Forestry & Paper

Navigator Q4 Insights

European uncoated woodfree (Mondi) and Paper Pulp

Key message: *Navigator outperformed in UWF with deliveries up +2% YoY in a market where industry volumes declined -5%, supported by stronger international exposure (+5% YoY; 56% of volumes). This contrasts with Mondi (-2% YoY volumes), reflecting Navigator's greater offshore sales mix. Meanwhile, industry kraft paper demand in Europe grew +2.6% in 2025, supporting Navigator's gradual diversification into packaging. Looking ahead, global UWF price increase announcements should support pricing into late Q1 and Q2, while pulp prices are expected to strengthen in H1 2026 on improving demand momentum in China and Europe (with a downside scenario of price stability in H2).*

Navigator Company	
Share price (€)	3
Shares in issue (mn)	711
Market cap (€mn)	2 354
52 week low	3
52 week high	4
1-yr fwd EV/EBITDA (x)	6,3
1-yr fwd div. yield (%)	8%

Source: Bloomberg, Chronux Research, Visible Alpha

The Navigator Company

European Uncoated Woodfree Paper and Paper Pulp Insights

📦 **Financial Performance:** EBITDA declined by -35% YoY (-10% QoQ), mainly due to weaker pulp and paper pricing and the impact of maintenance shutdowns at the Aveiro and Setúbal mills. Additional pressure stemmed from pulp sales volumes (-21% YoY and -1% QoQ) reflecting lower market availability as a greater share of output was internally integrated and production was affected by the shutdowns. Tissue volumes slumped -17% YoY (-8% QoQ) due to increased competition, and the strategic withdrawal from low-margin businesses. Conversely, *UWF and Packaging paper volumes delivered solid growth, rising by +23% YoY (+7% QoQ),* supported by stronger order momentum, especially in the export markets. Net debt increased by +14% YoY (but -9% QoQ), while net debt/EBITDA remained broadly stable at 1.9x.

📦 **Paper segment revenue increased by +11% YoY in the fourth quarter (58% of Group revenue):** In 2025, Navigator strengthened its market position, with market share rising to 26% (from 24% in the prior year). This was driven by +2% YoY growth in UWF deliveries, materially outperforming a structurally weak market where industry volumes declined by -5%. The increase was mainly driven by stronger performance in international markets (+5% YoY: 56% of total UWF volumes), while its European market share increased by +0.5% YoY to 19%. This is the highest level since 2021 and surpassing the strong UWF market of 2022.

📦 **Packaging Insights (Mondi read-through):** In 2025, Navigator continued to accelerate its shift toward packaging. Flexible packaging increased to 48% of segment sales (vs. 43% in 2024), becoming the dominant format, while paper bags declined to 46% (vs. 50%) and corrugated boxes to 6% (vs. 7%). This mix shift reflects Navigator's strategy of repurposing UWF assets to expand into kraft paper, where industry demand grew +2.6% in 2025, allowing the group to increase packaging exposure to >4% of group revenue with minimal incremental capex. Looking ahead, the PM3 rebuild remains on schedule and will enhance asset flexibility, enabling production of multiple packaging grades alongside UWF depending on market conditions. The flexible packaging market is expected to grow +2.5–3.0% annually through 2035, supporting Navigator's diversification strategy. Reflecting improving conditions, Navigator announced 5–10% packaging price increases effective April.

Key financial metrics (€mn)	Q4 24A	Q3 25A	Q4 25A	YoY	QoQ
Total sales	**520**	**470**	**481**	**-8%**	**2%**
Paper	265	268	295	11%	10%
Tissue	197	118	120	-39%	2%
Pulp	47	42	43	-8%	1%
Energy	31	24	24	-24%	1%
Packaging	31	19	19	-38%	2%
EBITDA	**116**	**84**	**76**	▼35%	▼10%
EBITDA margin (%)	*22,2%*	*17,8%*	*15,7%*	(651)	(213)
EBIT	63	37	34	-46%	-8%
Net earnings	46	33	26	-42%	-21%
Free Cash Flow	26	(19)	66	156%	449%
Capex	90	66	50	-44%	-24%
Net debt	617	770	704	▲14%	▼9%
Net debt/EBITDA (x)	1,1	1,9	1,9	65%	1%

Source: Chronux Research, Company data

The Navigator Company

Uncoated Woodfree Paper Insights: #1 UWF producer in Europe

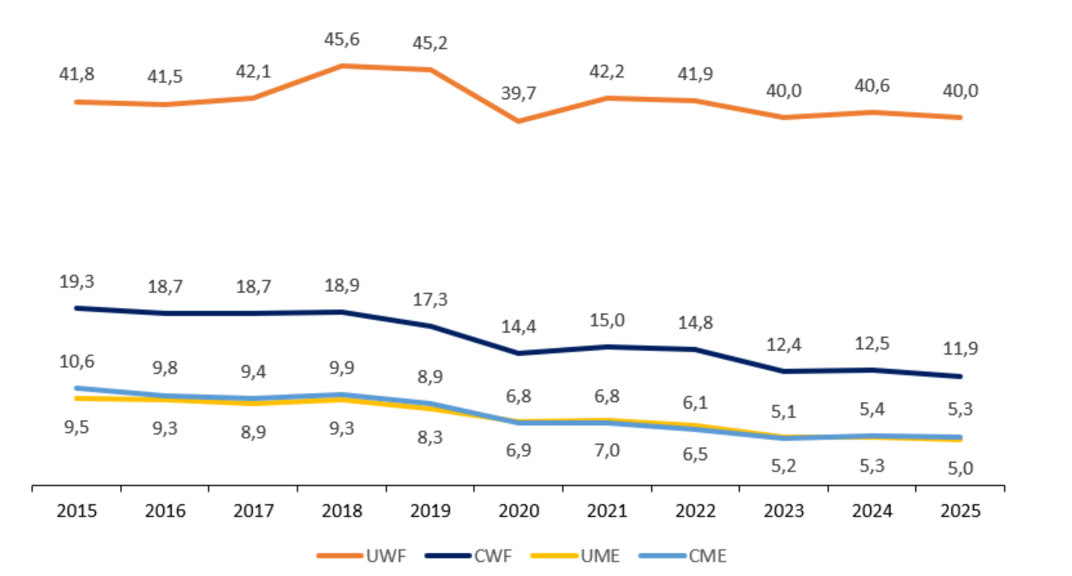
📦 **Outlook:** While consumption remains structurally declining amid weaker economic conditions, capacity closures in Europe (2025: -430Kt) and North America 2025: -350Kt and in 2026: -317Kt) are helping rebalance the market. European imports decreased in 2025 and are expected to remain stable in 2026. *Global UWF price increase announcements are expected to support pricing in late Q1 and Q2, aided by forecast pulp price increases in 2026.*

📦 **Europe:** In Europe, apparent demand for UWF declined by -5% YoY in 2025, reflecting weaker market conditions across the region. Intra-European deliveries decreased by -5%, while imports fell by -10%, signalling a marked slowdown in effective demand.

📦 **United States:** Consumption too declined, falling -3.8% YTD to November. The closure of a major domestic mill increased the structural reliance on imports, which rose by +16% YoY, partly driven by advance purchasing ahead of new tariffs. This greater dependence on imports, combined with capacity reductions and the introduction of tariffs, has supported higher prices, which are expected to remain elevated.

📦 **Operating Rates:** Navigator's commercial momentum translated into stronger operating rates relative to peers. Navigator's operating rate increased to 87% in 2025 (vs. 79% in 2024), significantly above the European industry average, which rose to 81% (vs. 79% in 2024).

Global demand for Printing & Writing Paper November 2025 y-t-d (Mt)



Source: Chronux Research, PPPC, Company data

The Navigator Company

Mondi vs. Navigator 2025 Performance

📦 **The 2025 UWF data highlights a clear divergence in strategy:** Structurally, Navigator remains the lowest-cost European UWF exporter, whereas Mondi continues to de-emphasise graphic paper within its portfolio. Navigator absorbed the market downturn through volume expansion (+6% YoY) and share gains, while Mondi had lower utilisation (production -2% YoY).

Mondi UFP segment (€mn): Mainly UWF	FY 19A	FY 20A	FY 21A	FY 22A	FY 23A	FY 24A	FY 25A	YoY
Segment revenue	1 758	1 485	1 194	1 613	1 292	1 317	1 150	*-13%*
Underlying EBITDA	444	266	55	427	289	198	115	*-42%*
Underlying EBITDA margin (%)	*25,3%*	*17,9%*	*4,6%*	*26,5%*	*22,4%*	*15,0%*	*10,0%*	*(503)*
UWF production (kt)	1 526	1 422	1 068	913	855	938	917	*-2%*

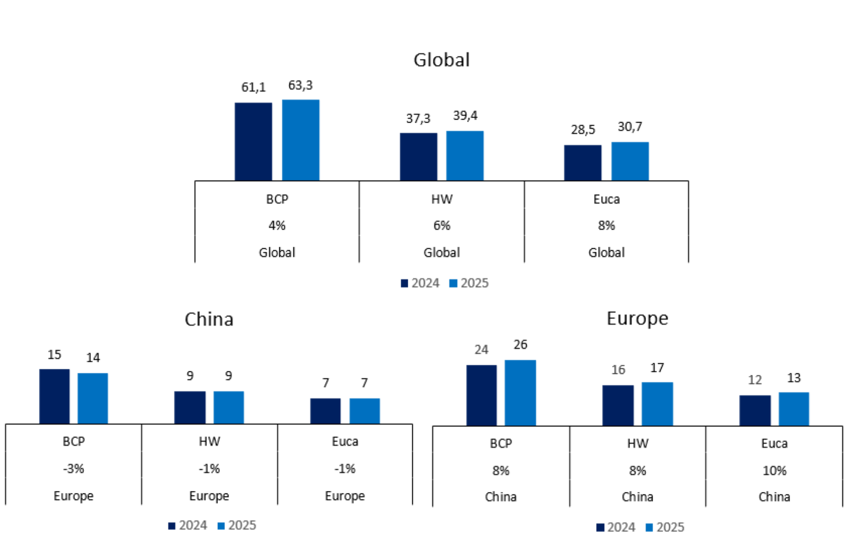
Navigator Group (€mn): Most revenue from UWF	FY 19A	FY 20A	FY 21A	FY 22A	FY 23A	FY 24A	FY 25A	YoY
Group sales	1 688	1 385	1 596	2 465	1 953	2 088	1 969	*-6%*
EBITDA	372	286	355	736	502	547	375	*-31%*
EBITDA margin (%)	*22,0%*	*20,6%*	*22,2%*	*29,9%*	*25,7%*	*26,2%*	*19,0%*	*(714)*
UWF revenue	1 266	1 011	1 085	1 725	1 191	1 190	1 143	*-4%*
As a % of total revenue	*75%*	*73%*	*68%*	*70%*	*61%*	*57%*	*58%*	
UWF production (kt)	1 447	1 295	1 534	1 532	1 132	1 226	1 300	*6%*
Average realised selling price (€/t)	875	781	707	1 126	1 053	971	880	*-9%*
FOEX Index price (€/t)	903	837	841	1 208	1 211	1 107	1 004	*-9%*
Realised vs. Index %	*97%*	*93%*	*84%*	*93%*	*87%*	*88%*	*88%*	

Source: Chronux Research, Company data

The Navigator Company

Pulp segment (#1 Europe, #7 World)

Global Demand for Pulp November y-t-d (2024 vs 2025) (Mt)



Source: Chronux Research, PPPC, Company data

📦 **Outlook:** *Pulp prices are expected to increase in H1 2026, supported by stronger momentum in China and Europe, with a downside scenario of price stability in H2.* Global demand in 2026 is likely to remain similar to 2025, with modest growth in China and flat demand in Europe. Capacity additions are limited, with the ~1.4Mt Indonesian project starting late in 2026, implying most of the market impact will be felt in 2027. Meanwhile, Indonesia's tightening forestry regulations following natural disasters are constraining wood supply and supporting prices, highlighting the importance of certification and EUDR compliance.

📦 **Global demand recovery:** Global hardwood pulp demand increased +6% YoY (YTD November) , primarily supported by China (+8%) and the Rest of World (+7%), which more than offset slight contractions in Europe (–1%) which were due to weaker printing paper consumption. In the U.S. demand fell by –3% YoY (YTD November) following heavy restocking in 2024. Eucalyptus pulp led the recovery, with demand rising +8% globally, underpinned by solid purchasing activity from China advancing by +10%, highlighting eucalyptus as the key driver of growth within hardwood pulp.

📦 **Price cycle stabilizing:** Although the downward cycle was shorter than in previous periods, *2025 marked the weakest year for pulp pricing in nominal terms since 2016, excluding 2020.* In real terms, prices were even weaker than in 2016 and 2020 when adjusting for inflation and exchange rate effects. Prices bottomed during the summer, before a recovery gained traction in Q4. In China, benchmarks improved visibly toward year-end following earlier sharp declines, while European hardwood pulp prices followed a volatile path — falling to $1,000/t early in the year, recovering in spring, weakening through the summer, and rallying again in Q4.

📦 **Inventory balance:** *In Europe*, pulp inventories remained broadly balanced through 2025 despite demand softness, while *in China*, stock dynamics reflected earlier oversupply pressures before tightening later in the year. The market experienced significant volatility, with prices declining sharply from April to August before bottoming in the summer. A recovery phase emerged in Q4, supported by improved pricing momentum, particularly in China. Nevertheless, hardwood pulp prices for the full year remained well below 2024 averages, as global overcapacity and weaker demand in Western markets continued to weigh on the pace and sustainability of the rebound.

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