

# Ahlstrom-Munksjö Holding FY 2021 Results

HANS SOHLSTRÖM, PRESIDENT & CEO  
SAKARI AHDEKIVI, DEPUTY CEO & CFO

This presentation covers financial and other information of the Ahlstrom-Munksjö Holding group of companies, consisting of Ahlstrom-Munksjö Holding 3 Oy as the parent company and its subsidiaries.

# Disclaimer

**Acknowledgement:** You must read the following before continuing. For the purposes of this notice, “Presentation” shall mean and include this document, any oral presentation of this document by any person, any question-and-answer session, hard copies of this document and any materials distributed at any such presentation or in connection with this document. By attending the meeting at which the Presentation is made, dialing into the teleconference during which the Presentation is made or reading, accessing or making any other use of the information made available in this Presentation, you acknowledge and irrevocably represent that you have read and understood these terms and conditions and you voluntarily and irrevocably accept and agree to be bound by them.

**Purpose:** Ahlstrom-Munksjö Holding 3 Oy and its group companies (collectively, “Bidco”) has prepared this presentation and the information contained herein for general informational purposes only. This Presentation is being made available to existing and prospective lenders and noteholders, securities analysts, rating agencies and other eligible persons in connection with the reporting requirements under our principal financing arrangements. This Presentation may not be used for any other purpose.

**No Offer:** None of the information made available in this Presentation constitutes or forms part of, and is not made in connection with, any offer, invitation or recommendation to subscribe for, underwrite or otherwise acquire any securities of Bidco or any of its affiliates, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any security, nor shall it or any part of it form the basis of or be relied upon as investment, legal, accounting, tax or other professional advice or in connection with any offer or sale of securities or any contract or commitment whatsoever. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or under the laws of any state or other jurisdiction of the United States. Distribution of this Presentation and any information contained in it in any other jurisdictions may be restricted by law. You must comply with all laws that apply to you in any place in which you buy, offer or sell any securities or access or possess the content contained in this Presentation. If you access this Presentation, you must inform yourself about and observe any such restrictions and seek appropriate independent professional advice where necessary.

**Financial Information:** This presentation contains certain unaudited pro forma financial information based on management accounts, pre-consolidation and audit adjustments. Bidco’s auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited pro forma financial information for the purpose of inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto. In addition, certain financial data included in this presentation consists of “non-IFRS financial measures.” These non-IFRS financial measures may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of the performance based on IFRS. You are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included herein.

**Forward-Looking Statements:** Certain statements contained in this Presentation may be statements of future expectations and other forward-looking statements. The forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Bidco’s future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Bidco participates or is seeking to participate. You can identify these forward-looking statements by the use of words such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “objectives,” “ongoing,” “outlook,” “plan,” “potential,” “predict,” “probably,” “project,” “seek,” “should,” “target,” “will,” “would” or the negative version of these words or similar expressions. Any forward-looking statements in this Presentation are subject to a number of risks and uncertainties, many of which are beyond Bidco’s control, that could cause Bidco’s actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. Bidco undertakes no obligation to update publicly or revise any information in the Presentation, whether as a result of new information, future developments or otherwise. The information and opinions contained in this Presentation are provided as at the date stated herein and are subject to change without notice. This Presentation will not be updated to reflect any subsequent development and may be superseded or otherwise modified by subsequent releases or other updates.

**No Representation or Warranty:** This Presentation does not purport to be complete or exhaustive. The information and opinions in this Presentation are provided as at the date of this Presentation and are subject to change without notice. This Presentation will not be updated to reflect any subsequent development. Neither Bidco nor any of its affiliates makes any representation or warranty or other assurance, express or implied, that this Presentation or the information contained herein or the assumptions on which they are based are accurate, complete, adequate, fair, reasonable or up to date and they should not be relied upon as such. Neither Bidco nor any of its affiliates accepts any liability for any loss or damage (including any direct, indirect or consequential loss or damages) suffered by any person as a result of relying on all or any part of this document and any liability is expressly disclaimed. While Bidco uses reasonable efforts to obtain information from reliable sources, Bidco makes no representations or warranties as to the accuracy, reliability or completeness of any information or document in this Presentation obtained from outside sources. Unsourced statements should be understood to reflect the subjective beliefs, opinions, expectations or understandings of Bidco, which may be inaccurate.

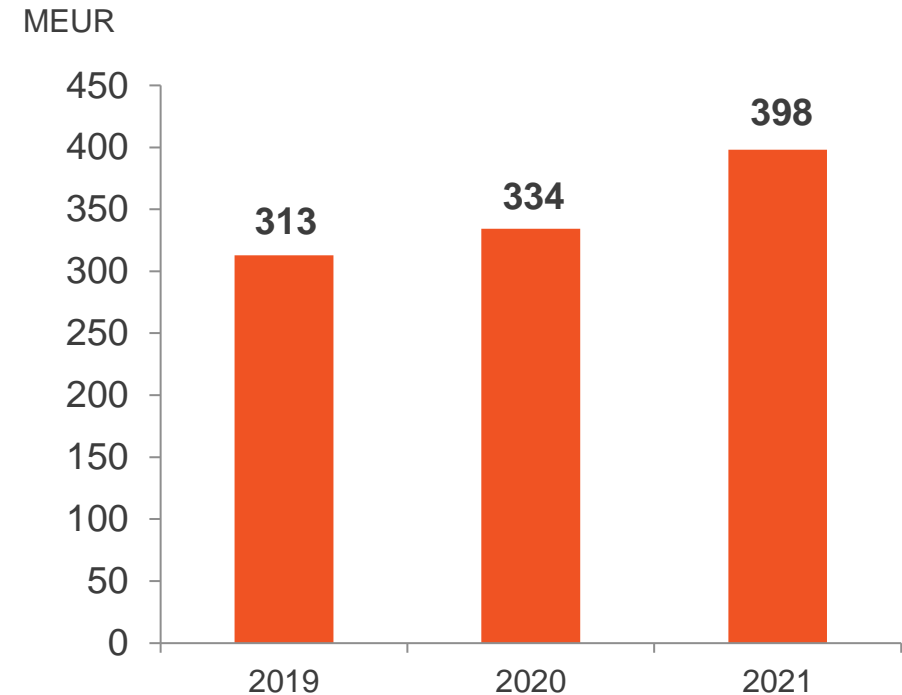
**Market and Industry Data:** To the extent applicable, the industry and market data contained in this document has come from official or third-party sources. Third-party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the fairness, quality, accuracy, relevance, completeness or sufficiency of such data. We have not independently verified the data contained therein. In addition, certain of the industry and market data contained in this document come from Bidco’s own internal research and estimates based on the knowledge and experience of Bidco’s management in the market in which Bidco operates. Such research and estimates, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this document. Although Bidco has obtained such information provided from sources that should be considered reliable, it cannot guarantee its accuracy or completeness. The information provided is purely of an indicative nature and is subject to change without notice at any time.



# Highlights 2021

- Record high net sales and comparable EBITDA on pro forma basis
- Strong progress in transformation related initiatives
- Higher input costs were offset by higher selling prices and cost efficiency measures relating to transformation initiatives
- Strong customer demand as the global economic recovery continued despite the resurgence of the pandemic
- Investment decision in a new glass fiber tissue production line in the U.S.
- Acquisition of majority stake in Chinese decor paper producer Minglian

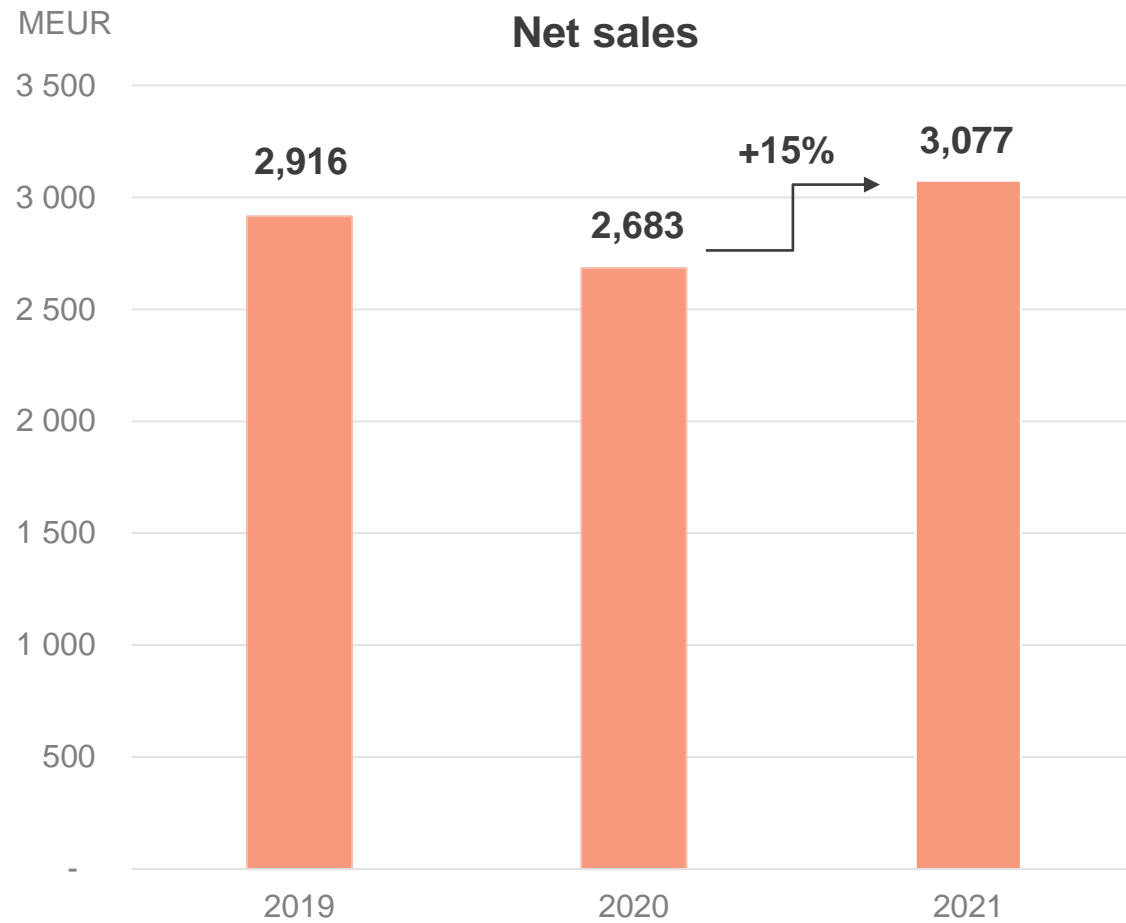
## Comparable EBITDA



2019 Ahlstrom-Munksjö  
2020 Ahlstrom-Munksjö  
2021 Ahlstrom-Munksjö Holding pro forma

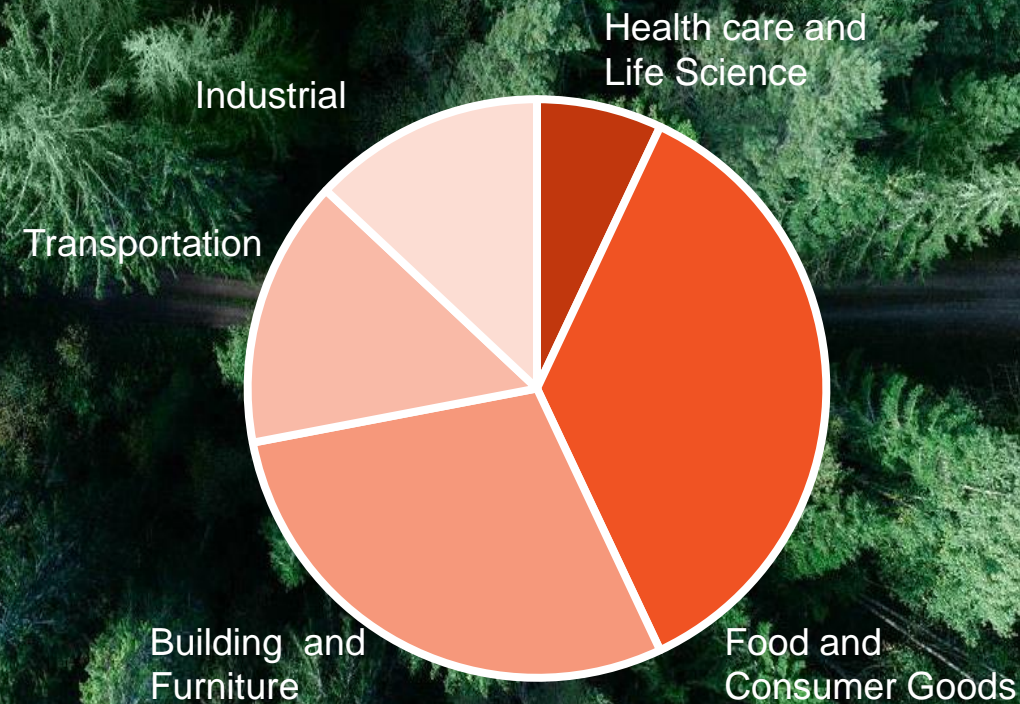


# Net sales increased to record level



2019 Ahlstrom-Munksjö  
2020 Ahlstrom-Munksjö  
2021 Ahlstrom-Munksjö Holding pro forma

## Breakdown of sales by end use



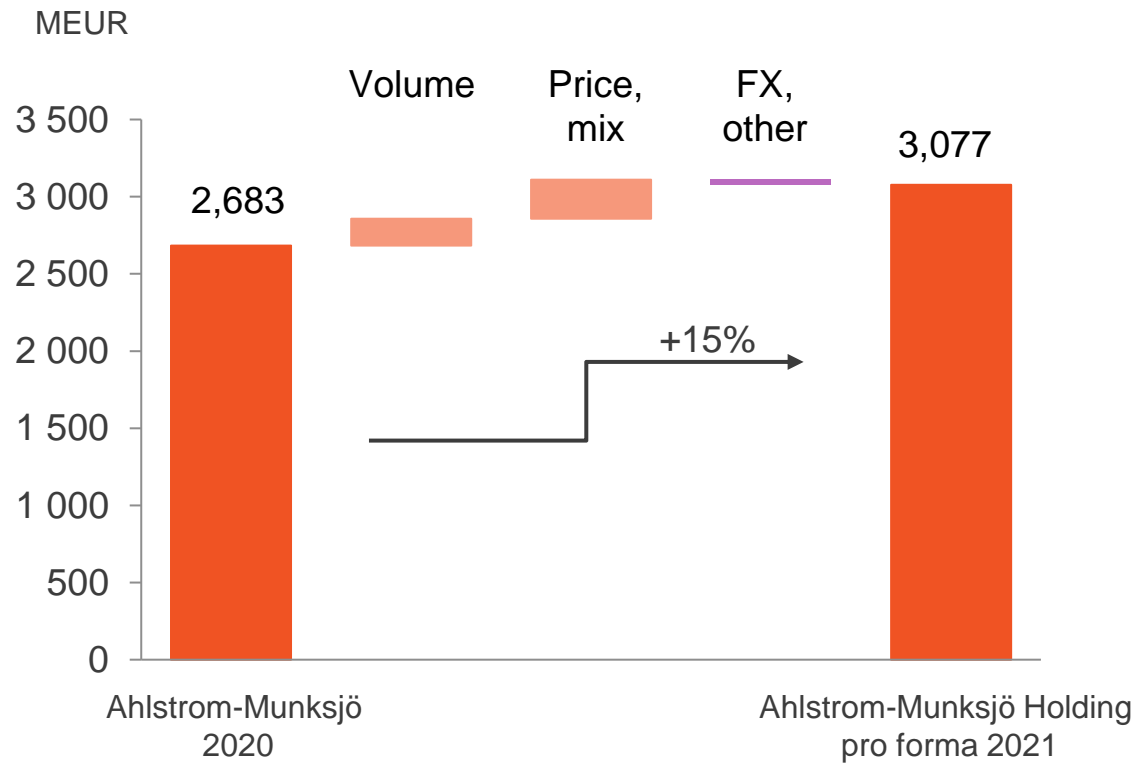
# Business related to Russia and Ukraine

- Direct exposure to Russia and Ukraine is limited
- Russia represented 1.3% and Ukraine 0.1% of pro forma net sales in 2021
- One plant located in Tver, Russia, producing glass fiber tissue, mainly for flooring applications, and a range of building and transportation related end-uses
- The plant employs 87 persons and is currently operational, business is mainly local
- No manufacturing in Ukraine
- Based on the current assessment, the business is not directly affected by the sanctions already announced but we are continuously monitoring the situation
- A centralized crisis alert team established to manage business contingency

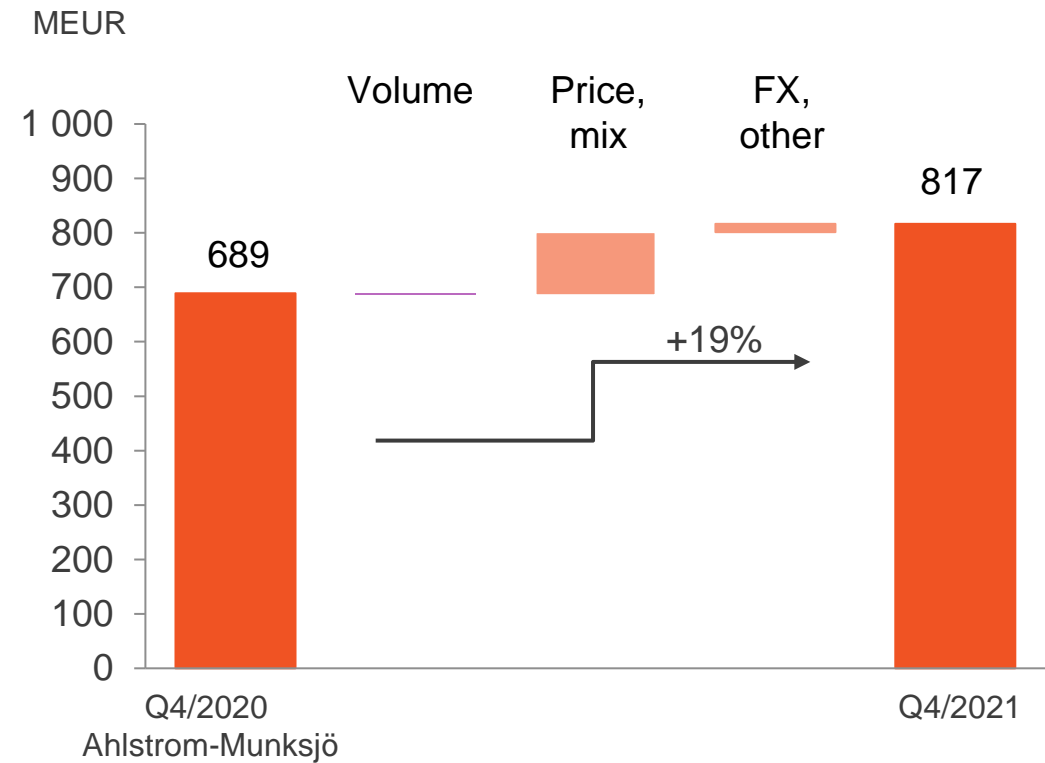


# Strong sales growth

## Pro forma net sales 2021 vs 2020

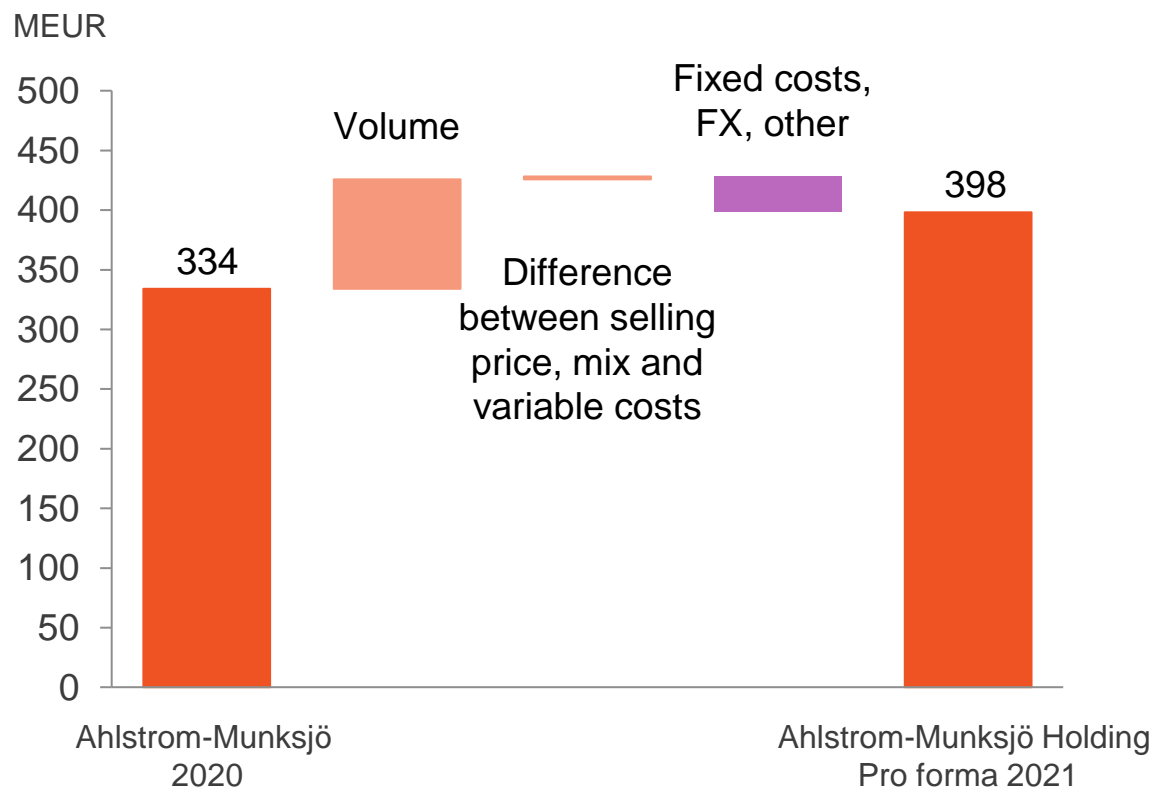


## Net sales Q4/21 vs Q4/20

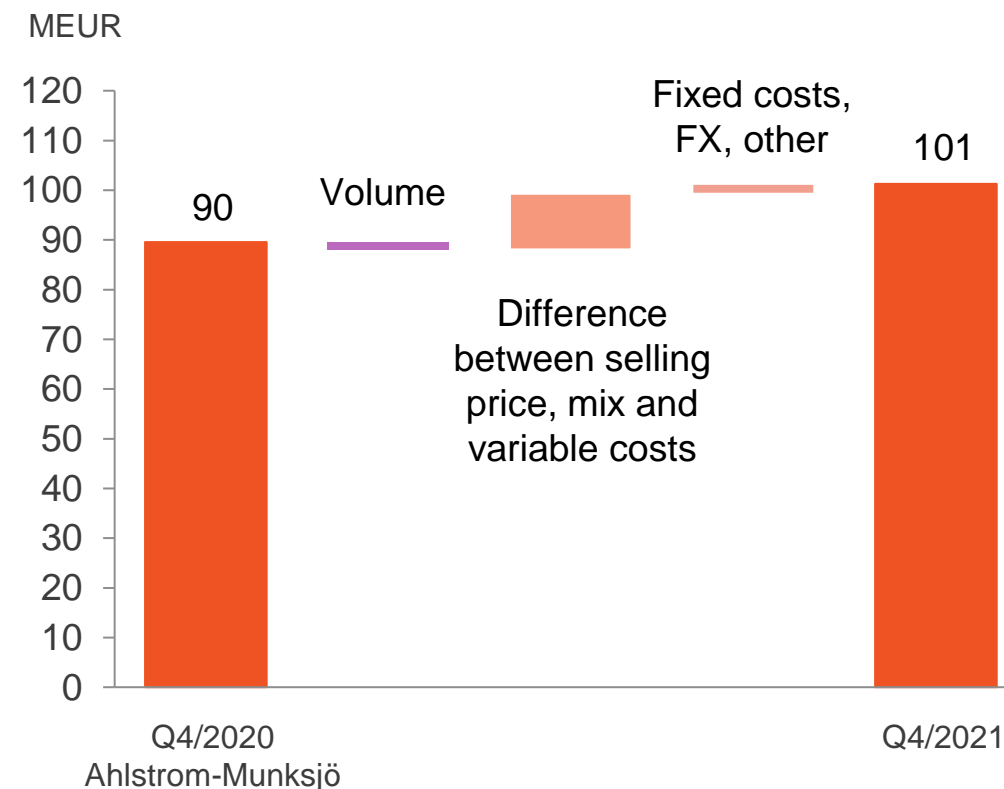


# Robust improvement in comparable EBITDA

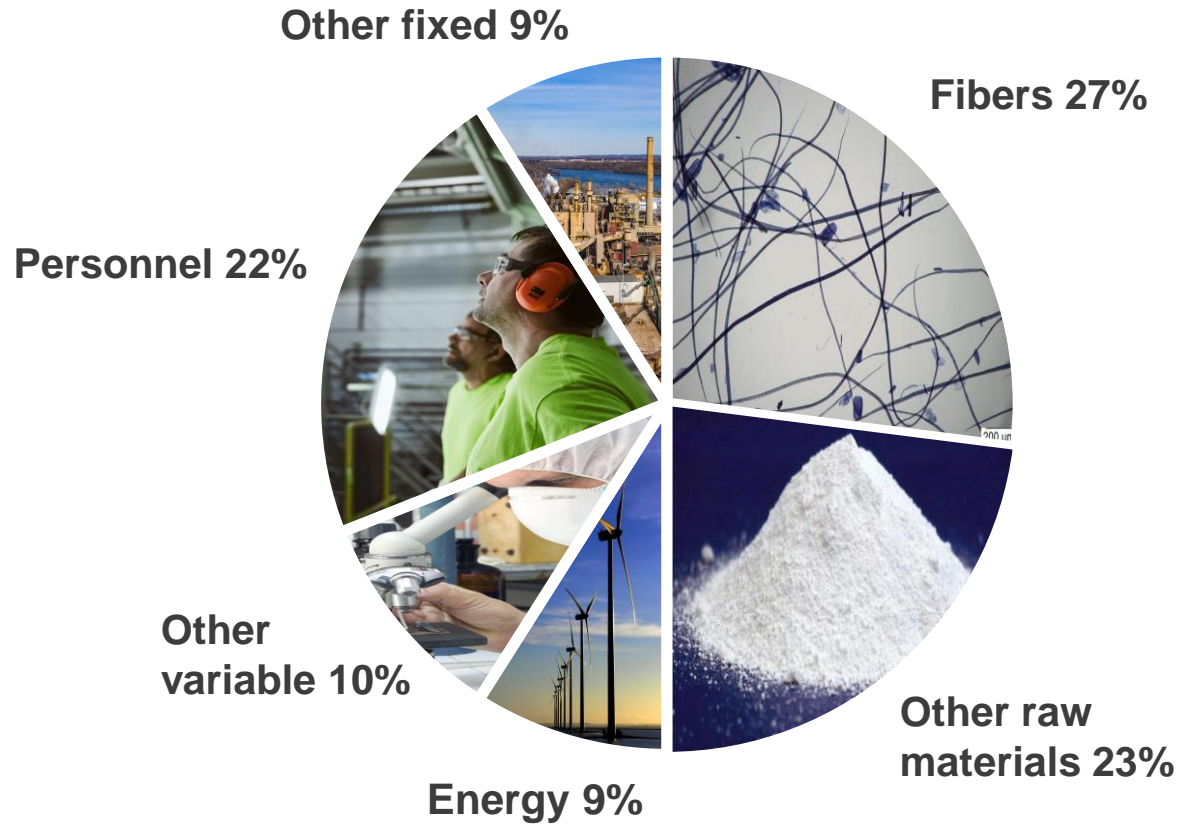
## Pro forma comparable EBITDA 2021 vs 2020



## Comparable EBITDA Q4/21 vs Q4/20



# Breakdown of operating costs in 2021

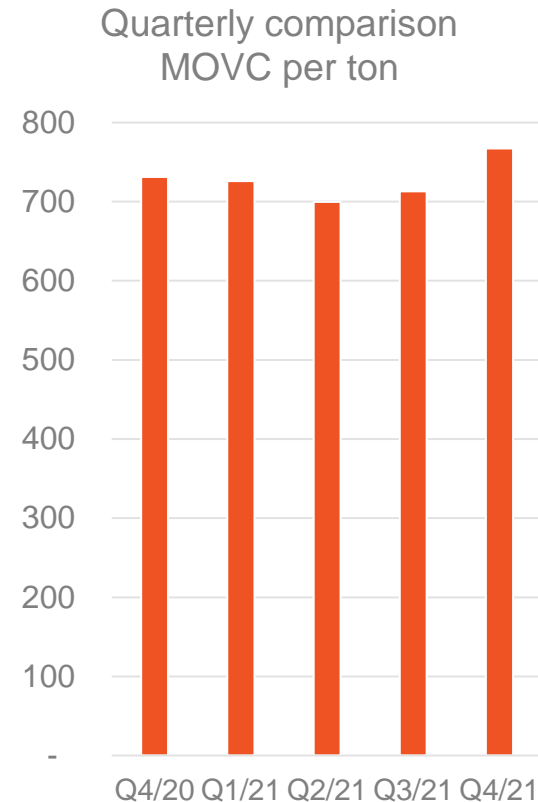
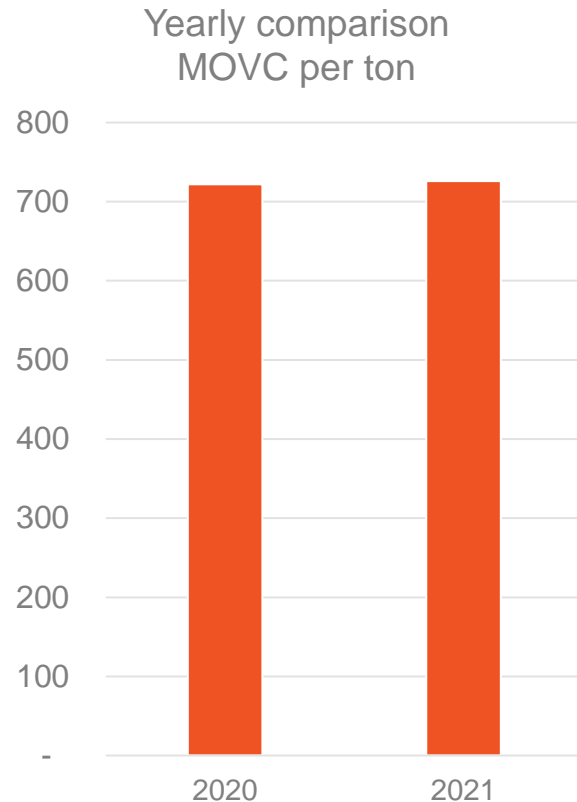


- Significant increase in variable costs partly offset by cost efficiency measures
- Limited operational disruption from difficult supply situation of certain raw materials and availability of transport





# Margin on variable costs improved in 2021



- MOVC per ton increased in 2021 due to selling price increases and improved cost efficiency measures, more than offsetting significant input cost inflation

MOVC per ton adjusted for IAC



## Reconciliation of comparable EBITDA to adjusted EBITDA (last twelve months)

MEUR (LTM)	2021	LTM Q3/21
Comparable EBITDA pro forma	398.3	386.4
Pro forma FX impact	-0,3	-0.2
<b>Comparable EBITDA</b>	<b>398.0</b>	<b>386.2</b>
One off and other adjustments	-3.7	0.8
COVID-19 normalization		0.8
FY 2020 impact		0.1
FY 2021 impact	21.9	46.2
FY 22 impact	78.8	45.78
<b>Adjusted EBITDA</b>	<b>494.9</b>	<b>454.3</b>

Adjusted EBITDA has improved as a result of the increased comparable EBITDA (LTM) and larger potential in the profit improvement initiatives that the Group's owners have identified



## 2021 operating cash flow impacted by IACs and an increase in working capital due to higher business activity

MEUR	2021
EBITDA	244.6
Change in net operating working capital	-30.1
Interest paid	-75.3
Taxes paid	-29.1
Adjustments, other	-5.1
<b>Net cash from operating activities</b>	<b>83.3</b>
Acquisitions	-1,585.8
Capital expenditure excluding acquisitions	-145.5
Other	3.6
<b>Net cash from investing activities</b>	<b>-1,727.7</b>
Equity contribution	1,084.6
Return of equity, dividends paid	-28.3
Changes in loans and other financing	718.7
<b>Net cash from financing activities</b>	<b>1,775.1</b>
<b>Net change in cash</b>	<b>130.6</b>

Operating cash flow impacted by an increase in working capital due to higher business activity, and IACs relating to the acquisition of Ahlstrom-Munksjö and ongoing transformation initiatives

Free cash flow<sup>1</sup> EUR 291 million and cash conversion<sup>2</sup> 80.4%

Net indebtedness of EUR 2,084 million impacted by the loan to pay for the minority shares

Stable net indebtedness to adjusted EBITDA ratio 3.6

<sup>1</sup> Comparable EBITDA minus maintenance capital expenditure;

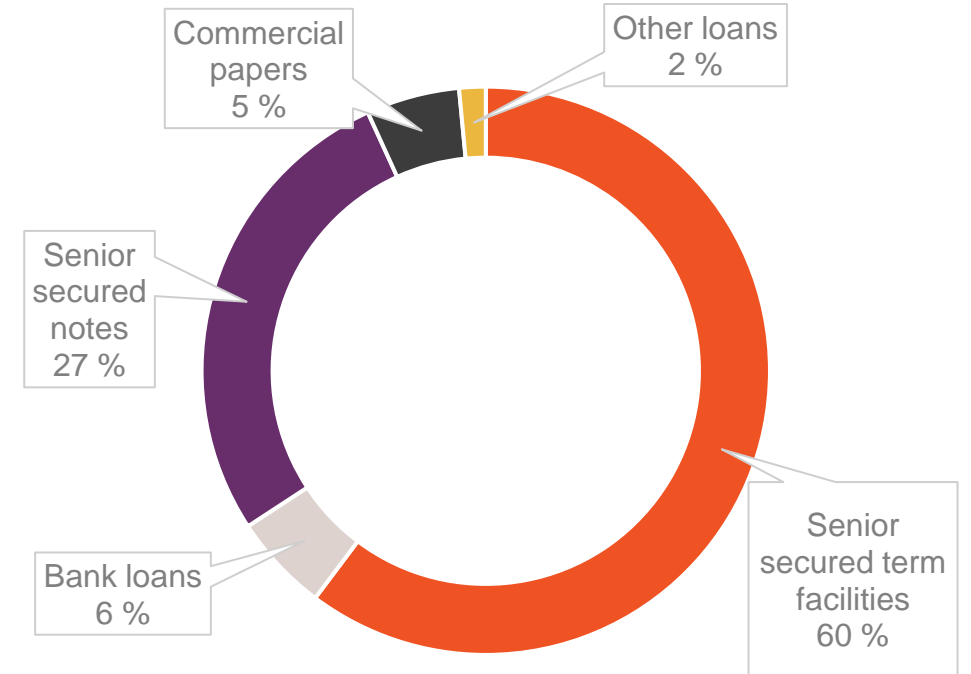
<sup>2</sup> Free cash flow: divided by comparable EBITDA



# Debt structure as of December 31, 2021

- Financing of the Ahlstrom-Munksjö acquisition
  - Senior secured term facilities and two secured notes, maturing in 2028
- Assumed EUR 1,159 million of Ahlstrom-Munksjö Oyj debt mainly refinanced and repaid
  - EUR 100 million hybrid bond redeemed in July
  - EUR 250 million unsecured notes redeemed in April
- Renegotiated factoring facility to EUR 300 million in Q2
- Net interest expense EUR 90 million in 2021
- Cash and cash equivalents EUR 163 million on December 31, 2021
- A Commercial Paper Program limited to EUR 300 million established in December
- A syndicated bank facility in the amount of EUR 282 million under the senior secured facilities agreement was drawn in December, the amount is held in escrow for the payment to minority shareholders.
- No major refinancing needs until 2027-28

Interest-bearing liabilities as of December 31, 2021



# Conclusions

- Record high net sales and comparable EBITDA on pro forma basis driven by growth in delivery volumes, successful selling price management and cost efficiency measures
- Strong progress in the transformation initiatives
- Stable net indebtedness to adjusted EBITDA ratio
- Growth investment in a new glass fiber tissue production line in the U.S. to support the flooring industry in North America
- Strategic acquisition of Chinese decor paper producer Minglian to create a global player in decor papers
- Ahlstrom-Munksjö has limited direct exposure to Russia and Ukraine. We are monitoring the development closely and have initiated a centralized crisis alert team to ensure safety of our employees and manage business contingency.





**Thank you**