

**Q1/2019**

*INTERIM REPORT JANUARY-MARCH 2019*



**AHLSTROM  
MUNKSJÖ**

# STEPS IN IMPROVING COMPETITIVENESS

## HIGHLIGHTS

- Q1/2019 comparable EBITDA grew by 12.4% to EUR 75.0 million (actual EUR 66.7 million in Q1/2018)
- Demand remained weak, partially due to destocking, but improved toward the end of the quarter
- Ahlstrom and Munksjö integration completed. synergy benefits achieved as planned. Good progress on achieving promised synergies related to recent acquisitions.
- New products launched. such as composite fiber fabric for the marine industry and a fiber-based solution for drinking straws
- Closure of one paper machine to improve competitiveness in one-side coated segment
- New business structure announced to drive strategic alignment and integration

## Q1/2019 VS Q1/2018 PRO FORMA

- Net sales EUR 758.7 million (EUR 751.0 million), an increase of 1.0%.
- Comparable EBITDA EUR 75.0 million (EUR 86.3 million), representing 9.9% (11.5%) of net sales
- Profitability impacted by lower sales volume, while gross margin for products improved further
- Net profit EUR 4.1 million (EUR 24.3 million), significantly impacted by items affecting comparability related to integration and cost saving initiatives
- Earnings per share EUR 0.03 (EUR 0.21)
- Comparable EPS excluding depreciation and amortization arising from PPA EUR 0.21 (EUR 0.32)
- Gearing increased mainly due to the implementation of the IFRS 16 standard and there was also a minor positive effect on the EBITDA

Q1/2019

ACTUAL  
COMPARABLE  
EBITDA GREW  
BY  
**12.4%**

COMPARABLE  
EBITDA  
MARGIN  
**9.9%**

GEARING  
**93.6%**

*In this interim report, the comparison quarterly and full-year figures are presented on a pro forma basis to illustrate the financial impact of the acquisitions of Expera Specialty Solutions and MD Papéis Caieiras, and the merger between Ahlstrom and Munksjö had they been completed at the beginning of 2017. For the basis for presenting pro forma figures, please see appendix 2. The appendix 1, including consolidated financial statements, has been prepared according to International Financial Reporting Standards (IFRS).*

## KEY FIGURES

Actual (IFRS) key figures, EUR million, or as indicated	Q1/2019	Q1/2018	Q4/2018	2018
Net sales	758.7	572.4	712.2	2,438.0
Comparable EBITDA	75.0	66.7	72.1	277.7
Comparable EBITDA margin, %	9.9	11.7	10.1	11.4
Items affecting comparability in EBITDA	-14.8	-5.0	-34.5	-55.1
EBITDA	60.2	61.7	37.5	222.6
Comparable operating result excl. depreciation and amortization arising from PPA *	45.2	44.6	46.3	186.1
Comparable operating result	32.6	37.0	34.5	151.4
Comparable operating result margin, %	4.3	6.5	4.9	6.2
Items affecting comparability in operating result	-14.8	-5.0	-42.2	-62.7
Operating result	17.8	31.9	-7.7	88.7
Net profit / loss	4.1	21.2	-19.8	42.9
Earnings per share (basic), EUR	0.03	0.22	-0.20	0.43
Comparable EPS excl. depreciation and amortization arising from PPA, EUR *	0.21	0.32	0.20	1.18
Cash generated from operating activities	29.9	5.2	30.9	91.6
Depreciation, amortization and impairment	42.4	29.7	45.2	133.9
Capital expenditure	35.5	25.6	64.5	160.1
Net debt	1,052.0	395.4	971.3	971.3
Gearing ratio, %	93.6	39.8	83.6	83.6

Pro forma key figures, EUR million, or as indicated	Actual (IFRS) Q1/2019	pro forma Q1/2018	pro forma Q4/2018	pro forma 2018
Net sales	758.7	751.0	734.8	2,996.9
Comparable EBITDA	75.0	86.3	71.4	329.9
Comparable EBITDA margin, %	9.9	11.5	9.7	11.0
Items affecting comparability in EBITDA	-14.8	-4.9	-24.0	-39.6
EBITDA	60.2	81.4	47.4	290.3
Comparable operating result excl. depreciation and amortization arising from PPA *	45.2	60.0	45.3	225.5
Comparable operating result	32.6	47.9	32.9	176.6
Comparable operating result margin, %	4.3	6.4	4.5	5.9
Items affecting comparability in operating result	-14.8	-4.9	-31.7	-47.3
Operating result	17.8	43.0	1.3	129.4
Net profit / loss	4.1	24.3	-10.3	63.2
Earnings per share (basic), EUR	0.03	0.21	-0.09	0.54
Comparable EPS excl. depreciation and amortization arising from PPA, EUR *	0.21	0.32	0.18	1.15
Depreciation, amortization and impairment	42.4	38.4	46.2	161.0
Capital expenditure	35.5	29.0	65.9	176.3

\*Depreciation and amortization arising from PPA (purchase price allocation) comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from 2013.

Ahlstrom-Munksjö has adopted the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures (APMs) to reflect the underlying business performance and improve comparability. These measures should, however, not be considered as a substitute for measures of performance in accordance with IFRS. Alternative performance measures are derived from performance measures reported in accordance with IFRS by adding or deducting items affecting comparability (IAC), or purchase price allocation (PPA), and they are called "comparable". More details on APMs and key figures are available in the appendix 2.



## CEO COMMENTS

We experienced a pick up in sales volumes during the latter part of the quarter and we see emerging signs of improvement in some of our product segments. Overall, the market environment is still uncertain and demand remained weak, partially due to continued destocking in the supply chain.

Our financial performance in the first quarter of 2019 was unsatisfactory. Gross margin for products exceeded last year's level but not enough to compensate for the short-fall in sales volumes. Our raw material costs were still significantly higher than in the first quarter of 2018. Deliveries improved seasonally from the previous quarter, but remained below the level in the first quarter of 2018. Nevertheless our gross margin for products improved and this will enable better profitability once volumes recover.

Earnings were still negatively impacted by items affecting comparability, mainly relating to the merger of Ahlstrom and Munksjö, the acquisitions of Expera and Caieiras as well as the paper machine closure in Stenay. Without any new decisions items affecting comparability will significantly decrease for the remainder of the year.

### IMPROVED COMPETITIVENESS

We are well on track with our actions to improve competitiveness and drive future profitable growth. We have completed measures to achieve the targeted cost reduction and synergy benefits relating to the integration of Ahlstrom and Munksjö. We have made good progress on achieving the promised cost and business synergies relating to the Expera and Caieiras acquisitions. Furthermore, I'm pleased that we also have continued to introduce several new value added products to our customers. Among these, a sustainable alternative material to plastic straws is a good example of our strengthened capabilities to provide an innovative fiber-based solution to customers. This also illustrates how we can realize business synergies from our acquisitions. Our common platform enables efficient operations, global reach and readiness to better meet customer needs as well as strong focus on product development.

We have today also announced a plan to implement a new business structure to promote our core business capabilities, sharpen strategic targets and align business characteristics of each business area. This is a natural next step following the completion and initial integration phase of the Expera Specialty Solutions and will further improve our competitiveness and customer service.

We have leading market positions globally and a balanced exposure to a broad range of end-uses. This provides us with both stability and opportunities. We will also continue our focus on integration and delivering the promised synergies as well as cash flow.

## OUTLOOK FOR 2019

Ahlstrom-Munksjö's pro forma comparable EBITDA reached EUR 330 million in 2018. At the beginning of 2019, customers reacted to signs of slowing economic growth. Although demand growth has slowed somewhat in certain product segments, and customers have reduced inventories, market fundamentals remain relatively solid. Ahlstrom-Munksjö will continue its efforts to improve performance and competitiveness. The gross margin for products continued to increase in the first quarter of 2019 and the targeted synergy benefits and cost reduction measures are expected to contribute positively to earnings for the full year.



*“Our broad offering provides us with both stability and opportunities. We will also continue our focus on integration and delivering on the promised synergies as well as cash flow.”*

*Hans Sohlström, President and CEO*

# FINANCIAL PERFORMANCE

## NET SALES DEVELOPMENT (COMPARISON WITH PRO FORMA)

Net sales by business area, EUR million	Q1/2019	Q1/2018	Q4/2018	2018
Decor	113.3	112.9	115.1	451.9
Filtration and Performance	172.4	167.0	162.6	672.5
Industrial Solutions	169.2	176.0	163.4	691.2
North America Specialty Solutions	164.0	156.1	155.5	626.0
Specialties	147.5	145.9	140.9	580.3
Other and eliminations	-7.7	-6.9	-2.7	-25.1
<b>Total net sales</b>	<b>758.7</b>	<b>751.0</b>	<b>734.8</b>	<b>2,996.9</b>

## PROFIT AND PROFITABILITY DEVELOPMENT (COMPARISON WITH PRO FORMA)

Comparable EBITDA by business area, EUR million	Q1/2019	Q1/2018	Q4/2018	2018
Decor	7.0	8.3	11.5	37.1
Filtration and Performance	30.2	28.7	24.5	114.7
Industrial Solutions	17.4	24.7	17.7	99.7
North America Specialty Solutions	14.0	16.5	12.5	57.0
Specialties	11.6	12.0	7.9	37.6
Other and eliminations	-5.2	-3.9	-2.7	-16.2
<b>Total comparable EBITDA</b>	<b>75.0</b>	<b>86.3</b>	<b>71.4</b>	<b>329.9</b>

Comparable EBITDA margin by business area, %	Q1/2019	Q1/2018	Q4/2018	2018
Decor	6.2	7.3	10.0	8.2
Filtration and Performance	17.5	17.2	15.1	17.0
Industrial Solutions	10.3	14.1	10.8	14.4
North America Specialty Solutions	8.6	10.6	8.0	9.1
Specialties	7.9	8.2	5.6	6.5
Other and eliminations				
<b>Total comparable EBITDA margin, %</b>	<b>9.9</b>	<b>11.5</b>	<b>9.7</b>	<b>11.0</b>

## JANUARY-MARCH 2019

### (Comparison to pro forma)

Net sales amounted to EUR 758.7 million, showing an increase of 1.0% from the EUR 751.0 million of the first quarter of 2018. In constant currency, net sales declined by 1.0%. Significantly higher selling prices in all business areas had a positive impact on net sales. Delivery volumes fell in all business areas.

Comparable EBITDA was EUR 75.0 million (EUR 86.3 million), representing 9.9% of net sales (11.5%). The result was mainly burdened by lower sales volumes. Gross margin for products (per ton) improved as increased selling prices more than offset higher variable costs. Fixed costs were in line with the comparison period. The implementation of the IFRS 16 standard had a positive impact of EUR 3.8 million on the EBITDA. Further information is available in appendix 1.

Compared with the fourth quarter of 2018, comparable EBITDA increased to EUR 75.0 million (EUR 71.4 million). The positive impact from higher volumes was offset by increased fixed costs.

### Items affecting comparability (IAC) in EBITDA

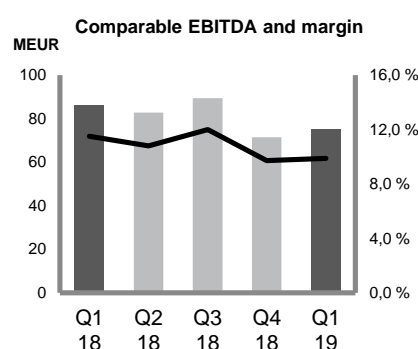
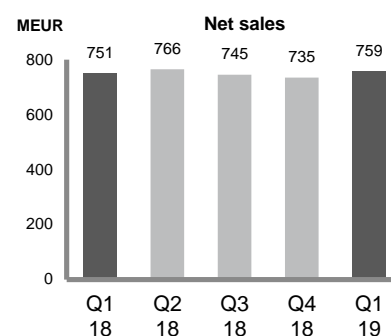
EBITDA was EUR 60.2 million (EUR 81.4 million). IACs totaled EUR -14.8 million (EUR -4.9 million) and were related to the integration costs from the Expera Specialty Solutions acquisition as well as restructuring and cost savings initiatives.

Operating profit was EUR 17.8 million (EUR 43.0 million). Depreciation, amortization and impairment amounted to EUR 42.4 million (EUR 38.4 million), including depreciation and amortization arising from PPA of EUR 12.6 million (EUR 12.1 million).

### Profit for the period

Net profit for the period was EUR 4.1 million (EUR 24.3 million), and earnings per share were EUR 0.03 (EUR 0.21). Comparable earnings per share excluding depreciation and amortization arising from PPA were EUR 0.21 (EUR 0.32).

CHANGE IN NET SALES	
<b>Q1/2018</b>	<b>MEUR 751</b>
Volume	-7%
Selling price and product mix	+5%
Currency	+2%
<b>Q1/2019</b>	<b>MEUR 759</b>



Reconciliation of EBITDA to comparable EBITDA EUR million	Actual (IFRS) Q1/2019	Pro forma Q1/2018	Pro forma Q4/2018	Pro forma 2018
<b>EBITDA</b>	<b>60.2</b>	<b>81.4</b>	<b>47.4</b>	<b>290.3</b>
Transaction costs	-0.3	-0.2	-0.1	-1.3
Integration costs	-6.7	-2.5	-10.5	-22.0
Restructuring costs	-7.7	-2.4	-13.3	-15.9
Other	-	0.2	-0.1	-0.3
<b>Total items affecting comparability in EBITDA</b>	<b>-14.8</b>	<b>-4.9</b>	<b>-24.0</b>	<b>-39.6</b>
<b>Comparable EBITDA</b>	<b>75.0</b>	<b>86.3</b>	<b>71.4</b>	<b>329.9</b>

# FINANCING AND CASH FLOW

## NET FINANCIAL ITEMS

January-March 2019 (comparison with actual)

Net financial items increased to EUR -11.6 million (EUR -3.0 million) due to higher net debt. The figure includes interest rate expenses of EUR 11.9 million, currency exchange rate gain of EUR 1.7 million and other financial expenses of EUR 1.5 million.

## PROFIT FOR PERIOD

January-March 2019 (comparison with actual)

Profit before taxes was EUR 6.2 million (EUR 28.9 million). Taxes amounted to EUR 2.1 million (EUR 7.7 million). The net profit for the period was EUR 4.1 million (EUR 21.2 million), and earnings per share were EUR 0.03 (EUR 0.22).

## CASH FLOW

January-March 2019 (comparison with actual)

Net cash flow from operating activities amounted to EUR 29.9 million (EUR 5.2 million) as the seasonal increase in working capital was smaller than in the comparison period.

## BALANCE SHEET

The company's net debt amounted to EUR 1,052.0 million at the end of the reporting period (EUR 971.3 million on December 31, 2018). The implementation of the new IFRS 16 standard, which is excluded from debt covenant calculations, increased net debt by EUR 55.4 million. At the end of the reporting period, the weighted average interest rate was 3.2%. Gearing stood at 93.6%.

Ahlstrom-Munksjö's liquidity continues to be good. At the end of the review period, the total cash position was EUR 218.8 million. In addition, the company had undrawn committed credit facilities and committed cash pool overdrafts of EUR 214.0 million available.

On March 31, 2019, equity was EUR 1,123.7 million (EUR 1,162.2 million on December 31, 2018). The equity was impacted by a EUR 60.4 million dividend. Cash flow and net debt will be impacted in the second and fourth quarters as the annual dividend will be paid in two instalments in April and October.

# SYNERGY BENEFITS AND COST REDUCTION MEASURES

## AHLSTROM AND MUNKSJÖ MERGER

The targeted synergies and cost reduction measures related to the merger of Ahlstrom and Munksjö were completed during the first quarter of 2019. At the end of the reporting period, the annual synergy achievement run rate was approximately EUR 54 million. Costs related to the achievement of synergies and cost reduction measures totaled EUR 30 million.

Cost synergies comprise mainly lower fixed costs as well as lower variable costs through coordination of sourcing activities and optimization of production. The plan also included business synergies from incremental sales and product mix improvement, predominantly related to the integration of the former Graphics and Packaging business area into the new Specialties business area.

The Group structure was adjusted to an operating model in which business units have clear responsibility and local accountability. This also included the concentration and relocation of the company's head office to Helsinki from Stockholm.

Achieved synergy benefits and related costs, EUR million	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Achieved annualized synergy benefits	13	17	19	26	32	38	41	54
Quarterly costs	4	7	8	2	3	2	2	2
Cumulative costs		11	19	21	24	26	28	30

### ACQUISITION OF EXPERA SPECIALTY SOLUTIONS

On October 10, 2018, Ahlstrom-Munksjö completed the acquisition of U.S. specialty paper producer Expera Specialty Solutions, forming a fifth business area and reporting segment named North America Specialty Solutions. The acquisition expands the company's presence in North America and further strengthens its offering. The transaction almost tripled net sales in the U.S.

Annual near-term synergy benefits of EUR 8 million, mainly arising from SG&A and procurement, are estimated to be achieved by the end of 2019. Costs related to the achievement of near-term cost synergies are estimated to be EUR 7 million by the end of 2019. At the end of the reporting period, the annual synergy achievement run rate was approximately EUR 5.5 million.

Ahlstrom-Munksjö expects additional earnings growth from a recently finalized investment in new silicone coating capacity. The new coater came on-line in September 2017 and is expected to contribute approximately EUR 9 million annually to EBITDA when fully commissioned in 2022.

The Expera acquisition is also expected to generate annual business synergies of at least EUR 10 million with a gradual impact from 2020 onwards. Cross-selling opportunities relate to the broader product offering and expanded presence, particularly in food processing and packaging, such as specialty paper to wrap and package processed and quick service restaurant prepared foods. Technology sharing is expected to generate benefits in the manufacture of e.g. interleaving papers and release liner. The expanded production platform provides production optimization opportunities e.g. in the tape products segment. Work to identify further business synergies continues.

### ACQUISITION OF CAIEIRAS SPECIALTY PAPER MILL

On October 17, 2018, Ahlstrom-Munksjö completed the acquisition of MD Papéis' Caieiras specialty paper mill in Brazil. The acquisition strengthens Ahlstrom-Munksjö's offering and production platform in South America, with opportunities for growth. In addition, product optimization, delivery capabilities and competitiveness will be improved by combining operations in Caieiras with those in nearby Jacarei and Louveira. The business has been integrated into the Decor and Industrial Solutions business areas.

Annual near-term cost synergies of up to EUR 6 million are estimated, mainly arising from the optimization of overlapping business, and are expected to be achieved by the end of 2019. Costs related to the achievement of near-term cost synergies are estimated to be EUR 2 million by the end of 2019. At the end of the reporting period, the annual synergy achievement run rate was approximately EUR 5 million.

## CAPITAL EXPENDITURE

Ahlstrom-Munksjö's capital expenditure excluding acquisitions totaled EUR 35.5 million in January-March 2019 (pro forma EUR 29.0 million). The investments were related to maintenance, cost and efficiency improvements, as well as growth initiatives and improved environmental performance and safety. The company did not announce any major new investment decisions during the reporting period. A list of recently completed and on-going investments is available at [www.ahlstrom-munksjo.com/Investors](http://www.ahlstrom-munksjo.com/Investors).

Capital expenditure is expected to be approximately EUR 170 million in 2019 (pro forma EUR 176 million in 2018).



# PERSONNEL

Ahlstrom-Munksjö employed an average of 8,140 people in January-March 2019 (8,154 pro forma) in full-time equivalents. As of March 31, 2019, the highest numbers of employees were in the United States (31%), France (20%), Sweden (10%), Brazil (9%) and Germany (7%).

## HEALTH AND SAFETY

The health and safety of employees is a top priority at Ahlstrom-Munksjö. The company has chosen three priority metrics to track performance in this field: total recordable incidents (TRI<sup>1</sup>) rate, near-miss rate, and hours of tailored safety training per employee per year. Ahlstrom-Munksjö believes that a goal of zero accidents is achievable, and our long-term target for TRI is zero. In 2019, our near miss rate target is 4.0 and we aim to provide 15 hours of tailored safety training per employee.

In January-March 2019, the TRI rate was 1.7, the near-miss rate was 4.7 and 22.2 hours of training were provided per employee.

# MAJOR EVENTS DURING THE REPORTING PERIOD

## CHANGES IN THE EXECUTIVE MANAGEMENT TEAM (EMT)

Sakari Ahdekivi started as Deputy CEO and CFO on March 1, 2019. Ahdekivi was already a member of the EMT and he replaced Pia Aaltonen-Forsell, who decided to leave Ahlstrom-Munksjö to take on new responsibilities outside the company.

## PAPER MACHINE CLOSED TO IMPROVE COMPETITIVENESS IN ONE-SIDE COATED PRODUCTS

Production at one paper machine (PM1) in Stenay, France, was permanently ceased in March 2019 following the completion of employee consultations. The plan to improve competitiveness in one-side coated products was first announced on October 30, 2018. The closure will result in the termination of 77 employees.

The one-side coated product segment, a part of the Food Packaging business in the Specialties business area, is a segment where the markets have significant overcapacity especially in Europe and the company's offering is not optimally aligned with the strategy of niche orientation in customized solutions.

By concentrating orders to the larger paper machine (PM3) at the Stenay plant, cost savings can also be achieved from higher raw material-, energy- and waste-efficiency, as well as improved inventory management. The annual impact of the planned turnaround program is expected to be approximately EUR 13 million. In addition to the provision of EUR 11.2 million and an impairment loss of EUR 7.7 million booked in the fourth quarter of 2018, an incremental expense of EUR 2.3 million as an item affecting comparability was booked in the first quarter of 2019.

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<sup>1</sup> TRI: sum of all recorded occupational accidents; lost time accidents, occupational diseases, light duty cases, and other recordable incident. Total recordable Incidents Rate (TRIR); (TRI/Total hours worked) x 200,000.

# BUSINESS AREA REVIEWS

## DECOR

The Decor business area develops and produces paper-based surfacing for wood-based materials such as laminate flooring, furniture and interiors.

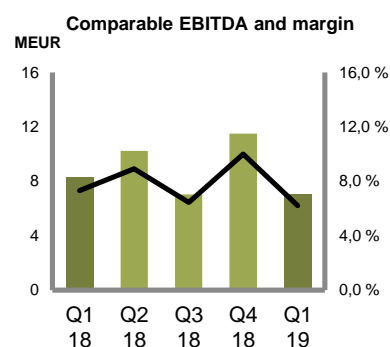
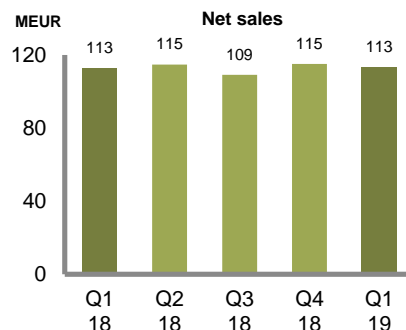
Market review January-March 2019

Demand for decor products remained weak, and the environment was uncertain in Europe. The inventory reduction across the industry continued. In South America, demand remained at a good level, while in North America it started to weaken. Competition remained intense.

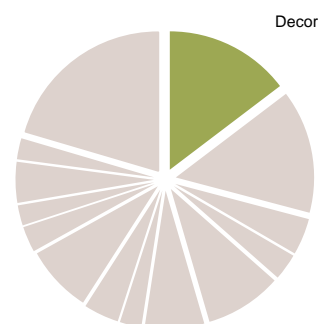
Q1/2019 compared with Q1/2018 pro forma

Net sales amounted to EUR 113.3 million and were in line with the EUR 112.9 million reported in the comparison period. Higher selling prices were offset by lower sales volumes.

Comparable EBITDA decreased to EUR 7.0 million (EUR 8.3 million), representing 6.2% (7.3%) of net sales. Higher selling prices were offset by increased variable costs, partly due to weak operational efficiency. Fixed costs increased slightly.



Sales by business



EUR million	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	2018
Net sales	113.3	115.1	109.1	114.7	112.9	451.9
Comparable EBITDA	7.0	11.5	7.0	10.2	8.3	37.1
Comparable EBITDA margin, %	6.2	10.0	6.5	8.9	7.3	8.2
Capital expenditure	3.0	5.8	3.7	2.3	3.7	15.5
Depreciation, amortization and impairment	3.0	2.5	2.3	2.3	2.3	9.4

## FILTRATION AND PERFORMANCE

The Filtration and Performance business area develops and produces filtration materials for engine oils, fuels and air, as well as industrial filtration. It also produces glass fiber for flooring products and wind turbine blades, and makes nonwoven materials for automotive, construction, textile and hygiene applications, and wallcovering materials.

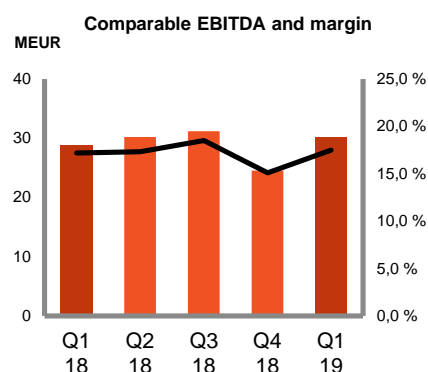
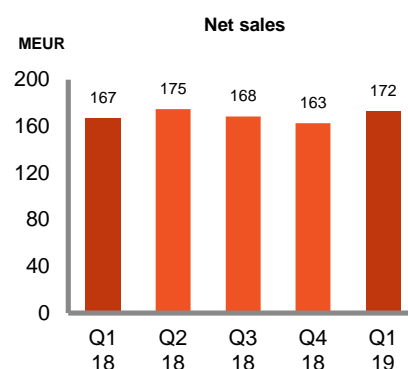
Market review January-March 2019

Demand for filtration products was generally stable in Europe, while it weakened somewhat in North America and Asia. In construction-related markets, demand for flooring and other glass fiber tissue materials remained good, whereas the wallcoverings market in Europe stabilized after a decline in 2018.

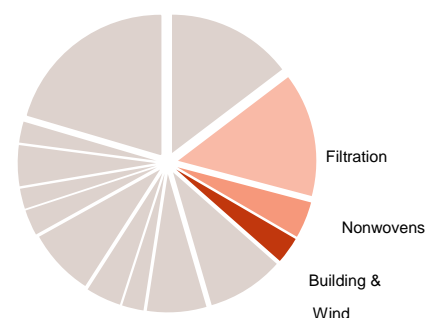
Q1/2019 compared with Q1/2018 pro forma

Net sales rose by 3.2% to EUR 172.4 million, compared with EUR 167.0 million in the comparison period. The increase was driven by higher selling prices offsetting lower deliveries.

Comparable EBITDA increased to EUR 30.2 million (EUR 28.7 million), representing 17.5% (17.2%) of net sales. The positive impact from higher selling prices more than offset the negative impact of higher raw material costs and lower volumes.



Sales by business



EUR million	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	2018
Net sales	172.4	162.6	168.3	174.7	167.0	672.5
Comparable EBITDA	30.2	24.5	31.2	30.2	28.7	114.7
Comparable EBITDA margin, %	17.5	15.1	18.5	17.3	17.2	17.0
Capital expenditure	6.7	11.4	8.0	12.6	6.7	38.7
Depreciation, amortization and impairment	11.1	10.7	10.4	10.5	10.5	42.1

## INDUSTRIAL SOLUTIONS

The Industrial Solutions business area develops and produces abrasive backings, electrotechnical insulation papers, release liners and coated specialty papers. The business area also supplies fine art and printing papers, as well as thin papers, specialty pulp and balancing foil paper.

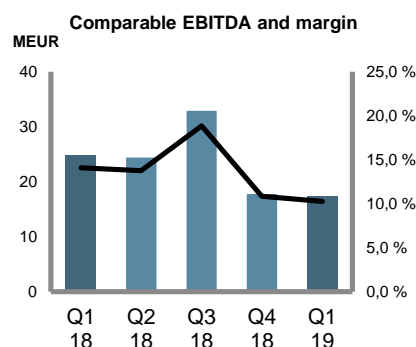
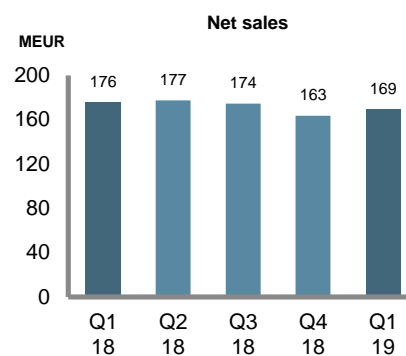
### Market review January-March 2019

The markets for abrasive backings, release liners, specialty pulp and coated products (Brazil) were unchanged at a low level following an inventory reduction across industries at the end of 2018. The release liner market remained competitive. Demand for electrotechnical insulation papers improved.

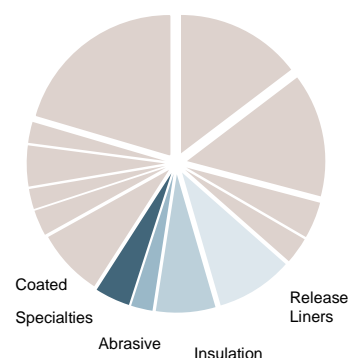
### Q1/2019 compared with Q1/2018 pro forma

Net sales decreased by 3.9% to EUR 169.2 million, compared with EUR 176.0 million in the comparison period. The positive impact of higher selling prices was more than offset by lower deliveries.

Comparable EBITDA decreased to EUR 17.4 million (EUR 24.7 million), representing 10.3% (14.1%) of net sales, mainly due to lower volumes.



### Sales by businesses



EUR million	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	2018
Net sales	169.2	163.4	174.5	177.3	176.0	691.2
Comparable EBITDA	17.4	17.7	32.9	24.4	24.7	99.7
Comparable EBITDA margin, %	10.3	10.8	18.8	13.7	14.1	14.4
Capital expenditure	10.2	23.7	9.8	12.0	11.4	57.0
Depreciation, amortization and impairment	9.7	9.0	9.0	9.1	9.2	36.4

## NORTH AMERICA SPECIALTY SOLUTIONS

The North America Specialty Solutions business area develops and produces a wide range of specialized materials that protect and enhance the performance of industrial and consumer applications, such as release liners, tape and interleaving papers, specialty paper to wrap and package processed and quick service restaurant prepared foods.

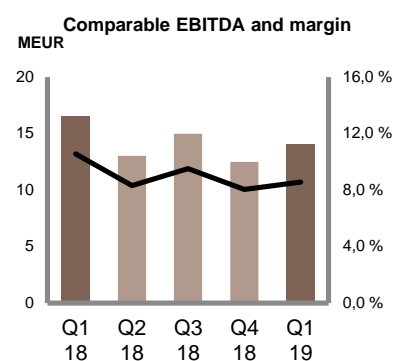
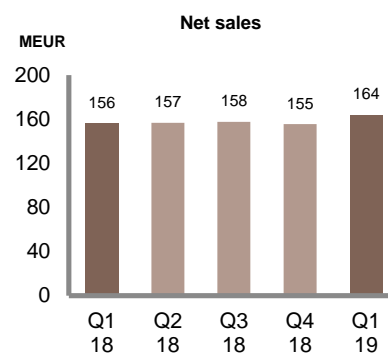
Market review January-March 2019

Demand for food processing and packaging papers remained stable, while the markets for industrial and technical-related specialty papers were soft. In the release liner segment, demand in commodity grades remained weak, while that for technical products for industrial fiber composites remained strong.

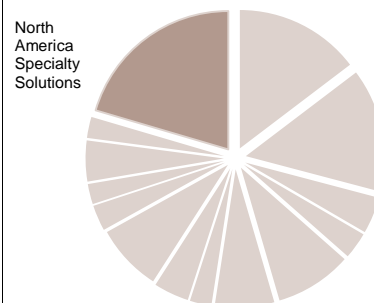
Q1/2019 compared with Q1/2018 pro forma

Net sales rose 5.1% to EUR 164.0 million, compared with EUR 156.1 million in the comparison period, as higher selling prices and a favorable currency effect more than offset lower deliveries.

Comparable EBITDA decreased to EUR 14.0 million (EUR 16.5 million), representing 8.6% (10.6%) of net sales, mainly due to lower sales volumes. Currency development had a favorable impact on the result.



Sales by businesses



EUR million	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	2018
Net sales	164.0	155.5	157.6	156.8	156.1	626.0
Comparable EBITDA	14.0	12.5	15.0	13.0	16.5	57.0
Comparable EBITDA margin, %	8.6	8.0	9.5	8.3	10.6	9.1
Capital expenditure	7.4	8.9	5.7	4.9	2.0	21.6
Depreciation, amortization and impairment	7.2	6.6	6.6	7.3	6.9	27.4



## SPECIALTIES

The Specialties business area develops and produces materials for food and beverage processing, laboratory filters and life science diagnostics, water filtration, tape products and medical fabrics. The business area also supplies hot cooking oil and milk filtration materials, graphics paper for sticky notes and envelopes, as well as metallized labels and flexible packaging papers.

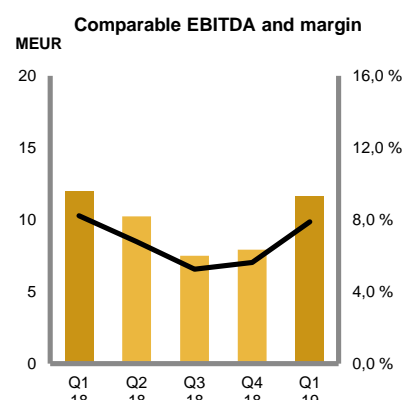
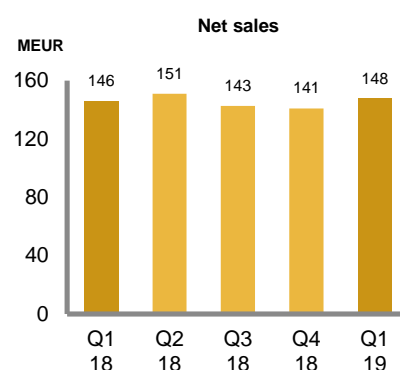
### Market review January-March 2019

In the Food Packaging business, demand for parchment papers for food processing and packaging was stable. The market remained stable in the Beverage & Casing business, as demand for fibrous meat casing materials showed growth. Demand for tape backings in Europe was weaker, while it improved in Asia. In the Advanced Liquid Technologies business, demand remained mostly robust, and it was stable in the Medical business.

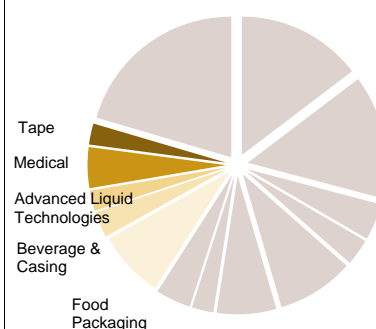
### Q1/2019 compared with Q1/2018 pro forma

Net sales increased by 1.1% to EUR 147.5 million, compared with EUR 145.9 million in the comparison period, as higher sales prices more than offset lower deliveries. The decline in deliveries was mainly related to the planned paper machine closure at the Stenay plant in France, part of the Food Packaging business.

Comparable EBITDA decreased to EUR 11.6 million (EUR 12.0 million), representing 7.9% (8.2%) of net sales. The positive impact of higher selling prices more than offset increased variable costs. Lower volumes had a negative impact on the result. Within the Food Packaging business, the one-side coated product segment continued to burden the result.



### Sales by businesses



EUR million	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	2018
Net sales	147.5	140.9	142.6	150.9	145.9	580.3
Comparable EBITDA	11.6	7.9	7.5	10.2	12.0	37.6
Comparable EBITDA margin, %	7.9	5.6	5.3	6.8	8.2	6.5
Capital expenditure	3.8	9.6	15.3	4.0	3.0	31.8
Depreciation, amortization and impairment	8.7	15.3	7.6	7.6	7.7	38.2

# SHARES AND SHARE CAPITAL

Ahlstrom-Munksjö's shares are listed on the Nasdaq Helsinki and Nasdaq Stockholm. All shares carry one vote and have equal voting rights. The trading code is AM1 in Helsinki and AM1S in Stockholm.

On March 31, 2019, Ahlstrom-Munksjö's share capital amounted to EUR 85 million, and the total number of shares since December 28, 2018 has been 115,653,315, following a rights issue that increased the number of shares by 19,214,742 from 96,438,573.

The company had 12,127 shareholders at the end of the reporting period (12,095 as of Dec. 31, 2018) according to Euroclear Finland Ltd. Ahlstrom-Munksjö held a total of 364,862 of its own shares, corresponding to approximately 0.3% of total shares and votes.

## SHARE PRICE PERFORMANCE AND TRADING

	Nasdaq Helsinki		Nasdaq Stockholm	
	Q1/2019	Q1/2018	Q1/2019	Q1/2018
Share price at the end of the period, EUR/SEK	13.66	16.94	141.80	172.00
Highest share price, EUR/SEK	14.78	20.10	154.00	197.40
Lowest share price, EUR/SEK	11.90	15.58	121.40	154.85
Market capitalization at the end of the period*, EUR million	1,574.8	1,627.5	N/A	N/A
Trading value, EUR/SEK million	59.6	48.4	56.7	63.4
Trading volume, shares million	4.4	2.8	0.4	0.4
Average daily trading volume, shares	69,069	43,732	6,346	5,598

\*Excluding the shares held by Ahlstrom-Munksjö

Ahlstrom-Munksjö's shares are also traded on alternative exchanges, such as Cboe, Turquoise, Posit and Liquidnet. These exchanges represented about 36% of the total trading value during the reporting period (source: Fidessa Fragmentation Index).

# GENERAL MEETINGS OF SHAREHOLDERS

## ANNUAL GENERAL MEETING

Ahlstrom-Munksjö Oyj's Annual General Meeting (AGM) was held on March 27, 2019. The AGM adopted the Financial Statements for 2018 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2018.

The AGM resolved to distribute a dividend of EUR 0.52 per share for the fiscal year that ended on December 31, 2018 in accordance with the proposal of the Board of Directors. The dividend will be paid in two instalments. The first installment of EUR 0.26 per share was paid on April 5, 2019, and the second installment of EUR 0.26 per share will be paid on October 4, 2019, at the latest.

The AGM resolved that the number of Board members to be nine. Peter Seligson, Elisabet Salander Björklund, Alexander Ehrnrooth, Johannes Gullichsen, Lasse Heinonen, Hannele Jakosuo-Jansson, Harri-Pekka Kaukonen and Valerie A. Mars were re-elected. Jaakko Eskola was elected as a new member of the Board. Pernilla Walfridsson was not available for re-election. The Board members were elected for a period ending at the close of the next AGM.

The AGM resolved in accordance with the proposal of the Board to re-elect KPMG Oy Ab as the company's auditor. KPMG Oy Ab has designated Authorized Public Accountant Anders Lundin as the Responsible Auditor.

Authorization to resolve on the issuance of shares and special rights entitling to shares

The AGM authorized the Board of Directors to resolve on the issuance of shares and/or special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act, in one or several instalments, either against payment or without payment. The authorization would consist of a maximum of 11,500,000 shares in the

aggregate (including shares to be received based on special rights), which corresponds to approximately 10% of all the company's shares at the time of the proposal. The Board of Directors is authorized to resolve to issue either new shares or dispose of the treasury shares in the possession of the company.

The authorization could be used for the financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing the company's share-based incentive plans, or for other purposes determined by the Board of Directors.

The authorization also includes the right to decide on a share issue without consideration to the company itself, subject to the provisions of the Finnish Companies' Act on the maximum amount of shares owned by the company or its subsidiaries.

The Board of Directors is authorized to resolve on all other terms and conditions of the issuance of shares and special rights entitling to shares, including the right to derogate from the pre-emptive right of the shareholders.

The authorization is valid until the close of the next Annual General Meeting, however, no longer than eighteen (18) months from the close of the Annual General Meeting.

#### *Authorization to repurchase the company's own shares*

The AGM authorized the Board of Directors to resolve to repurchase and to distribute the company's own shares as well as to accept them as pledge, in one or more instalments.

The number of shares to be repurchased or accepted as pledge by virtue of the authorization shall not exceed 11,500,000 own shares in the company, subject to the provisions of the Finnish Companies' Act on the maximum amount of shares owned by or pledged to the company or its subsidiaries. The shares may be repurchased or accepted as pledge in one or several instalments and in a proportion other than that of the existing shareholdings of the shareholders in the company. The shares shall be repurchased in public trading at the prevailing market price using unrestricted shareholders' equity.

The authorizations are valid until the close of the next Annual General Meeting, however, no longer than eighteen (18) months from the close of the Annual General Meeting.

#### *Decisions taken by the Board of Directors after the AGM*

The organization meeting of the Board of Directors, which was held immediately after the Annual General Meeting, elected Peter Seligson as Chairman of the Board and Elisabet Salander Björklund as Vice Chairman.

The Board of Directors appointed two permanent committees; the Audit and Sustainability Committee and the Human Resources Committee. The members of the Audit and Sustainability Committee are Elisabet Salander Björklund (Chair), Alexander Ehrnrooth, Lasse Heinonen, Harri-Pekka Kaukonen, Valerie A. Mars.

The members of the Human Resources Committee are Hannele Jakosuo-Jansson (Chair), Jaakko Eskola, Johannes Gullichsen and Peter Seligson.

## **MAJOR EVENTS AFTER THE REPORTING PERIOD**

On April 25, 2019, Ahlstrom-Munksjö announced it will implement a new business and reporting structure as of January 1, 2020. The new organizational structure is a natural next step following the completion and initial integration phase of the Expera Specialty Solutions acquisition. With the new structure, Ahlstrom-Munksjö will promote its core business capabilities, sharpen its strategic targets and align business characteristics of each business area.

In the new organizational structure, businesses are combined which share same core capabilities, strategic targets and characteristics. This enables Ahlstrom-Munksjö to strengthen and further promote its capabilities in areas of product development and innovation, global key customer account management, product and production technology as well as process improvement and production optimization. The reorganization will support profitable growth, competitiveness as well as customer service.

Ahlstrom-Munksjö's organizational structure and reporting segments, as of January 1, 2020, and their leaders will be as follows:

- Business Area Filtration and Performance Solutions, Executive Vice President Daniele Borlatto
- Business Area Advanced Solutions, Executive Vice President Omar Hoek

- Business Area Industrial Solutions, Executive Vice President Dan Adrianzon
- Business Area Food and Technical Solutions, Executive Vice President Robyn Buss
- Business Area Decor Solutions, Executive Vice President Tomas Wulkan

The businesses within each Business Area will be announced in the third quarter of 2019.

#### Changes in the Executive Management Team

Robyn Buss is appointed Executive Vice President of Business Area North America Specialty Solutions as of October 1, 2019. She is succeeding Russ Wanke, who retires end of September.

Daniele Borlatto is appointed Executive Vice President of Business Area Filtration and Performance as of June 7, 2019. He is currently Executive Vice President of Business Area Industrial Solutions. Daniele Borlatto succeeds Fulvio Capussotti, who will take up new responsibilities outside Ahlstrom-Munksjö and leave the company at the same date.

Dan Adrianzon is appointed Executive Vice President of Business Area Industrial Solutions as of June 7, 2019. He is currently Executive Vice President of People and Safety.

Tarja Takko, currently Vice President, Talent and Development, Group HR and HR Business Partner, Filtration & Performance, is appointed acting Executive Vice President of People and Safety as of June 7, 2019.

## SHORT-TERM RISKS

Ahlstrom-Munksjö is exposed to changing market conditions and uncertainty caused by both macroeconomic and industry related events and is exposed to risks that may arise from its operations, changes in the business environment, developments in the global economy or potential changes in the legislative framework. The materialization of such risks could have a material adverse effect on the company's operations, earnings and financial position.

The company's significant risks and uncertainty factors mainly consist of developments in demand for and prices of sold products, the cost and availability of significant raw materials, financial risks, as well as other business factors including developments in the financial markets. The cost of key raw materials such as pulp and titanium dioxide has stayed at a high level and the company's financial performance may be impacted by the timing of possible raw material price rises and its ability to raise selling prices. On-going trade disputes and the outcome of the Brexit increases uncertainty in the global economic outlook and this may have an effect on Ahlstrom-Munksjö's markets.

Ahlstrom-Munksjö has recently acquired Expera and Caieiras and it may not be able to realize some or any of the anticipated benefits from those acquisitions. In addition, the company may not be able to successfully integrate the acquired operations into its existing businesses.

The company's key financial risks include interest rate and currency risks, liquidity risk and credit risk. The Group has exposure to tax risks due to potential changes in tax laws or regulations or their application, or as a result of on-going or future tax audits or claims.

The company has operations in many countries, and sometimes disputes cannot be avoided in daily operations. The company is sometimes involved in legal actions, disputes, claims for damages and other procedures. The result of these cannot be predicted, but taking into account all available information to date, the impact is not expected to have a significant impact on the financial position of the company.

More information about risks and uncertainty factors related to Ahlstrom-Munksjö's business and the company's risk management is available at [www.ahlstrom-munksjo.com](http://www.ahlstrom-munksjo.com).

The actual numbers in this report have been prepared in accordance with International Financial Reporting Standards (IFRS). Comparable figures refer to the same period in the previous year, unless otherwise stated. The report contains certain forward-looking statements that reflect the present views of the company's management. The statements contain uncertainties and risks and are thus subject to changes in the general economic situation and in the company's business.

Ahlstrom-Munksjö Oyj  
Board of Directors

## ADDITIONAL INFORMATION

*Hans Sohlström, President and CEO, tel. +358 10 888 2520*

*Sakari Ahdekivi, Deputy CEO and CFO, tel. +358 10 888 4760*

*Johan Lindh, Vice President, Communications and Investor Relations, + 358 10 888 4994*

*Juho Erkheikki, Investor Relations Manager, tel. +358 10 888 4731*

## WEBCAST AND CONFERENCE CALL

*A combined news conference, call and live webcast will be arranged on the publishing day, April 25, 2019, at 11:00 a.m. (CET +1) at Ahlstrom-Munksjö's head office in Helsinki (Alvar Aallon katu 3 C). The report will be presented in English by President and CEO Hans Sohlström and Deputy CEO and CFO Sakari Ahdekivi.*

### WEBCAST AND CONFERENCE CALL INFORMATION

*The combined webcast and teleconference can be viewed at:*

*[https://qsb.webcast.fi/a/ahlstrommunksjo/ahlstrommunksjo\\_2019\\_0425\\_q1/](https://qsb.webcast.fi/a/ahlstrommunksjo/ahlstrommunksjo_2019_0425_q1/)*

*Finland: +358 (0)9 7479 0360*

*Sweden: +46 (0)8 5033 6573*

*UK: +44 (0)330 336 9104*

*Conference ID: 046099*

*To join the conference call, participants are requested to dial one of the numbers above 5-10 minutes prior to the start of the event. An on-demand version of the conference call will be available on Ahlstrom-Munksjö's website later the same day. By dialing in to the conference call, the participant agrees that personal information such as name and company name will be collected. The conference call will be recorded.*

### AHLSTROM-MUNKSJÖ IN BRIEF

*Ahlstrom-Munksjö is a global leader in fiber-based materials, supplying innovative and sustainable solutions to its customers. Our mission is to expand the role of fiber-based solutions for sustainable everyday life. Our offering include filter materials, release liners, food and beverage processing materials, decor papers, abrasive and tape backings, electrotechnical paper, glass fiber materials, medical fiber materials and solutions for diagnostics as well as a range of specialty papers for industrial and consumer end-uses. Our annual net sales are about EUR 3 billion and we employ some 8,000 people. The Ahlstrom-Munksjö share is listed on the Nasdaq Helsinki and Stockholm. Read more at [www.ahlstrom-munksjo.com](http://www.ahlstrom-munksjo.com).*



## APPENDIX 1: CONSOLIDATED FINANCIAL STATEMENTS

Financial statements are unaudited.

Income statement			
EUR million	Q1/2019	Q1/2018	2018
Net sales	758.7	572.4	2,438.0
Other operating income	2.6	1.8	9.6
<b>Total operating income</b>	<b>761.2</b>	<b>574.2</b>	<b>2,447.7</b>
<b>Operating costs</b>			
Changes in inventories of finished goods and work in progress	3.5	15.7	25.0
Materials and supplies	-363.3	-285.4	-1,208.2
Other operating expenses	-190.7	-138.8	-589.5
Employee benefit expenses	-150.6	-104.1	-452.4
Depreciation, amortization and impairment	-42.4	-29.7	-133.9
<b>Total operating costs</b>	<b>-743.4</b>	<b>-542.3</b>	<b>-2,359.0</b>
Share of profit in equity accounted investments	-	-	0.0
<b>Operating result</b>	<b>17.8</b>	<b>31.9</b>	<b>88.7</b>
Net financial items	-11.6	-3.0	-25.3
<b>Profit before tax</b>	<b>6.2</b>	<b>28.9</b>	<b>63.3</b>
Income taxes	-2.1	-7.7	-20.4
<b>Net profit</b>	<b>4.1</b>	<b>21.2</b>	<b>42.9</b>

Pro forma Income statement		
EUR million	Q1/2018	2018
Net sales	751.0	2,996.9
Other operating income	2.2	10.9
<b>Total operating income</b>	<b>753.1</b>	<b>3,007.8</b>
<b>Operating costs</b>		
Changes in inventories of finished goods and work in progress	14.3	24.7
Materials and supplies	-360.2	-1,445.7
Other operating expenses	-180.4	-715.3
Employee benefit expenses	-145.5	-581.2
Depreciation, amortization and impairment	-38.4	-161.0
<b>Total operating costs</b>	<b>-710.2</b>	<b>-2,878.5</b>
Share of profit in equity accounted investments	-	0.0
<b>Operating result</b>	<b>43.0</b>	<b>129.4</b>
Net financial items	-9.4	-42.5
<b>Profit before tax</b>	<b>33.6</b>	<b>86.9</b>
Income taxes	-9.3	-23.6
<b>Net profit</b>	<b>24.3</b>	<b>63.2</b>

<b>Other comprehensive income</b>			
<b>EUR million</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>2018</b>
<b>Net profit</b>	<b>4.1</b>	<b>21.2</b>	<b>42.9</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations for the period	14.2	-15.2	-13.5
Hedges of net investments in foreign operations	-	-0.0	-0.0
Change in cash flow hedge reserve	-1.5	-1.9	0.3
Cash flow hedge transferred to this year's result	0.6	-0.3	0.4
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gains and losses on defined benefit plans	4.8	3.5	0.6
<b>Tax attributable to other comprehensive income</b>	<b>-1.0</b>	<b>-0.4</b>	<b>-1.1</b>
<b>Comprehensive income</b>	<b>21.4</b>	<b>7.0</b>	<b>29.8</b>
<b>Net profit attributable to</b>			
Parent company's shareholders	3.8	21.0	41.6
Non-controlling interests	0.4	0.2	1.4
<b>Comprehensive income attributable to</b>			
Parent company's shareholders	20.7	6.7	28.4
Non-controlling interests	0.6	0.3	1.3
<b>Earnings per share</b>			
Weighted average number of outstanding shares	115,288,453	96,073,711	96,758,002
Basic earnings per share, EUR	0.03	0.22	0.43
Diluted earnings per share, EUR	0.03	0.22	0.43

<b>Pro forma Earnings per share</b>		
	<b>Q1/2018</b>	<b>2018</b>
Weighted average number of outstanding shares	115,288,453	115,288,453
Basic earnings per share, EUR	0.21	0.54

Balance sheet EUR million	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,118.9	826.0	1,117.2
Right-of-use assets	59.8	-	-
Goodwill	637.6	426.9	630.6
Other intangible assets	505.3	302.6	505.1
Equity accounted investments	1.1	1.1	1.1
Other non-current assets	14.9	7.4	15.4
Deferred tax assets	9.5	1.9	7.5
<b>Total non-current assets</b>	<b>2,347.2</b>	<b>1,566.0</b>	<b>2,276.9</b>
<b>Current assets</b>			
Inventories	444.3	301.1	429.6
Trade and other receivables	380.3	291.1	374.0
Income tax receivables	3.5	5.7	3.3
Cash and cash equivalents	218.8	224.9	151.0
<b>Total current assets</b>	<b>1,046.9</b>	<b>822.9</b>	<b>957.9</b>
<b>TOTAL ASSETS</b>	<b>3,394.0</b>	<b>2,388.9</b>	<b>3,234.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1,123.7</b>	<b>993.9</b>	<b>1,162.2</b>
<b>Non-current liabilities</b>			
Non-current borrowings	1,029.4	536.1	1,020.4
Non-current lease liability	46.4	2.7	3.1
Other non-current liabilities	1.7	0.7	1.7
Employee benefit obligations	87.7	93.0	92.7
Deferred tax liabilities	149.6	92.7	150.6
Non-current provisions	27.5	16.6	25.9
<b>Total non-current liabilities</b>	<b>1,342.2</b>	<b>741.9</b>	<b>1,294.3</b>
<b>Current liabilities</b>			
Current borrowings	226.6	79.5	141.5
Current lease liability	12.9	2.0	1.1
Trade and other payables	660.4	559.8	615.3
Income tax liabilities	14.7	6.6	8.1
Current provisions	13.4	5.1	12.3
<b>Total current liabilities</b>	<b>928.1</b>	<b>653.1</b>	<b>778.4</b>
<b>Total liabilities</b>	<b>2,270.3</b>	<b>1,395.0</b>	<b>2,072.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,394.0</b>	<b>2,388.9</b>	<b>3,234.9</b>

## Statement of changes in equity

- 1) Share capital
- 2) Reserve for invested unrestricted equity
- 3) Other reserves
- 4) Treasury shares
- 5) Cumulative translation adjustment
- 6) Retained earnings
- 7) Total equity attributable to the parent company's shareholders
- 8) Non-controlling interests
- 9) Total equity

EUR million	1)	2)	3)	4)	5)	6)	7)	8)	9)
<b>Balance at January 1, 2018</b>	<b>85.0</b>	<b>517.6</b>	<b>384.5</b>	<b>-6.3</b>	<b>-63.3</b>	<b>110.1</b>	<b>1,027.5</b>	<b>8.9</b>	<b>1,036.5</b>
Net profit	-	-	-	-	-	21.0	21.0	0.2	21.2
Other comprehensive income	-	-	-1.7	-	-15.2	2.7	-14.3	0.0	-14.2
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-1.7</b>	<b>-</b>	<b>-15.2</b>	<b>23.7</b>	<b>6.7</b>	<b>0.3</b>	<b>7.0</b>
Dividends and other	-	-	-	-	-	-50.1	-50.1	-0.3	-50.4
Long term incentive plan	-	-	-	-	-	0.8	0.8	-	0.8
<b>Balance at March 31, 2018</b>	<b>85.0</b>	<b>517.6</b>	<b>382.7</b>	<b>-6.3</b>	<b>-78.5</b>	<b>84.5</b>	<b>985.0</b>	<b>8.9</b>	<b>993.9</b>
<b>Balance at January 1, 2019</b>	<b>85.0</b>	<b>661.8</b>	<b>385.1</b>	<b>-6.3</b>	<b>-76.7</b>	<b>103.5</b>	<b>1,152.3</b>	<b>9.9</b>	<b>1,162.2</b>
Net profit	-	-	-	-	-	3.8	3.8	0.4	4.1
Other comprehensive income	-	-	-0.7	-	14.0	3.6	16.9	0.3	17.2
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-0.7</b>	<b>-</b>	<b>14.0</b>	<b>7.4</b>	<b>20.7</b>	<b>0.6</b>	<b>21.4</b>
Dividends and other	-	-	-	-	-	-60.1	-60.1	-0.3	-60.4
Long term incentive plan	-	-	-	-	-	0.5	0.5	-	0.5
<b>Balance at March 31, 2019</b>	<b>85.0</b>	<b>661.8</b>	<b>384.4</b>	<b>-6.3</b>	<b>-62.7</b>	<b>51.3</b>	<b>1,113.5</b>	<b>10.2</b>	<b>1,123.7</b>

<b>Cash flow statement</b>			
<b>EUR million</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>2018</b>
<b>Cash flow from operating activities</b>			
Net profit	4.1	21.2	42.9
Adjustments, total	55.6	39.5	174.7
Changes in net working capital	-20.0	-43.9	-84.6
Change in provisions	2.3	-3.6	2.5
Financial items	-9.9	-3.9	-23.0
Income taxes paid	-2.3	-4.2	-21.0
<b>Net cash from operating activities</b>	<b>29.9</b>	<b>5.2</b>	<b>91.6</b>
<b>Cash flow from investing activities</b>			
Payment for acquisition of subsidiary, net of cash acquired	-1.7	-	-608.0
Purchases of property, plant and equipment and intangible assets	-35.5	-25.6	-160.1
Other investing activities	0.1	0.0	-0.2
<b>Net cash from investing activities</b>	<b>-37.1</b>	<b>-25.6</b>	<b>-768.3</b>
<b>Cash flow from financing activities</b>			
Dividends paid and other	-0.4	-0.3	-50.3
Rights issue	-5.4	-	148.5
Change in loans and other financing activities	78.8	2.7	487.7
<b>Net cash from financing activities</b>	<b>72.9</b>	<b>2.4</b>	<b>585.9</b>
<b>Net change in cash and cash equivalents</b>	<b>65.8</b>	<b>-18.0</b>	<b>-90.9</b>
Cash and cash equivalents at the beginning of the period	151.0	245.9	245.9
Foreign exchange effect on cash and cash equivalents	2.0	-3.0	-4.0
<b>Cash and cash equivalents at the end of the period</b>	<b>218.8</b>	<b>224.9</b>	<b>151.0</b>

Implementation of the IFRS 16 standard has an effect on the presentation of cash flow statement. Paid lease expenses were moved from net cash from operating activities to net cash from financing activities, and are presented as change in loans and other financing activities.

## NOTES TO THE FINANCIAL STATEMENTS

### Accounting principles

This unaudited consolidated quarterly interim report has been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU. All figures in the accounts have been rounded and consequently the total of individual figures can deviate from the presented total figure. Furthermore, all percentages are subject to possible rounding differences. The accounting principles applied are consistent with those followed in the preparation of the Group's Annual Report 2018, except for the adoption of new standards effective as of January 1, 2019. The Group has is not an early adopter of any other standard, interpretation or amendment that has been issued but is not yet effective.

### IFRS 16 Leases

The new standard, IFRS 16 Leases was effective on January 1, 2019. The new standard resulted in the recognition of the majority of Ahlstrom-Munksjö's leases on the balance sheet and therefore Ahlstrom-Munksjö's assets and liabilities have increased. The increase in debt will not have an impact on Ahlstrom-Munksjö's current financial covenants, as current financial covenants are calculated according to IFRS standards effective on December 31, 2018. In accordance with IFRS 16 the operating expenses relating to leases are replaced by depreciations and interest expenses, resulting in a change in our key metrics e.g. EBITDA.



Implementation of the new standard has also effected the presentation of the cash flow statement. Paid lease expenses were moved from net cash from operating activities to net cash from financing activities, and are presented as payment of lease liability. The standard as such, has no impact on the outcome of the cash flow; it only changes where the lease payments are presented. Comparable figures are not restated.

Ahlstrom-Munksjö has adopted the new standard using a simplified approach and thus comparative figures are not restated. According to IFRS 16, the measurement of the right-of-use asset and the lease liability is determined by discounting the minimum future lease payments. Ahlstrom-Munksjö initially measures the lease liability at the present value of the lease payments to be made over the lease term. The payments are based on the lease contracts and respective payment schedules. Open ended lease contracts and extension options are taken into account using management's best estimate, e.g. end date for open ended lease contracts is the most likely end date for the contracts and the extension option is included if it is reasonably certain that the extension option will be exercised. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate. The incremental borrowing rate comprises the reference rate and credit spread for incremental borrowing. Factors affecting the incremental borrowing rate include the length of the contract and potential premiums for country and currency risks. The revised incremental borrowing rate is used when there are changes in the lease term, changes in assessment of an option to purchase the asset and modifications to the lease that are not accounted as a separate lease. A change in index or such expected changes do not result in a revised discount rate.

After the commencement date according to IFRS 16 the following applies: lease liabilities are reduced by lease payments made and remeasurements are made to reflect changes to the lease payments; rights-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses adjusted for remeasurements of the lease liability.

Ahlstrom-Munksjö will use available practical expedients, including the exclusion of short-term leases with a term to maturity of less than 12 months, low-value leases and leases of intangible assets. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability will continue to be presented as operating expenses.

Impact of implementation of IFRS 16 standard on the opening balance sheet for year 2019 is presented below.

Impact of IFRS 16 on the opening balance sheet EUR million	Dec 31, 2018	Impact of IFRS 16	Jan 1, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,117.2	-	1,117.2
Right-of-use assets	-	57.0	57.0
Goodwill	630.6	-	630.6
Other intangible assets	505.1	-	505.1
Equity accounted investments	1.1	-	1.1
Other non-current assets	15.4	-0.7	14.8
Deferred tax assets	7.5	-	7.5
<b>Total non-current assets</b>	<b>2,276.9</b>	<b>56.4</b>	<b>2,333.3</b>
<b>Current assets</b>			
Inventories	429.6	-	429.6
Trade and other receivables	374.0	-	374.0
Income tax receivables	3.3	-	3.3
Cash and cash equivalents	151.0	-	151.0
<b>Total current assets</b>	<b>957.9</b>	<b>-</b>	<b>957.9</b>
<b>TOTAL ASSETS</b>	<b>3,234.9</b>	<b>56.4</b>	<b>3,291.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1,162.2</b>	<b>-</b>	<b>1,162.2</b>
<b>Non-current liabilities</b>			
Non-current borrowings	1,020.4	-	1,020.4
Non-current lease liability	3.1	44.1	47.2
Other non-current liabilities	1.7	-	1.7
Employee benefit obligations	92.7	-	92.7
Deferred tax liabilities	150.6	-	150.6
Non-current provisions	25.9	-	25.9
<b>Total non-current liabilities</b>	<b>1,294.3</b>	<b>44.1</b>	<b>1,338.3</b>
<b>Current liabilities</b>			
Current borrowings	141.5	-	141.5
Current lease liability	1.1	12.3	13.4
Trade and other payables	615.3	-	615.3
Income tax liabilities	8.1	-	8.1
Current provisions	12.3	-	12.3
<b>Total current liabilities</b>	<b>778.4</b>	<b>12.3</b>	<b>790.6</b>
<b>Total liabilities</b>	<b>2,072.6</b>	<b>56.4</b>	<b>2,129.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,234.9</b>	<b>56.4</b>	<b>3,291.2</b>

*Other amendments, interpretations and improvements*

*In addition to above new IFRS standard adoptions some other amendments, interpretations or improvements apply for the first time in 2019, but do not have a material impact.*

## BUSINESS COMBINATION

### *Acquisition of Expera and Caieiras in 2018*

In 2018 Ahlstrom-Munksjö acquired U.S. specialty paper producer Expera Specialty Solutions and MD Papéis' Caieiras specialty paper mill in Brazil. Ahlstrom-Munksjö acquired 100% of the shares.

In the first quarter of 2019 Ahlstrom-Munksjö completed the closing accounts of Expera Specialty Solutions and paid the remaining part of the final purchase consideration of the acquisition amounting to EUR 1.7 million. The final purchase price was EUR 524.9 million and the final goodwill EUR 171.7 million.

Provisional cash consideration of MD Papeis Caieiras specialty paper mill was revised and amounts to EUR 96.7 million. The receivable related to purchase consideration adjustment at the end of March 2019 is EUR 0.2 million and is recognized in current other receivables. The provisional goodwill amounts to EUR 31.8 million. The provisional cash consideration of Caieiras is still subject to completion of the closing accounts in accordance with the terms of the share purchase agreements.

## SEGMENT INFORMATION

Ahlstrom-Munksjö is organized into five business areas which are Decor, Filtration and Performance, Industrial Solutions, North America Specialty Solutions and Specialties. North America Specialty Solutions business area includes the operations and business of Expera Specialty Solutions. Business of MD Papéis' Caieiras has been divided into two segments, Decor and Industrial Solutions. These five business areas form the Group's reportable segments. Ahlstrom-Munksjö's business areas are described below:

### *Decor*

The Decor business area develops and produces paper-based surfacing for wood-based materials such as laminate flooring, furniture and interiors.

### *Filtration and Performance*

The Filtration and Performance business area develops and produces filtration materials for engine oils, fuels and air as well as industrial filtration. It also produces glass fiber for flooring products and wind turbine blades and makes nonwoven materials for automotive, construction, textile and hygiene applications and wallcover materials.

### *Industrial Solutions*

The Industrial Solutions business area develops and produces abrasive backings, electrotechnical insulation papers, release liners and coated specialty papers. The business area also supplies fine art and printing papers, as well as thin papers, specialty pulp and balancing foil paper.

### *North America Specialty Solutions*

North America Specialty Solutions business area comprises the acquired business of Expera and it develops and produces specialized materials that protect and enhance the performance of a wide range of industrial and consumer applications, such as release liners, tape and interleaving papers, specialty paper to wrap and package processed and quick service restaurant prepared foods.

### *Specialties*

The Specialties business area develops and produces materials for food and beverage processing, laboratory filters and life science diagnostics, water filtration, tape products and medical fabrics. The business area also supplies hot cooking oil and milk filtration materials, graphics paper for sticky notes and envelopes as well as metallized labels and flexible packaging papers.

### *Other and eliminations*

Other and eliminations include head office costs comprising the following functions: CEO, Group Finance, Treasury, Investor Relations, Strategy, Legal, Communication, and Group HR. The head office costs comprise mainly salaries, rent and professional fees. Other and eliminations include holding and sales companies' income and expenses. Other and eliminations also include certain other exceptional costs not used in the assessment of business area performance.

Financial performance by business area, EUR million Q1 / 2019	Decor	Filtration and Performance	Industrial Solutions	North America Specialty Solutions	Specialties	Other and eliminations	Group
Net sales, external	112.5	169.5	168.9	164.0	143.6	0.2	758.7
Net sales, internal	0.8	3.0	0.2	-	3.9	-7.9	-
<b>Net sales</b>	<b>113.3</b>	<b>172.4</b>	<b>169.2</b>	<b>164.0</b>	<b>147.5</b>	<b>-7.7</b>	<b>758.7</b>
Comparable EBITDA	7.0	30.2	17.4	14.0	11.6	-5.2	75.0
Items affecting comparability in EBITDA							-14.8
Depreciation, amortization and impairments							-42.4
<b>Operating result</b>							<b>17.8</b>

Financial performance by business area, EUR million Q1 / 2018	Decor	Filtration and Performance	Industrial Solutions	North America Specialty Solutions	Specialties	Other and eliminations	Group
Net sales, external	98.7	164.2	166.6	-	141.6	1.3	572.4
Net sales, internal	1.1	2.8	0.1	-	4.3	-8.3	-
Pro forma net sales impact	13.2	-	9.3	156.1	-	-	178.5
<b>Pro forma net sales</b>	<b>112.9</b>	<b>167.0</b>	<b>176.0</b>	<b>156.1</b>	<b>145.9</b>	<b>-6.9</b>	<b>751.0</b>
Pro forma net sales impact							-178.5
<b>Net sales</b>							<b>572.4</b>
Comparable EBITDA	6.3	28.7	23.6	-	12.0	-3.9	66.7
Pro forma comparable EBITDA impact	2.0	-	1.2	16.5	-	-	19.6
<b>Pro forma comparable EBITDA</b>	<b>8.3</b>	<b>28.7</b>	<b>24.7</b>	<b>16.5</b>	<b>12.0</b>	<b>-3.9</b>	<b>86.3</b>
Pro forma comparable EBITDA impact							-19.6
Items affecting comparability in EBITDA							-5.0
Depreciation, amortization and impairments							-29.7
<b>Operating result</b>							<b>31.9</b>

Segment information by quarter	Q1/2019	pro forma Q4/2018	pro forma Q3/2018	pro forma Q2/2018	pro forma Q1/2018
<b>NET SALES, EUR million</b>					
Decor	113.3	115.1	109.1	114.7	112.9
Filtration and Performance	172.4	162.6	168.3	174.7	167.0
Industrial Solutions	169.2	163.4	174.5	177.3	176.0
North America Specialty Solutions	164.0	155.5	157.6	156.8	156.1
Specialties	147.5	140.9	142.6	150.9	145.9
Other and eliminations	-7.7	-2.7	-6.9	-8.5	-6.9
<b>Group</b>	<b>758.7</b>	<b>734.8</b>	<b>745.2</b>	<b>766.0</b>	<b>751.0</b>
<b>COMPARABLE EBITDA, EUR million</b>					
Decor	7.0	11.5	7.0	10.2	8.3
Filtration and Performance	30.2	24.5	31.2	30.2	28.7
Industrial Solutions	17.4	17.7	32.9	24.4	24.7
North America Specialty Solutions	14.0	12.5	15.0	13.0	16.5
Specialties	11.6	7.9	7.5	10.2	12.0
Other and eliminations	-5.2	-2.7	-4.2	-5.3	-3.9
<b>Group</b>	<b>75.0</b>	<b>71.4</b>	<b>89.4</b>	<b>82.8</b>	<b>86.3</b>
<b>COMPARABLE EBITDA margin, %</b>					
Decor	6.2	10.0	6.5	8.9	7.3
Filtration and Performance	17.5	15.1	18.5	17.3	17.2
Industrial Solutions	10.3	10.8	18.8	13.7	14.1
North America Specialty Solutions	8.6	8.0	9.5	8.3	10.6
Specialties	7.9	5.6	5.3	6.8	8.2
Other and eliminations					
<b>Group</b>	<b>9.9</b>	<b>9.7</b>	<b>12.0</b>	<b>10.8</b>	<b>11.5</b>

### Net sales by region

EUR million	Q1/2019	Q1/2018	2018
Europe	335.5	344.8	1,324.5
North America	255.1	92.5	529.3
South America	64.0	39.4	171.1
Asia-Pacific	95.0	85.0	376.7
Rest of the world	9.2	10.7	36.5
<b>Total</b>	<b>758.7</b>	<b>572.4</b>	<b>2,438.0</b>

### Changes in property, plant and equipment

EUR million	1-3/2019	1-3/2018	2018
Net book value at the beginning of period	1,117.2	841.7	841.7
Reclassification to right-of-use assets	-5.8	-	-
Business combination	-	-	243.6
Additions	25.3	19.4	151.5
Disposals	-0.0	-0.1	-0.5
Depreciations, amortizations and impairment	-30.0	-24.4	-109.6
Translation differences and other changes	12.2	-10.6	-9.5
<b>Net book value at the end of period</b>	<b>1,118.9</b>	<b>826.0</b>	<b>1,117.2</b>



## Right-of-use assets

Changes in right-of-use assets	
EUR million	1-3/2019
Reclassification from property, plant and equipment	5.8
Impact of IFRS 16 on the opening balance	57.0
Business combination	-
Additions	1.9
Depreciations, amortizations and impairment	-3.8
Translation differences and other changes	-1.1
<b>Net book value at the end of period</b>	<b>59.8</b>

Right-of-use assets on income statement	
EUR million	Q1/2019
Depreciation expense of right-of-use assets	-3.8
Interest expense on lease liabilities	-0.7

## Financial position

Net debt			
EUR million	1-3/2019	1-3/2018	2018
<b>Assets</b>			
Cash and cash equivalents	218.8	224.9	151.0
<b>Liabilities</b>			
Non-current borrowings	1,029.4	536.1	1,020.4
Non-current lease liability	46.4	2.7	3.1
Current borrowings	226.6	79.5	141.5
Current lease liability	12.9	2.0	1.1
Securitization liability	-44.5	-	-43.7
<b>Net debt</b>	<b>1,052.0</b>	<b>395.4</b>	<b>971.3</b>

Ahlstrom-Munksjö has adopted the new IFRS 16 standard using a simplified approach and thus comparative figures are not restated and are not comparable. The financial covenants are calculated according to IFRS standards effective on December 31, 2018.

The net debt increase in 2018 was mainly due to acquisitions of Expera and Caieiras.

Ahlstrom-Munksjö's parent company in Finland has a commercial paper program amounting to EUR 300 million of which EUR 80 million was utilized in March 31, 2019.

Fair values of financial assets and liabilities	Mar 31, 2019		Mar 31, 2018		Dec 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>EUR million</b>						
<b>Non-current financial instruments measured at amortized cost</b>						
Bond	248.9	252.3	248.6	256.3	248.8	253.2
Bank loans	780.5	780.5	287.5	287.5	771.6	771.6
<b>Financial instruments measured at fair value</b>						
Forward contracts - cash flow hedge accounting	-0.6	-0.6	-2.6	-2.6	0.2	0.2
Forward contracts - fair value through profit and loss	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
Interest rate swap contracts - cash flow hedge accounting	-	-	-0.1	-0.1	-	-

The fair value hierarchy level for bond is 1 and for forward contracts the level is 2. The fair value of other financial assets and liabilities is close to the carrying value.

Nominal values of derivatives EUR million	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Forward contracts - cash flow hedge accounting	89.6	90.2	87.2
Forward contracts - fair value through profit and loss	48.5	23.3	46.8
Interest rate swap contracts - cash flow hedge accounting	-	40.0	-

#### Commitments

Off-balance sheet commitments EUR million	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
<b>Assets pledged</b>			
Pledges	0.9	1.8	1.0
<b>Commitments</b>			
Guarantees and commitments given on behalf of Group companies	60.8	67.1	56.9
Capital expenditure commitments	40.3	5.7	43.2
Other guarantees and commitments	31.1	4.6	31.8

Future operating lease commitments EUR million	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Current portion	2.1	10.5	13.3
Non-current portion	4.5	26.9	34.1
<b>Total</b>	<b>6.7</b>	<b>37.4</b>	<b>47.5</b>

#### EVENTS AFTER THE REPORTING PERIOD

The Group has no knowledge of any significant events after the end of the reporting period that would have a material impact on the financial statements. See page 16 for new organizational structure as of January 1, 2020.

## **APPENDIX 2: KEY FIGURES**

*Years 2018 and 2017 were transformative years for Ahlstrom-Munksjö. Ahlstrom-Munksjö acquired Expera Specialty Solutions Holdings, Inc., an U.S. based specialty paper producer (“Expera”) and MD Papéis’ Caieiras specialty paper mill in Brazil (“Caieiras”) in October 2018. Ahlstrom and Munksjö merged on April 1, 2017 (the “merger”) creating a global leader in innovative and sustainable fiber-based materials. Considering the magnitude of the acquisitions of Expera and Caieiras as well as the merger of Ahlstrom and Munksjö and the impact on the combined company’s performance and financial position, stand-alone historical information for the periods presented does not provide comparable information for our operating performance and historical financial position.*

*Accordingly, we present certain key figures on our business performance for the year 2018 on a pro forma basis to illustrate the effect to the acquisitions of Expera and Caieiras and the merger and the related financing and refinancing transactions as if the acquisitions and the merger had taken place at an earlier date as of January 1, 2017. The pro forma key figures have been presented for illustrative purposes only and address a hypothetical situation and therefore do not represent the Group’s actual historical results of operations as such historical data comprise Ahlstrom-Munksjö stand-alone information only. For a detailed basis of presentation and notes disclosures for the additional unaudited pro forma information please see our stock exchange release dated February 14, 2019 available on our website at [www.ahlstrom-munksjo.com](http://www.ahlstrom-munksjo.com).*

*Certain of our key figures are not accounting measures defined or specified under IFRS and therefore are considered as alternative performance measures. We present these alternative performance measures as additional information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS. The Group believes that the alternative performance measures provide significant additional information on Ahlstrom-Munksjö’s results of operations, financial position and cash flows, and are widely used by analysts, investors and other parties and provide additional information to analyze our performance and capital structure.*

*Alternative performance measures should not be viewed in isolation or as a substitute to measures presented in our IFRS financial statements. Companies do not calculate alternative performance measures in a uniform way, and therefore Ahlstrom-Munksjö’s alternative performance measures may not be comparable with similarly named measures presented by other companies.*

*Alternative performance measures and pro forma key figures are unaudited.*

<b>Key figures</b>			
<b>EUR million, or as indicated</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>2018</b>
Net sales	758.7	572.4	2,438.0
Operating result	17.8	31.9	88.7
Operating margin, %	2.4	5.6	3.6
Net profit	4.1	21.2	42.9
EBITDA	60.2	61.7	222.6
EBITDA margin, %	7.9	10.8	9.1
Comparable EBITDA	75.0	66.7	277.7
Comparable EBITDA margin, %	9.9	11.7	11.4
Items affecting comparability in EBITDA	-14.8	-5.0	-55.1
Comparable operating result	32.6	37.0	151.4
Comparable operating result margin, %	4.3	6.5	6.2
Comparable operating result excl. depreciation and amortization arising from PPA	45.2	44.6	186.1
Items affecting comparability in operating result	-14.8	-5.0	-62.7
Comparable return on capital employed, rolling 12 months, %	7.3	9.3	8.3
Capital employed average for 12 months	2,009.6	1,658.9	1,819.0
Total equity	1,123.7	993.9	1,162.2
Net debt	1,052.0	395.4	971.3
Gearing ratio, %	93.6	39.8	83.6
Equity/assets ratio, %	33.1	41.6	35.9
Earnings per share, EUR (basic and diluted)	0.03	0.22	0.43
Comparable net profit	15.1	24.9	89.7
Comparable earnings per share, EUR	0.13	0.26	0.91
Comparable net profit excl. depreciation and amortization arising from PPA	24.4	30.5	115.6
Comparable earnings per share excl. depreciation and amortization arising from PPA, EUR	0.21	0.32	1.18
Operating cash flow per share, EUR	0.26	0.05	0.95
Equity per share, EUR	9.7	10.3	10.0
Number of shares outstanding at the end of the period	115,288,453	96,073,711	115,288,453
Weighted average number of outstanding shares	115,288,453	96,073,711	96,758,002
Capital expenditure	35.5	25.6	160.1
Average number of employees, FTE	8,140	5,893	6,480

<b>Impact of IFRS 16 implementation on key figures</b>	
<b>EUR million, or as indicated</b>	<b>Q1/2019</b>
IFRS16 impact on comparable EBITDA	3.8
IFRS16 impact on comparable EBITDA margin, %	0.5
IFRS16 impact on EBITDA	3.8
IFRS16 impact on comparable operating profit	0.2
IFRS16 impact on comparable operating profit margin, %	0.0
IFRS16 impact on operating profit	0.2
IFRS16 impact on depreciation	-3.6
IFRS16 impact on net debt	55.4
IFRS16 impact on gearing ratio, %	5.0

## Reconciliation of certain key performance measures

EUR million	Q1/2019	Q1/2018	2018
<b>Items affecting comparability</b>			
Transaction costs	-0.3	-0.3	-10.9
Integration costs	-6.7	-2.5	-20.4
Inventory fair valuation	-	-	-7.5
Restructuring costs	-7.7	-2.4	-15.9
Environmental provision	-	-	-0.2
Gain on business disposal	-	-	-
Other	-	0.2	-0.1
<b>Total items affecting comparability in EBITDA</b>	<b>-14.8</b>	<b>-5.0</b>	<b>-55.1</b>
Impairment loss	-	-	-7.7
<b>Total items affecting comparability in operating result</b>	<b>-14.8</b>	<b>-5.0</b>	<b>-62.7</b>
<b>Comparable EBITDA</b>			
Operating result	17.8	31.9	88.7
Depreciation, amortization and impairment	42.4	29.7	133.9
<b>EBITDA</b>	<b>60.2</b>	<b>61.7</b>	<b>222.6</b>
Total items affecting comparability in EBITDA	14.8	5.0	55.1
<b>Comparable EBITDA</b>	<b>75.0</b>	<b>66.7</b>	<b>277.7</b>
<b>Comparable operating result excl. depreciation and amortization arising from PPA</b>			
Operating result	17.8	31.9	88.7
Total items affecting comparability in operating result	14.8	5.0	62.7
<b>Comparable operating result</b>	<b>32.6</b>	<b>37.0</b>	<b>151.4</b>
Depreciation and amortization arising from PPA*	12.6	7.6	34.7
<b>Comparable operating result excl. depreciation and amortization arising from PPA</b>	<b>45.2</b>	<b>44.6</b>	<b>186.1</b>
<b>Comparable net profit excl. depreciation and amortization arising from PPA</b>			
Net profit	4.1	21.2	42.9
Total items affecting comparability in operating result	14.8	5.0	62.7
Taxes relating to items affecting comparability in operating result	-3.9	-1.3	-15.9
<b>Comparable net profit</b>	<b>15.1</b>	<b>24.9</b>	<b>89.7</b>
Depreciation and amortization arising from PPA*	12.6	7.6	34.7
Taxes relating to depreciation and amortization arising from PPA	-3.2	-2.0	-8.9
<b>Comparable net profit excl. depreciation and amortization arising from PPA</b>	<b>24.4</b>	<b>30.5</b>	<b>115.6</b>
<b>Comparable earnings per share, EUR</b>			
Comparable net profit	15.1	24.9	89.7
Profit attributable to non-controlling interest	-0.4	-0.2	-1.4
Comparable net profit attributable to parent company shareholders	14.7	24.7	88.4
Weighted average number of outstanding shares	115,288,453	96,073,711	96,758,002
<b>Comparable earnings per share, EUR</b>	<b>0.13</b>	<b>0.26</b>	<b>0.91</b>
<b>Comparable EPS excl. depreciation and amortization arising from PPA, EUR</b>			
Comparable net profit excl. depreciation and amortization arising from PPA	24.4	30.5	115.6
Profit attributable to non-controlling interest	-0.4	-0.2	-1.4
Comparable net profit excl. depreciation and amortization arising from PPA attributable to parent company shareholders	24.1	30.3	114.2
Weighted average number of outstanding shares	115,288,453	96,073,711	96,758,002
<b>Comparable EPS excl. depreciation and amortization arising from PPA, EUR</b>	<b>0.21</b>	<b>0.32</b>	<b>1.18</b>
<b>Comparable return on capital employed, rolling 12 months, %</b>			
Comparable operating result for the last 12 months	147.1	154.1	151.4
Capital employed, average for the last 12 months	2,009.6	1,658.9	1,819.0
<b>Comparable return on capital employed, rolling 12 months, %</b>	<b>7.3</b>	<b>9.3</b>	<b>8.3</b>
<b>Net debt</b>			
Cash and cash equivalents	218.8	224.9	151.0
Non-current borrowings	1,029.4	536.1	1,020.4
Non-current leasing liability	46.4	2.7	3.1
Current borrowings	226.6	79.5	141.5
Current leasing liability	12.9	2.0	1.1
Securitization liability	-44.5	-	-43.7
<b>Net debt</b>	<b>1,052.0</b>	<b>395.4</b>	<b>971.3</b>

\*Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.

## Reconciliation of certain pro forma key performance measures

Pro forma EUR million	Q1/2018	2018
<b>Items affecting comparability</b>		
Transaction costs	-0.2	-1.3
Integration costs	-2.5	-22.0
Inventory fair valuation	-	-
Restructuring costs	-2.4	-15.9
Environmental provision	-	-0.2
Gain on business disposal	-	-
Other	0.2	-0.1
<b>Total items affecting comparability in EBITDA</b>	<b>-4.9</b>	<b>-39.6</b>
Impairment loss	-	-7.7
<b>Total items affecting comparability in operating result</b>	<b>-4.9</b>	<b>-47.3</b>
<b>Comparable EBITDA</b>		
Operating result	43.0	129.4
Depreciation, amortization and impairment	38.4	161.0
<b>EBITDA</b>	<b>81.4</b>	<b>290.3</b>
Total items affecting comparability in EBITDA	4.9	39.6
<b>Comparable EBITDA</b>	<b>86.3</b>	<b>329.9</b>
<b>Comparable operating result excl. depreciation and amortization arising from PPA</b>		
Operating result	43.0	129.4
Total items affecting comparability in operating profit	4.9	47.3
<b>Comparable operating result</b>	<b>47.9</b>	<b>176.6</b>
Depreciation and amortization arising from PPA*	12.1	48.9
<b>Comparable operating result excl. depreciation and amortization arising from PPA</b>	<b>60.0</b>	<b>225.5</b>
<b>Comparable net profit excl. depreciation and amortization arising from PPA</b>		
Net profit	24.3	63.2
Total items affecting comparability in operating profit	4.9	47.3
Taxes relating to items affecting comparability in operating result	-1.3	-13.3
<b>Comparable net profit</b>	<b>28.0</b>	<b>97.2</b>
Depreciation and amortization arising from PPA*	12.1	48.9
Taxes relating to depreciation and amortization arising from PPA	-3.2	-12.6
<b>Comparable net profit excl. depreciation and amortization arising from PPA</b>	<b>36.9</b>	<b>133.4</b>
<b>Comparable EPS excl. depreciation and amortization arising from PPA, EUR</b>		
Comparable net profit excl. depreciation and amortization arising from PPA	36.9	133.4
Profit attributable to non controlling interest	-0.2	-1.4
Comparable net profit excl. depreciation and amortization arising from PPA attributable to parent company shareholders	36.6	132.1
Weighted average number of outstanding shares	115,288,453	115,288,453
<b>Comparable EPS excl. depreciation and amortization arising from PPA, EUR</b>	<b>0.32</b>	<b>1.15</b>

\*Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.



## CALCULATION OF KEY FIGURES

Key figure	Definitions	Reason for use of the key figure
<b>Operating result</b>	Net profit before taxes and net financial items	Operating result shows result generated by the operating activities
<b>Operating result margin, %</b>	Operating result / net sales	
<b>EBITDA</b>	Operating result before depreciation, amortization and impairment	EBITDA is the indicator to measure the performance of Ahlstrom-Munksjö.
<b>EBITDA margin, %</b>	EBITDA / net sales	EBITDA margin is a key measure in our long-term financial targets.
<b>Comparable EBITDA</b>	EBITDA excluding items affecting comparability in EBITDA	
<b>Comparable EBITDA margin, %</b>	Comparable EBITDA / net sales	
<b>Comparable operating result</b>	Operating result excluding items affecting comparability in operating result	
<b>Comparable operating result margin, %</b>	Comparable operating result / net sales	
<b>Comparable operating result excluding depreciation and amortization arising from PPA<sup>1</sup></b>	<p>Operating result excluding items affecting comparability in operating result and depreciation and amortization arising from PPA</p> <p>Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.</p>	
<b>Comparable net profit</b>	Net profit excluding items affecting comparability in operating result, net of tax	Comparable EBITDA, comparable EBITDA margin, comparable operating result, comparable operating result margin, comparable operating result excluding depreciation and amortization arising from PPA, comparable net profit, comparable earnings per share, comparable net profit excluding depreciation and amortization arising from PPA and comparable earnings per share excluding depreciation and amortization arising from PPA are presented in addition to EBITDA, operating result, net profit and earnings per share to reflect the underlying business performance and to enhance comparability from period to period. Ahlstrom-Munksjö believes that these comparable performance measures provide meaningful supplemental information by excluding items outside ordinary course of business including PPA related depreciation and amortization, which reduce comparability between the periods.
<b>Comparable earnings per share, EUR</b>	Comparable net profit - net profit attributable to non-controlling interests / weighted average number of shares outstanding	
<b>Comparable net profit excluding depreciation and amortization arising from PPA</b>	Net profit excluding items affecting comparability in operating result, net of tax, and depreciation and amortization arising from PPA net of tax	
<b>Comparable earnings per share excluding depreciation and amortization arising from PPA</b>	Comparable net profit excluding depreciation and amortization arising from PPA - net profit attributable to non-controlling interests / weighted average number of shares outstanding	
<b>Items affecting comparability in operating result</b>	Material items outside ordinary course of business, such as gains and losses on business disposals, direct transaction costs related to business acquisitions, costs for closure of business operations and restructurings including redundancy payments, impairment losses, one-off items arising from purchase price allocation such as inventory fair value adjustments, compensation related to environmental damages arising from unexpected or rare events and other items including fines (such as VAT tax audit fines) or other similar stipulated payments and litigations.	
<b>Items affecting comparability in EBITDA</b>	Items affecting comparability in operating result excluding impairment losses.	
<b>Earnings per share (EPS), basic, EUR</b>	Net profit attributable to parent company's shareholders / weighted average number of shares outstanding	

Key figure	Definitions	Reason for use of the key figure
<b>Net debt</b>	Non-current and current borrowings less securitization liability less cash and cash equivalents	Net debt and total debt are indicators to measure the total external debt financing of Ahlstrom-Munksjö
<b>Total debt</b>	Non-current and current borrowings less securitization liability	
<b>Capital employed average for 12 months</b>	Total equity and total debt (average of the last 12 months)*	Capital employed average for 12 months and Comparable return on capital employed, rolling 12 months measure capital tied up in operations and return on capital tied up in operations. These ratios replace the previously used ratio Operating capital and Return on operating capital respectively. Ahlstrom-Munksjö believes that the new ratios better reflect the capital tied up in operations.
<b>Comparable return on capital employed, rolling 12 months, %</b>	Comparable operating result (for the last 12 months) / capital employed (average of the last 12 months)	
<b>Gearing ratio, %</b>	Net debt / total equity	Ahlstrom-Munksjö believes that Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Ahlstrom-Munksjö's indebtedness. Gearing ratio is also one of the Ahlstrom-Munksjö's long-term financial targets measure.
<b>Equity/assets ratio, %</b>	Total equity / total assets	Ahlstrom-Munksjö believes that Equity/assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations.
<b>Net debt/ Comparable EBITDA, rolling 12 months</b>	Net debt / comparable EBITDA (for the last 12 months)	Net debt to EBITDA is a useful measure for management to monitor the level of Ahlstrom-Munksjö's indebtedness.
<b>Equity per share, EUR</b>	Equity attributable to parent company's shareholders / number of shares outstanding at the end of the period	
<b>Capital expenditure</b>	Purchases for property, plant and equipment and intangible assets as presented in the cash flow statement.	Capital expenditure provides additional information of the cash flow needs of the operations.
<b>Operating cash flow per share, EUR</b>	Operating cash flow / weighted average number of shares outstanding	

\* Calculated with December 2018 closing balance sheet without IFRS 16 impact.