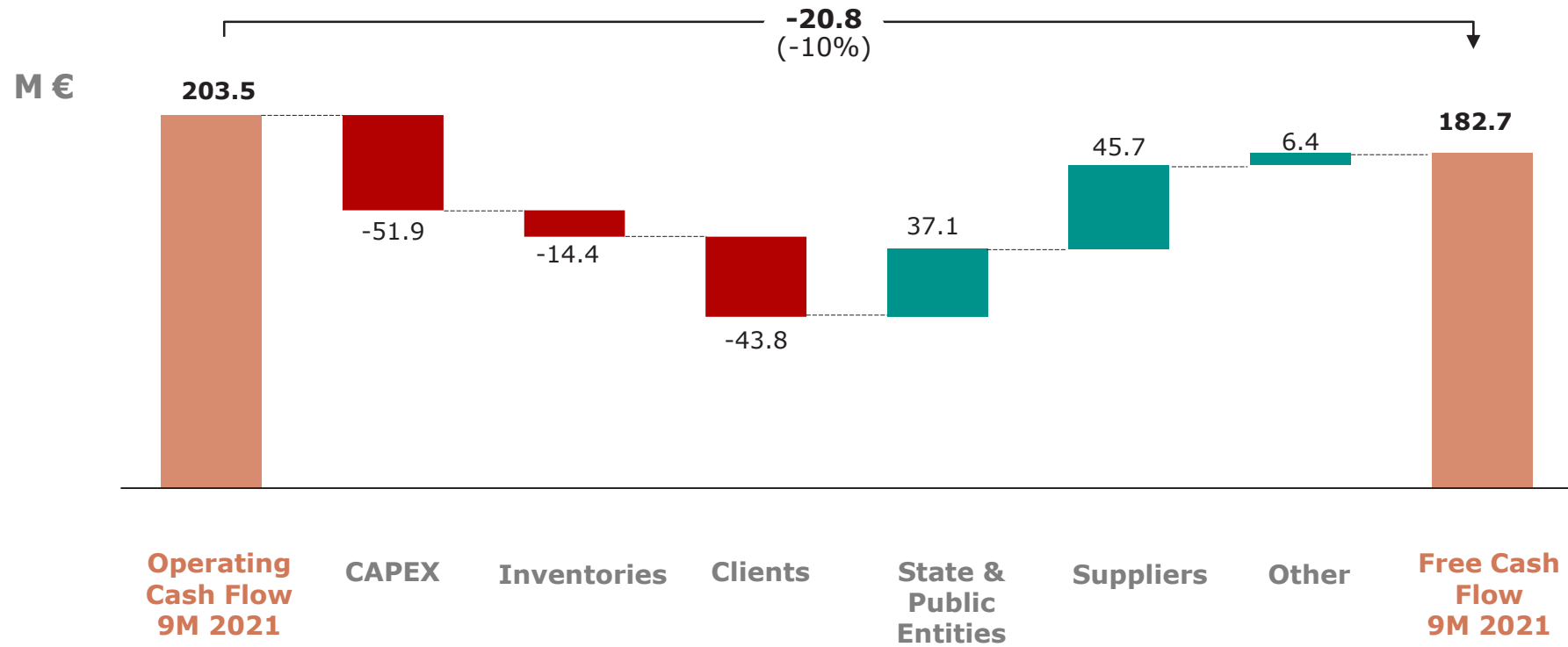


Capex over the last 5 Quarters (M €)



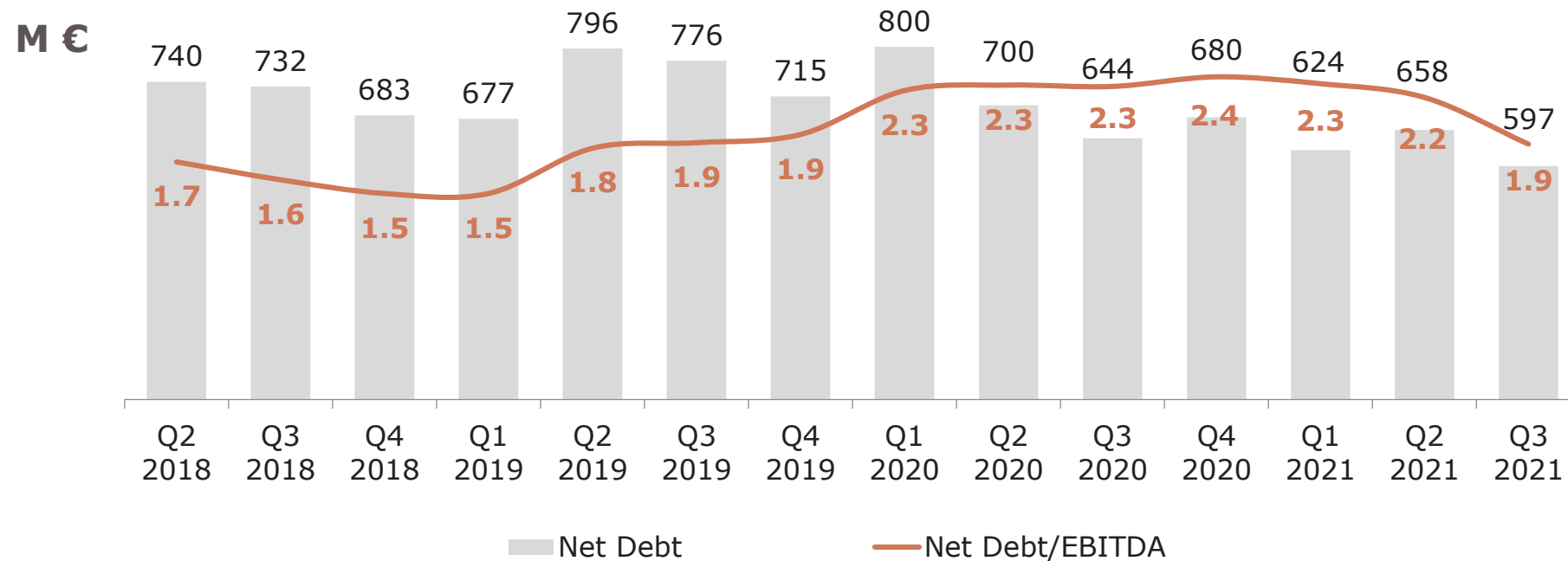
STRONG FREE CASH FLOW GENERATION

Strong Free Cash Flow generation of € 183 million due to good operational performance, a still contained level of CAPEX and successful management of working capital which was reduced by € 31 million notwithstanding a substantial increase in activity.



NET DEBT REDUCTION TO € 597 MILLION

Net debt reduced to € 597 million by the end of the quarter, a significant reduction of € 83 million when compared with year-end 2020, after the dividend payment of € 100 million to shareholders at the end of May. Since the beginning of 2021, Net debt / EBITDA ratio is showing a downward trend, ending the quarter at 1.9x.



* Without IFRS 16



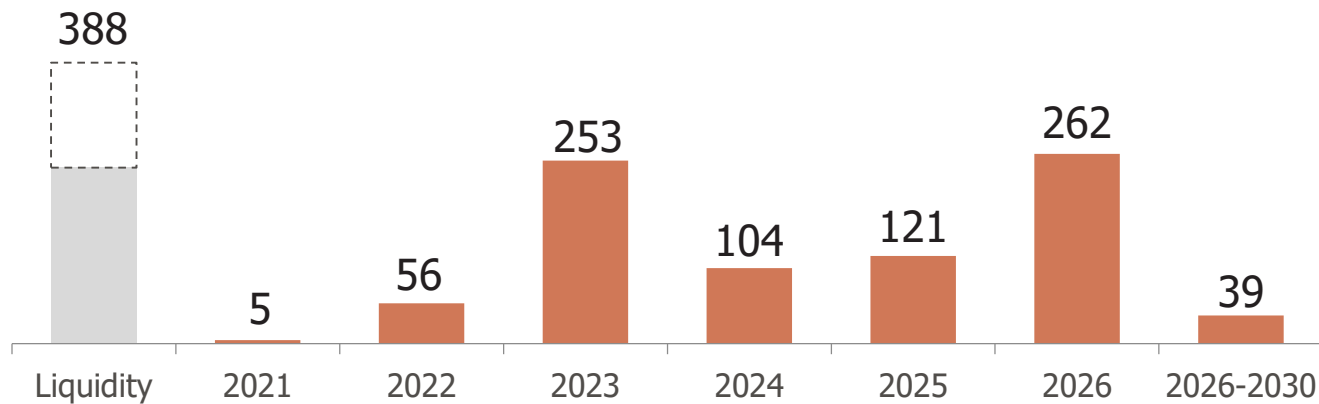
EXTENSION OF DEBT MATURITY

Navigator has done an extensive renegotiation of its debt, having diversified sources of funds and extended average tenure; negotiation of a € 100 million ESG linked bond, indexed to two ESG indicators: CO2 emissions reductions targets, consistent with the Company’s Roadmap for Carbon Neutrality, and, targets to increase the percentage of certified wood purchased in Portuguese market

The average cost of debt remains low and the weight of fixed rate debt increased to 85%

Debt maturity profile

Total debt: € 840 million
Average maturity: 3.4 years



Current Average Cost of Debt

(September 2021):

1.5%

Debt Rate Profile

(September 2021):

Fixed	Variable
85%	15%

Liquidity = Cash 243M€ + Long Term unused Credit Lines 125M€ + 20,4M€ Short Term facilities



CREATING SUSTAINABLE VALUE

NEW PACKAGING PRODUCTS

Production and sales dynamic remain according to plan

- Reinforced the goal to reach 200 thousand tons production by 2025/2026
- Estimated Capex of approximately € 10-12 million per year
- The PM1 and PM3 machines at Setúbal mill ensure supply on a flexible regime with PM1 already fully dedicated to packaging (white and brown)



INNOVATIVE APPROACH

with a first patent submitted and other two in development. Trademark registered.



EUCALYPTUS GLOBULUS

an excellent raw material also for packaging, used with a proprietary process technology



LIMITED CAPEX

in both pulp and paper production



FLEXIBILITY

Using smaller and flexible paper machines maintaining the option to produce UWF



ADDING VALUE

Substitution of low-end UWF tail products



WIDE RANGE OF PRODUCTS AVAILABLE IN A GROWING SEGMENT

GROWTH OPTION WITH LIMITED CAPEX AND SIGNIFICANT ROCE



gKRAFT *from Fossil to Forest*

TURNING PACKAGING INTO A FORCE FOR CHANGE

Navigator is elevating the concept of kraft paper and with it, the notion of sustainability. This is packaging with meaning. Navigator is striving to be a green force for good. The Company is accelerating the change from fossil to forest

- All gKRAFT products are made with virgin Eucalyptus Globulus fibres: a sustainable and safe approach with premium performance and results
- Adapted to specific needs of packaging market, namely on industrial, food, HORECA, pharmaceutical, clothing and cosmetics segments



EUCALYPTUS GLOBULUS

Through proprietary process technology proved to be an excellent fiber also for several packaging applications, helping on the fight against single-use plastics



SUSTAINABILITY

Eucalyptus Globulus more efficient use of resources: vs other fibers, as same land and same wood, produces significantly more m2 of packaging and is **more recyclable than other wood species**



QUALITY & FUNCTIONALITY

Paper properties allow much better **printing quality** and **extra smooth** finish, making it a preferred choice for shelf-ready packaging



PROTECTION

Allows **basis weight reduction** vs other virgin and recycled fiber alternatives without compromising packaging resistance



HYGIENE

100% virgin fibers

Free of typical recycled paper contaminants



Certification for food contact

SUSTAINABILITY AT THE CENTER

The Navigator Company is pleased to announce that it has joined Circular Bioeconomy Alliance (CBA)

The purpose and vision of the 2030 Agenda align closely with the Circular Bioeconomy Alliance. We fully support the work of CBA in facilitating a Science-Based Dialogue. Through our participation in the CBA, we expect to contribute to the development of Mozambique. The Navigator Company, through its subsidiary Portucel Moçambique, WWF, local communities and local government are working hard to turn a degraded rural territory into a resilient territory. Through the conservation and restoration of degraded natural forest areas, the growth of new forest-based businesses and the development of local communities leads to the improvement of livelihoods (income, food security and diversity).

Our contribution to UN's Sustainable Development Goals

CORE SDGs



Generating a positive impact on these SDGs is an opportunity to create long-term sustainable value and to promote transformation of Navigator, and the sector as a whole, in order to respond to future challenges.

Benchmarks



In CDP Climate, Navigator was awarded an "A" rating, known as Leadership (the highest level), in recognition of its work to develop a low-carbon economy.

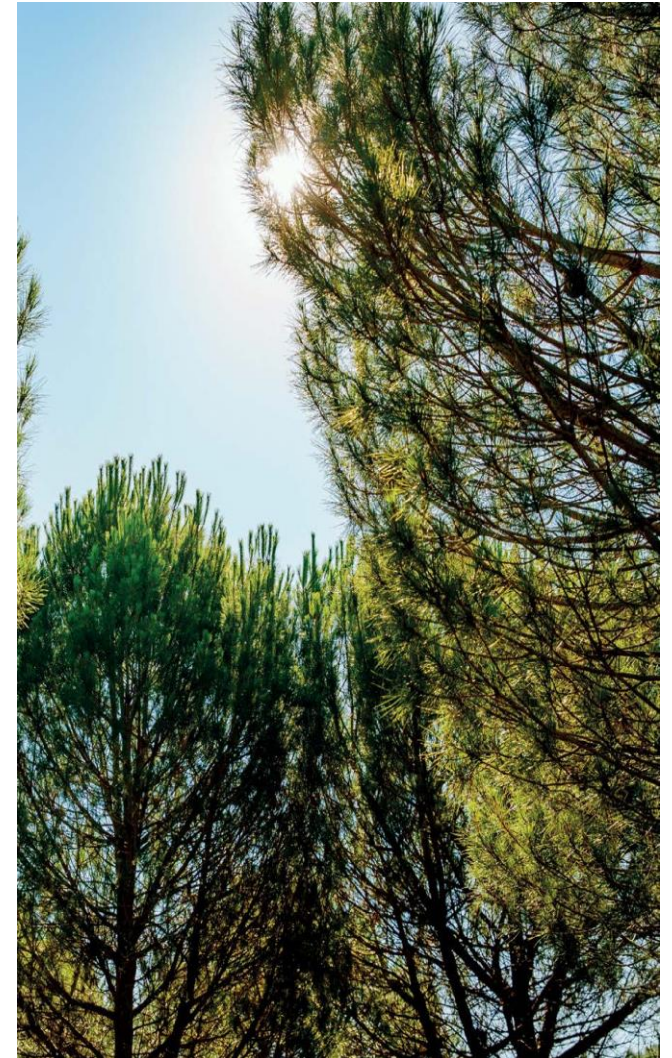


In the review in late 2020, the Company scored an impressive 17.2, representing an improvement on the previous appraisal. This rating places Navigator in fifth place out of a total of 79 global companies in the Paper & Forestry industries cluster, and fourth out of 62 global companies in the Paper & Pulp cluster.



TAKEAWAYS

- Focus on pricing and product-market strategies, cost control and working capital management helped to mitigate the increase in commodities' prices and the very volatile environment
- September ending with the largest paper order book ever registered
- Positive evolution on prices
- Net debt reduced to € 597 million, improving Net debt / EBITDA ratio to 1.86x.
- Innovation through the development of proprietary pulp and paper technology to produce Eucalyptus Globulus based packaging
- The Navigator Company joins Circular Bioeconomy Alliance (CBA)
- The first and second shipments from Portucel Mozambique already arrived, with the third one expected to the beginning of next year



9M / Q3 2021 RESULTS PRESENTATION



01

Main
Highlights

02

Market &
Group
Performance

03

Outlook

OUTLOOK

With the global economic recovery, it is expected that conditions on pulp, paper and tissue segments remain globally positive, with strong cost pressure in the short-term

PULP

- Prices in China mostly dependent on how Chinese economy will perform over the next months
- High sea freights and logistic constraints forecasted to continue during 2022, supporting prices and demand in Europe

PAPER

- Regardless pulp price evolution, strong demand, favorable balance between demand and supply and, above all, significant inflationary pressure on energy, chemicals, CO2 and logistics, will force the industry to pass along the supply chain significant price hikes in the coming quarters

TISSUE

- Cost inflation expected to impact tissue producer's margins
- Price increases announced
- Navigator has in course a cost reduction plan to support the tissue business's EBITDA



THE
NAVIGATOR
COMPANY

9M / Q3 2021

**Results
Presentation**

November 3rd 2021