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Munksjö Oyj Interim Report, January–September 2013

**Helsinki, 19 November, 2013
Jan Åström, President and CEO**



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1 **Creating a global leader in specialty paper**

2 **Key financials and pro forma for January–September 2013**

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Creating a global leader in specialty paper

Munksjö Oyj is a combination of Munksjö AB and Ahlstrom's Label and Processing business area

➔ **a natural step in Munksjö's strategy to focus on growth within specialty papers**



Annual synergy savings of MEUR 20-25 expected with a run-rate of 60 % after the first twelve months, full synergy savings level expected to be reached after 36 months

Total cost to achieve synergies is estimated to be MEUR 10-15 *

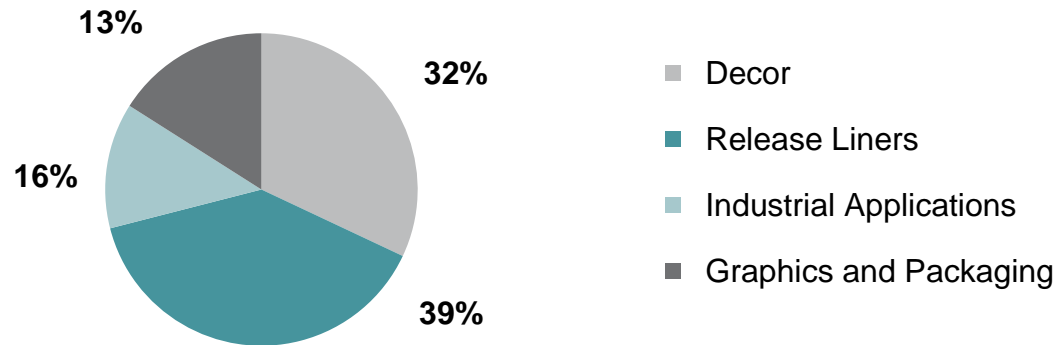
Approximately MEUR 10-15 of annual stand-alone net cost savings

- ➔ Synergy benefits related to procurement, production efficiency, economies of scale and improved overall performance and efficiency within the organisation
- ➔ Integration efforts were launched in May and are continuing according to plan
- ➔ Synergy benefits gained by the end of Q3 equivalent to approx. 30 % of the total annual expected synergy benefit level

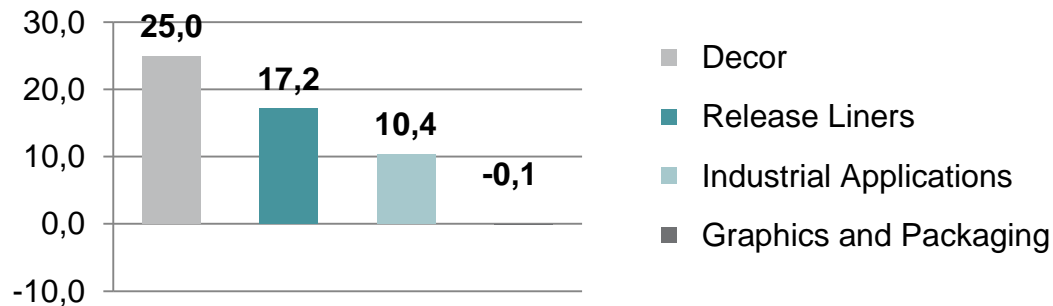
* Ambition that the majority of the non-recurring items shall affect this years' result.

Business Area performance

Share of net sales, pro forma II* for Jan–Sep 2013***



EBITDA adj.**, pro forma II* for Jan–Sep 2013***, MEUR



* Pro forma figure includes both the European and Brazilian operations of Ahlstrom's Label and Processing business area ** Adjusted for non-recurring items *** Excluding internal eliminations



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Key figures

REPORTED, MEUR	Q3/2013		Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Net sales	245.1	↑	146.3	607.6	448.0	607.1
EBITDA (adj.*)	11.0	↑	10.1	39.0	33.4	42.3
EBITDA margin, (adj.*), %	4.5%	↓	6.9%	6.4%	7.5%	7.0%
EBITDA	9.1	↑	5.5	6.5	26.2	32.8
Operating profit (adj.*)	-0.2	↓	3.8	13.1	15.0	16.9
Operating profit	-2.1	↓	-0.8	-19.4	7.8	7.5
Net profit	-7.3	↓	-6.7	-31.2	-5.8	-10.4
EPS (EUR)	-0.2	↑	-0.6	-1.3	-0.5	-0.9
Interest-bearing net debt	257.5		245.0	257.5	245.0	217.3
Gearing, %	66.8%		118.0%	66.8%	118.0%	108.9%

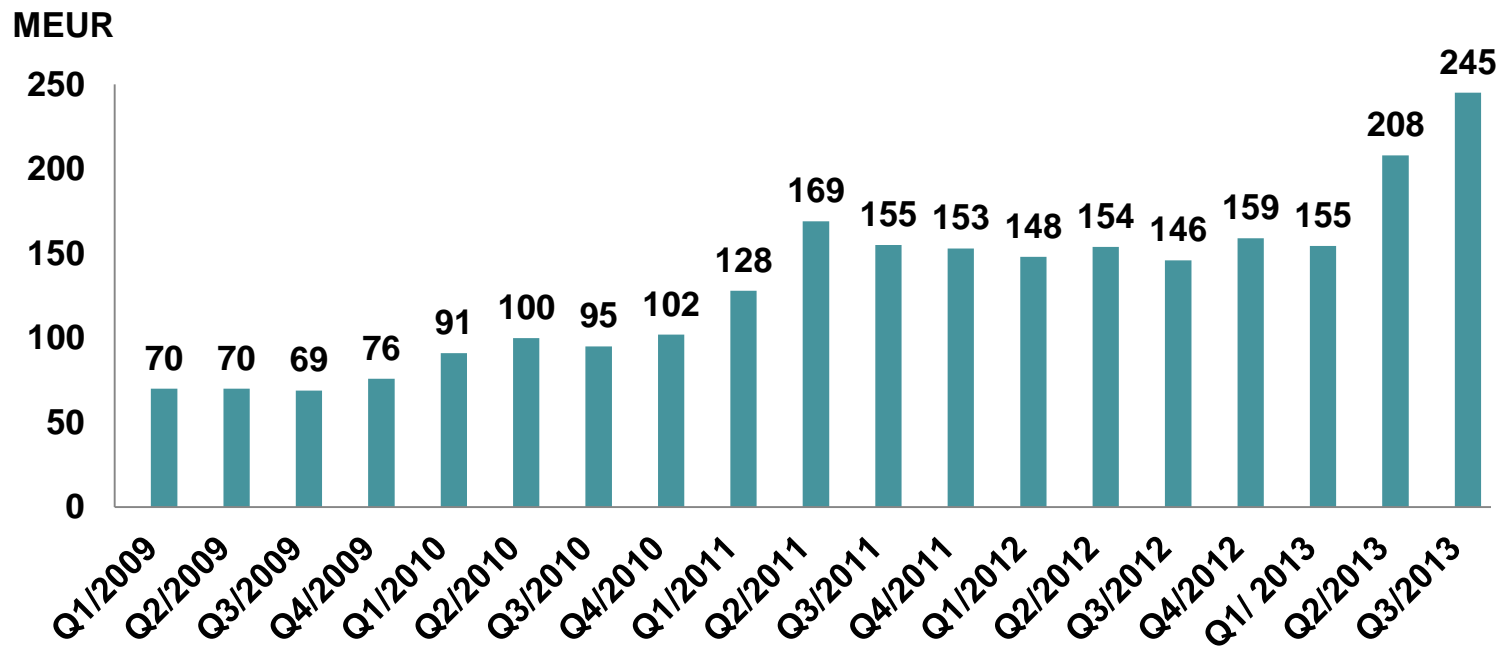
PRO FORMA II **	Q3/2013		Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Net sales	265.1	↓	281.0	855.1	866.1	1 154.6
EBITDA*** (adj.*)	12.1	↓	13.2	47.3	53.3	76.6
EBITDA margin, (adj.*), %	4.6%	↓	4.7%	5.5%	6.2%	6.6%

* Adjusted for non-recurring items. ** Pro forma figure includes both the European and Brazilian operations of Ahlstrom's Label and Processing business area.

*** Does not include stand-alone cost savings or synergy benefits with the exception of those obtained after 27 May, 2013 related to the LP Europe business.



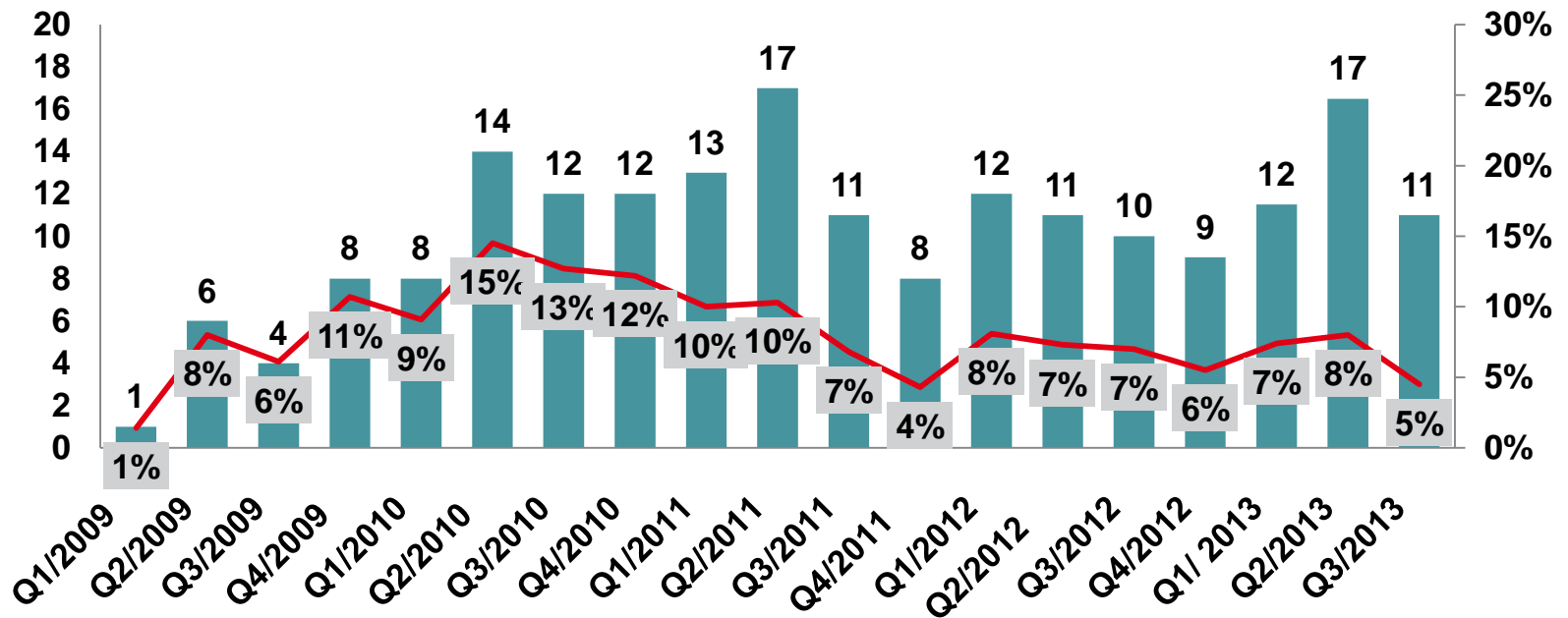
Net sales development 2009-2013





EBITDA (adj.*) and margin development 2009-2013

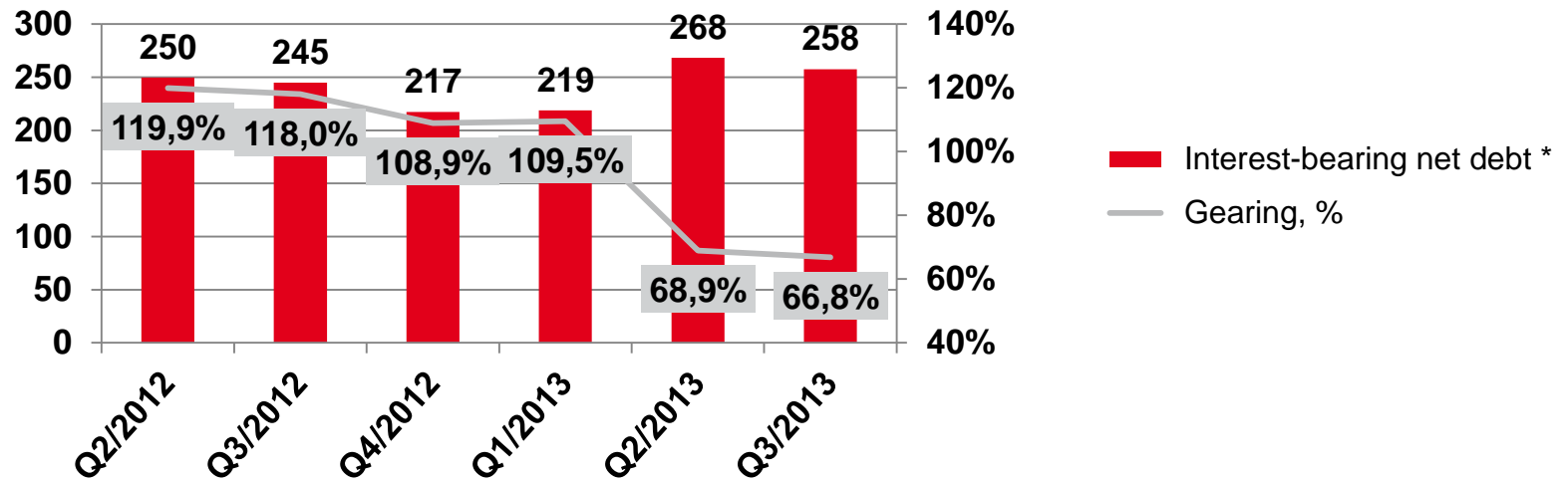
MEUR



* Adjusted for non-recurring items

Net debt development

MEUR



* Comparative figures have been restated due to the change in presentation currency from Swedish krona to Euro



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Business Area Decor



REPORTED (MEUR)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Deliveries, tonnes	41 500	41 200	132 000	121 000	166 500
Net sales	86.8	90.2	278.3	268.8	368.4
EBITDA (adj.*)	6.0	7.0	25.0	21.6	30.3
EBITDA margin (adj.*), %	6.9%	7.7%	9.0%	8.0%	8.2%

* Adjusted for non-recurring items

The business combination has not impacted the Business Area and therefore no pro forma-information is presented

- Volumes up with 9% year to date, stable development in Q3 compared to Q3/12
- Average price in Q3/13 decreased compared to Q3/12 due to successive price adjustments and a less favourable product and geographical mix
- Positive result effect from lower raw material cost
- Negative result effect from slightly longer shut-down period compared to Q3/12 and increased sales related costs



Business Area Release Liners

REPORTED (MEUR)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Deliveries, tonnes	101 900	46 200	213 400	137 800	184 600
Net sales	85.3	23.8	161.8	73.8	98.2
EBITDA (adj.*)	6.0	2.1	9.8	6.2	4.8
EBITDA margin (adj.), %	7.0%	8.9%	6.1%	8.4%	4.9%
PRO FORMA II *** (MEUR)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Deliveries, tonnes	127 692	128 293	380 955	394 639	520 882
Net sales	105.3	115.3	336.0	356.8	467.2
EBITDA** (adj.*)	7.1	5.8	17.2	24.7	35.7
EBITDA margin (adj.), %	6.7%	5.0%	5.1%	6.9%	7.6%

* Adjusted for non-recurring items ** Does not include stand-alone cost savings or synergy benefits with the exception of those obtained after 27 May, 2013 related to the LP Europe business **** Includes LP Europe and Coated Specialties from 1 January, 2012

- Lower volumes for pulp but improved result in pulp business through increased prices and lower production costs
- Market for release papers still characterised by intense competition



Business Area Industrial Applications

REPORTED (MEUR)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Deliveries, tonnes	18 500	17 700	60 600	57 600	76 100
Net sales	35.6	33.5	115.7	111.2	148.2
EBITDA (adj.*)	1.7	1.4	10.4	10.6	12.2
EBITDA margin (adj.*)	4.8%	4.2%	9.0%	9.6%	8.2%

* Adjusted for non-recurring items

The business combination has not impacted the Business Area and therefore no pro forma-information is presented

- Volumes increased with 5% year to date and 4% in Q3/13 compared to Q3/12
- Volume growth not fully reflected in the financial result due to a lower average price as a consequence of a less favourable product mix
- The holiday shutdown in Q3/13 affected the financial result to a similar extent as last year



Business Area Graphics and Packaging

REPORTED (MEUR)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Deliveries, tonnes	33 600	-	51 000	-	-
Net sales	41.2	-	62.0	-	-
EBITDA (adj.*)	-1.3	-	-1.0	-	-
EBITDA margin (adj.), %	-3.2	-	-1.6	-	-

PRO FORMA I & II *** (MEUR)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	FY 2012
Deliveries, tonnes	33 600	33 894	112 902	108 093	142 289
Net sales	41.2	43.1	135.5	135.0	178.4
EBITDA** (adj.*)	-1.3	-0.6	-0.1	1.5	3.7
EBITDA margin (adj.), %	-3.2%	-1.4%	-0.1%	1.1%	2.1%

* Adjusted for non-recurring items ** Does not include stand-alone cost savings or synergy benefits with the exception of those obtained after 27 May, 2013 related to the LP Europe business *** Includes LP Europe from 1 January, 2012, Coated Specialties does not impact this business area.

- Programme to substantially improve profitability launched during Q3
- Measures include reducing fixed costs, increasing capacity utilisation and adjusting product mix to improve competitiveness
- Revised strategy to replace low-margin products in the portfolio had a slightly negative impact on financial result



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Outlook for 2013

The market development and demand has recovered after the holiday shutdowns. However the market situation in the business areas Release Liners and Graphics and Packaging remains challenging. The anticipated decrease in the result, compared to last year, for these two business areas is expected to exceed the positive impact of the synergy benefits and stand-alone savings.

The result for the fourth quarter will be affected by non-recurring items due to the measures taken to achieve synergy benefits, as well as the programme for improving profitability in the business area Graphics and Packaging.





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Q&A

Munksjö's full year 2013 results will be published on Thursday 13 February, 2014. The complete financial calendar for 2014 will be published before year end 2013.

Additional information:

Åsa Fredriksson
SVP HR and Communications
tel. +46 10 250 1003

Laura Lindholm
Investor Relations Manager
tel. +46 10 250 1026