

Munksjö Oyj Interim report January-June 2015

Helsinki, 23 July 2015
Jan Åström, President and CEO





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1 Key financials for Q2/2015 and Q1-Q2/2015

2 Business Area performance

3 Outlook

4 Q&A

Key figures

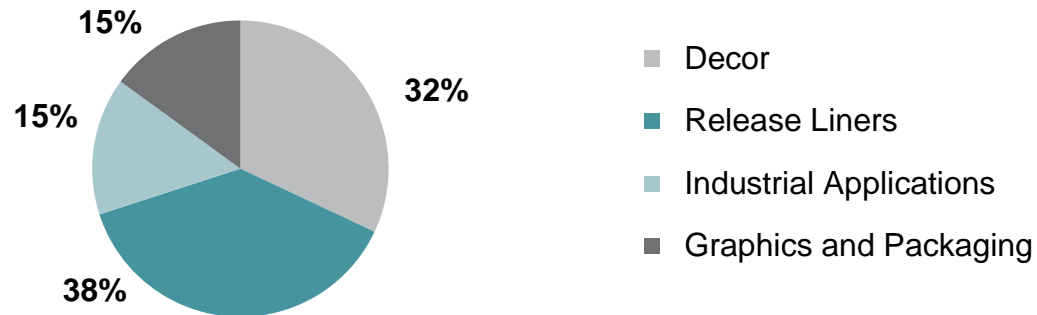


MEUR	Q2/2015		Q2/2014	Q1-Q2/2015		Q1-Q2/2014	FY 2014
Net sales	291.2	↓	292.5	571.4	↓	580.4	1,137.3
EBITDA (adj.*)	25.0	↓	26.0	51.5	↓	53.4	105.0
EBITDA margin, (adj.*)	8.6%	↓	8.9%	9.0%	↓	9.2%	9.2%
EBITDA	22.6	↓	25.4	49.1	↓	51.8	99.4
EBITDA margin	7.8%	↓	8.7%	8.6%	↓	8.9%	8.7%
Operating result (adj.*)	11.5	↓	13.4	24.7	↓	27.1	51.0
Operating result	9.1	↓	12.8	22.3	↓	25.5	45.4
Net result	2.7	↓	4.1	12.4	↑	8.4	7.7
EPS (EUR)	0.05	↓	0.07	0.24	↑	0.16	0.14

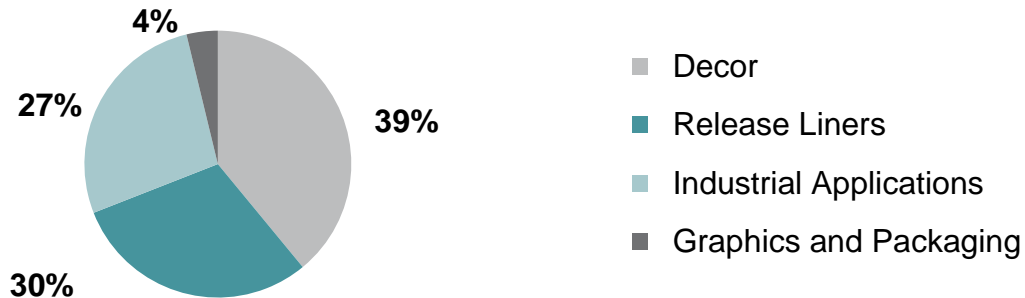
* Adjusted for non-recurring items

Business Area overview for January-June 2015

Share of net sales for Q1-Q2/2015*



Share of EBITDA (adj.**) for Q1-Q2/2015*

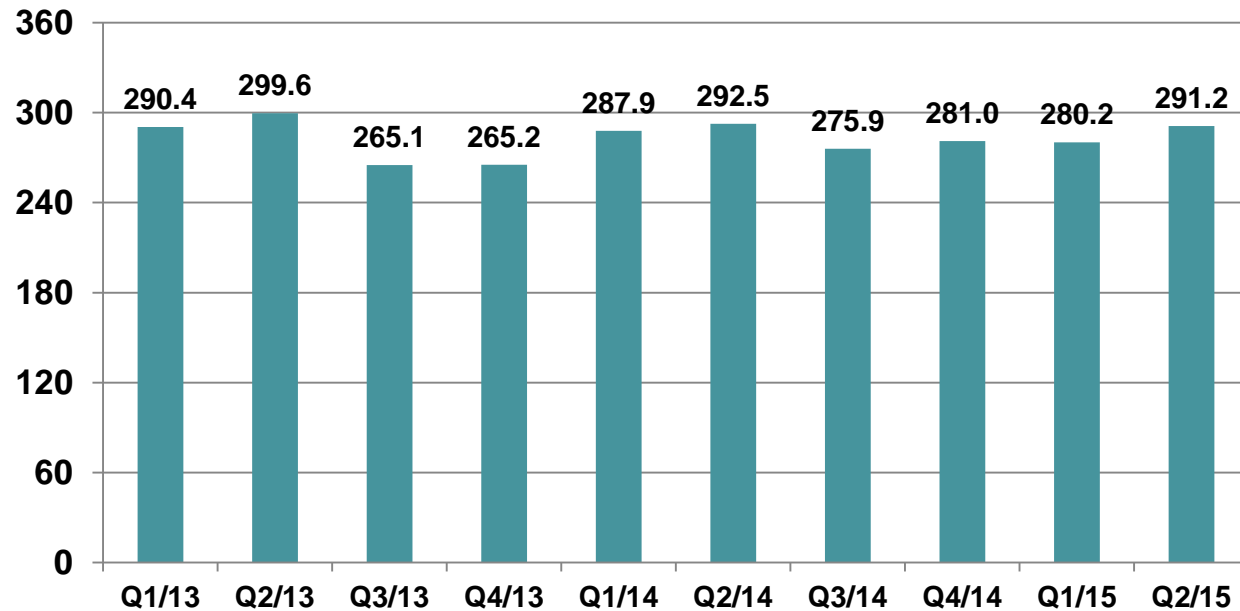


* Excluding segment Others and internal eliminations ** Adjusted for non-recurring items



Net sales development

MEUR

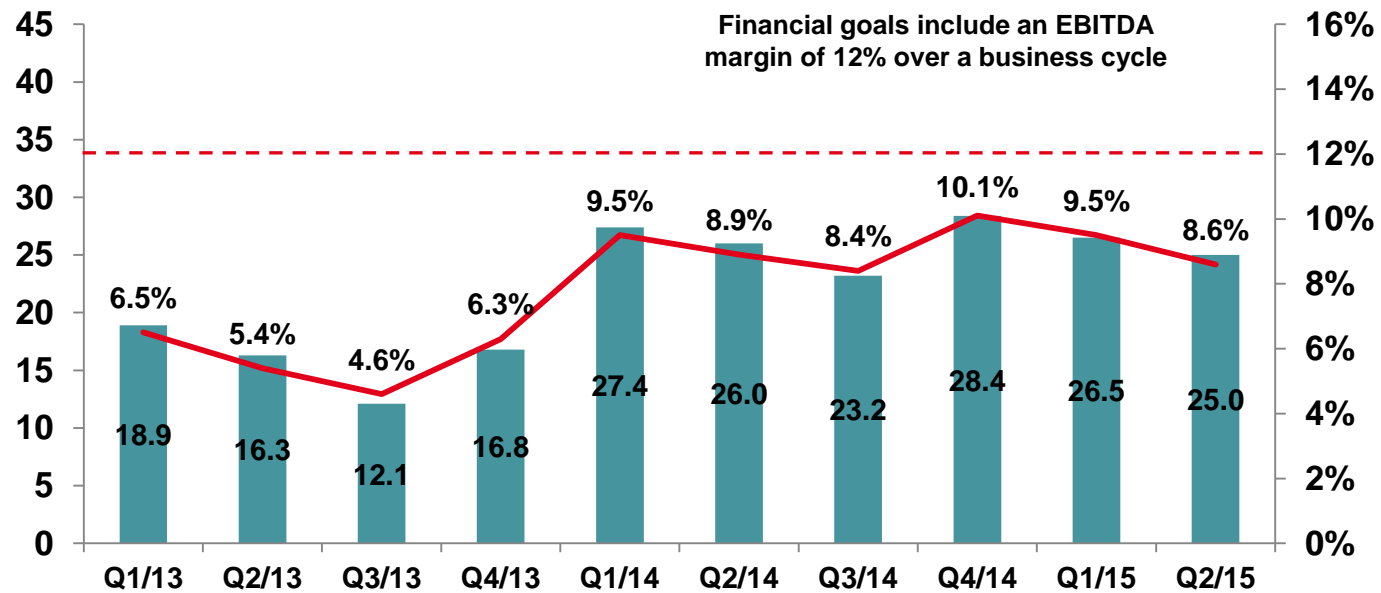


Pro forma figures for the period Q1-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



EBITDA (adj.*) and margin development

MEUR



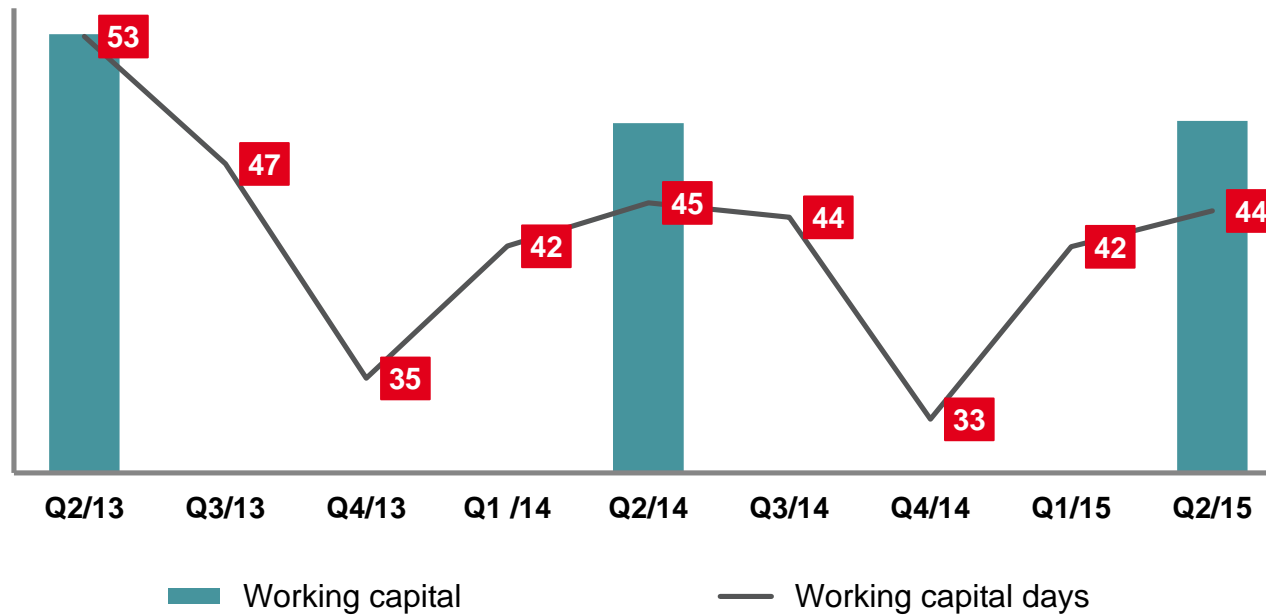
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Pro forma figures for the period Q1-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



Focus on Working Capital management continues

MEUR



Working capital: Inventory + Accounts receivable - Accounts payable

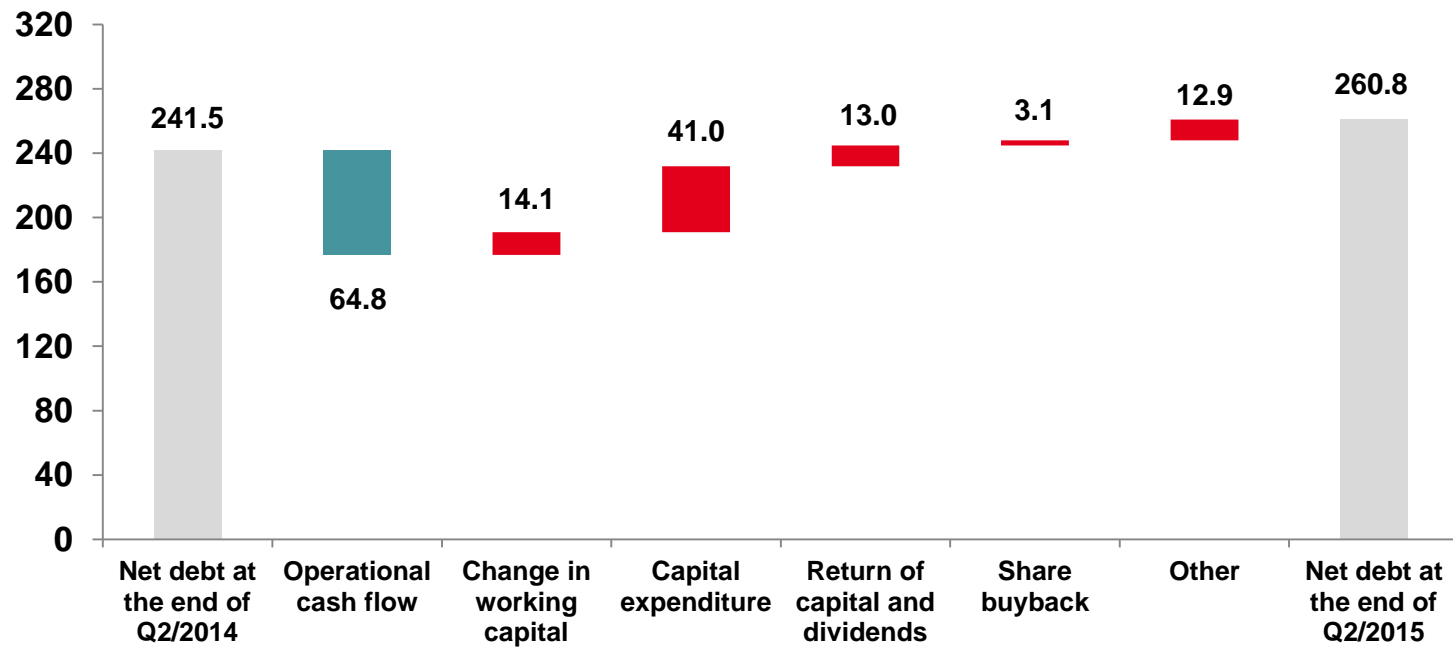
Working capital days: DIO + DSO - DPO

Figures include LP Europe and Coated Specialties from 1 January 2012. From the first quarter 2014, the reported figure is used.



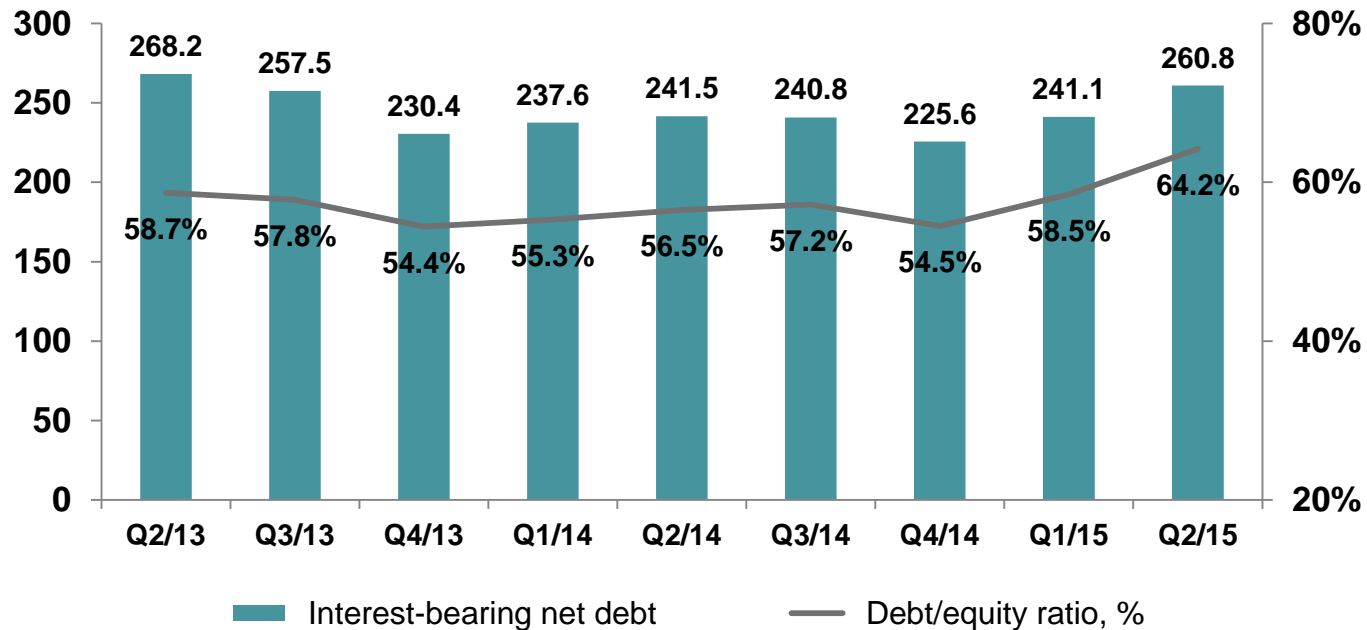
Net debt development

MEUR



Net debt and gearing development

MEUR



Pro forma figures for the period Q2-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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2 Business Area performance

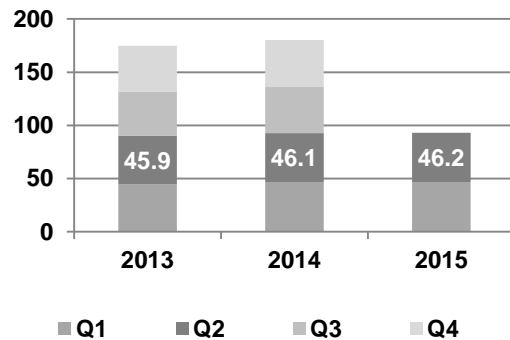
3 Outlook

4 Q&A

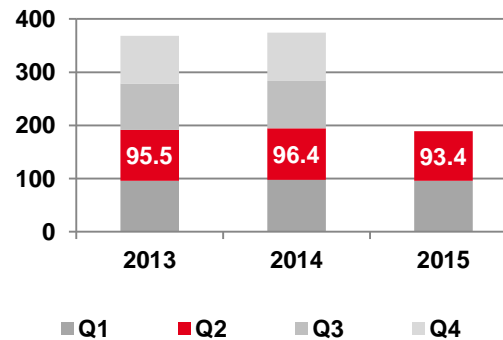


Business Area Decor

DELIVERY VOLUMES, KTON



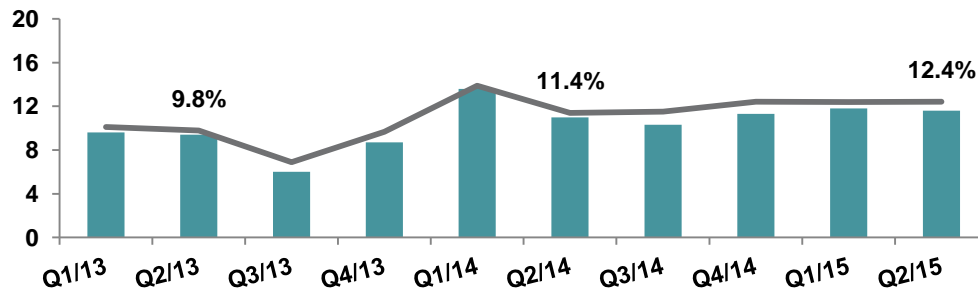
NET SALES, MEUR



Q2/2015

- Demand and total delivery volumes stable
- Net sales decreased. Average price lower mainly as a result of a less favourable product mix, but also due to selective price adjustments in Q4/2014.
- EBITDA negatively affected by the lower average price, but negative result effect more than compensated for by the positive effect of a lower cost level

EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q1-Q2/2015

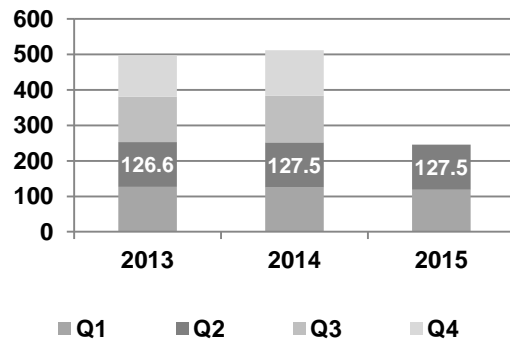
- Demand and total delivery volumes stable
- Net sales decreased. Average price lower mainly as a result of a less favourable product mix, but also due to selective price adjustments in Q4/2014.
- EBITDA negatively affected by the lower average price. The negative result effect was not fully compensated for by the positive effect of a lower cost level.

The business combination has not impacted the business area and therefore no pro forma information is presented

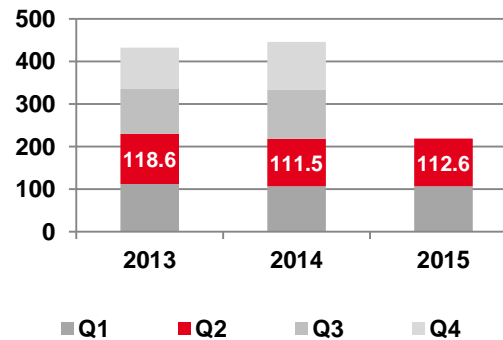


Business Area Release Liners

DELIVERY VOLUMES, KTON



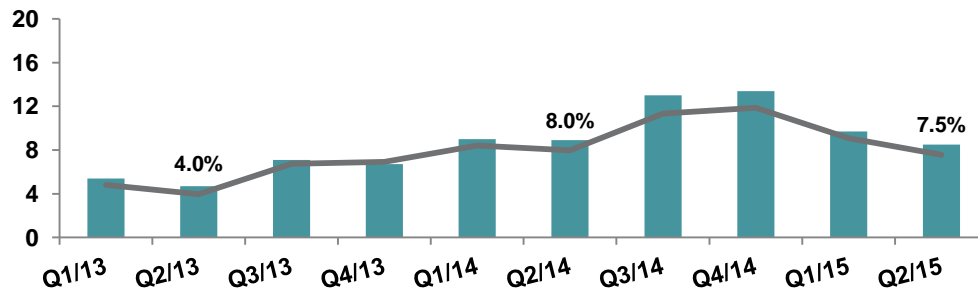
NET SALES, MEUR



Q2/2015

- Total volumes stable. On same level for European paper, higher for pulp and lower for Brazilian paper business
- Net sales stable and average price measured in local currencies higher for all three businesses
- Profitability development mainly a result of a less favourable price difference between short and long fibre pulp, not compensated for by the higher average price in the paper businesses in Europe and Brazil. Result effect of maintenance shut down in Aspa approximately EUR -4 million

EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q1-Q2/2015

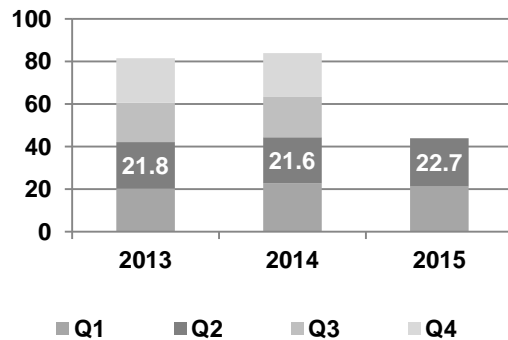
- Volumes decreased. Stable net sales and average price measured in local currencies higher for all three businesses.
- Positive profitability development mainly a result of a less favourable price difference between short and long fibre pulp, more than compensated for by the higher average price in the paper businesses

Pro-forma-figures. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.

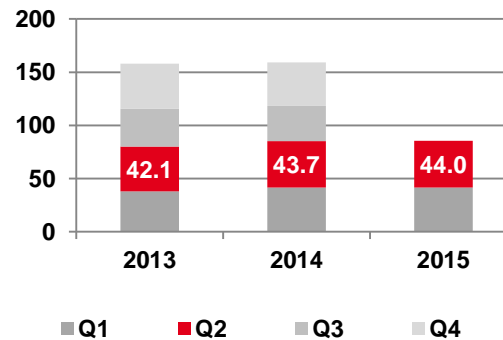


Business Area Industrial Applications

DELIVERY VOLUMES, KTON



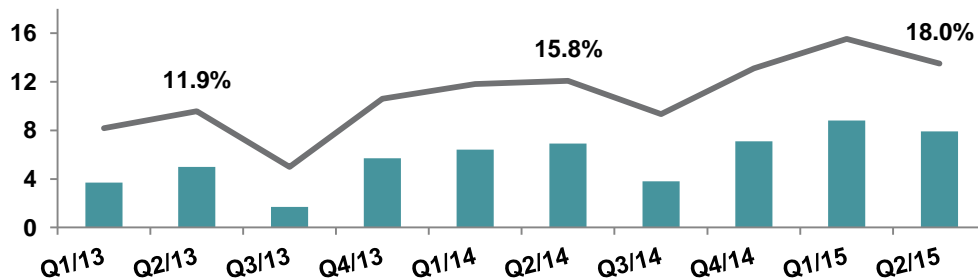
NET SALES, MEUR



Q2/2015

- Total delivery volumes higher with growth in most product segments
- Net sales stable. Average price decreased mainly as a result of changes in product mix, but was also affected by currency development.
- Positive profitability development mainly a result of higher delivery volumes, which more than compensated for the negative effect of the lower average price.

EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q1-Q2/2015

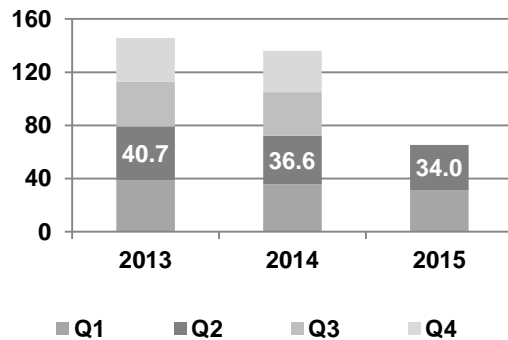
- Total delivery volumes lower
- Net sales stable. Average price positively affected mainly by a favourable currency development, but was also affected by changes in product mix.
- Positive profitability development a result of the higher average price, which more than compensated for the negative effect of lower delivery volumes

The business combination has not impacted the business area and therefore no pro forma information is presented

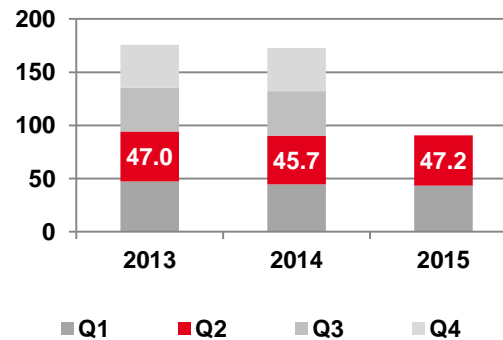


Business Area Graphics and Packaging

DELIVERY VOLUMES, KTON



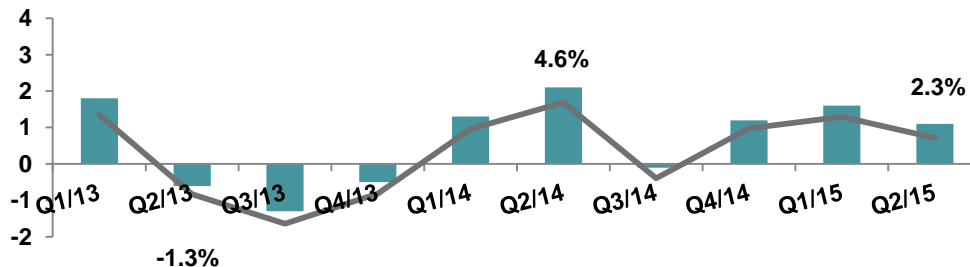
NET SALES, MEUR



Q2/2015

- Total delivery volumes decreased, mainly due to changes in product mix. Certain product segments characterized by increased competition.
- Net sales increased as effect of lower volumes was compensated for by a higher average price. Average price increased as an effect of price increases carried out in 2013 and 2014 and continued adjustment of product mix.
- Positive result effect of increased average price not compensated for by negative result effect of lower volumes and increased raw material costs, driven by higher pulp price

EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q1-Q2/2015

- Total delivery volumes decreased, net sales stable. Average price increased as an effect of price increases.
- Positive result effect of increased average price and improved operational efficiency not compensated for by negative effect of lower volumes and increased raw material costs

Pro-forma-figures. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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Outlook



- The demand outlook of specialty paper products for the third and fourth quarter of 2015 is stable. The annual maintenance and vacation shutdowns in the third quarter as well as the seasonal shutdowns at the end of 2015 are expected to be carried out to about the same extent as in 2014.
- Prices of Munksjö's specialty paper products in local currency are expected to further increase in the second half of 2015 compared to the first six months of 2015, when the negotiated price increases gradually will be implemented. The price increases of up to 3 per cent in business area Decor and of up to 8 per cent in business area Release Liners are hence expected to gradually compensate for the increased pulp prices during 2015. The price increases are expected to have a gradual effect on the average sales price of the Group in the third quarter and a full effect from the beginning of the fourth quarter of 2015.
- The cash flow from operations is expected to reflect the seasonal pattern and hence improve during the second half of the year.
- The cash flow effect from capital expenditure for fixed assets for 2015 is expected to amount to about two thirds of the depreciation level.



Q&A

➤ Munksjö's interim report for January-September will be published on Tuesday, 3 November 2015

➤ **SAVE THE DATE**

An update for the capital market will be held on **26 November 2015 in Stockholm**. The event will be broadcasted live.

Additional information:

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