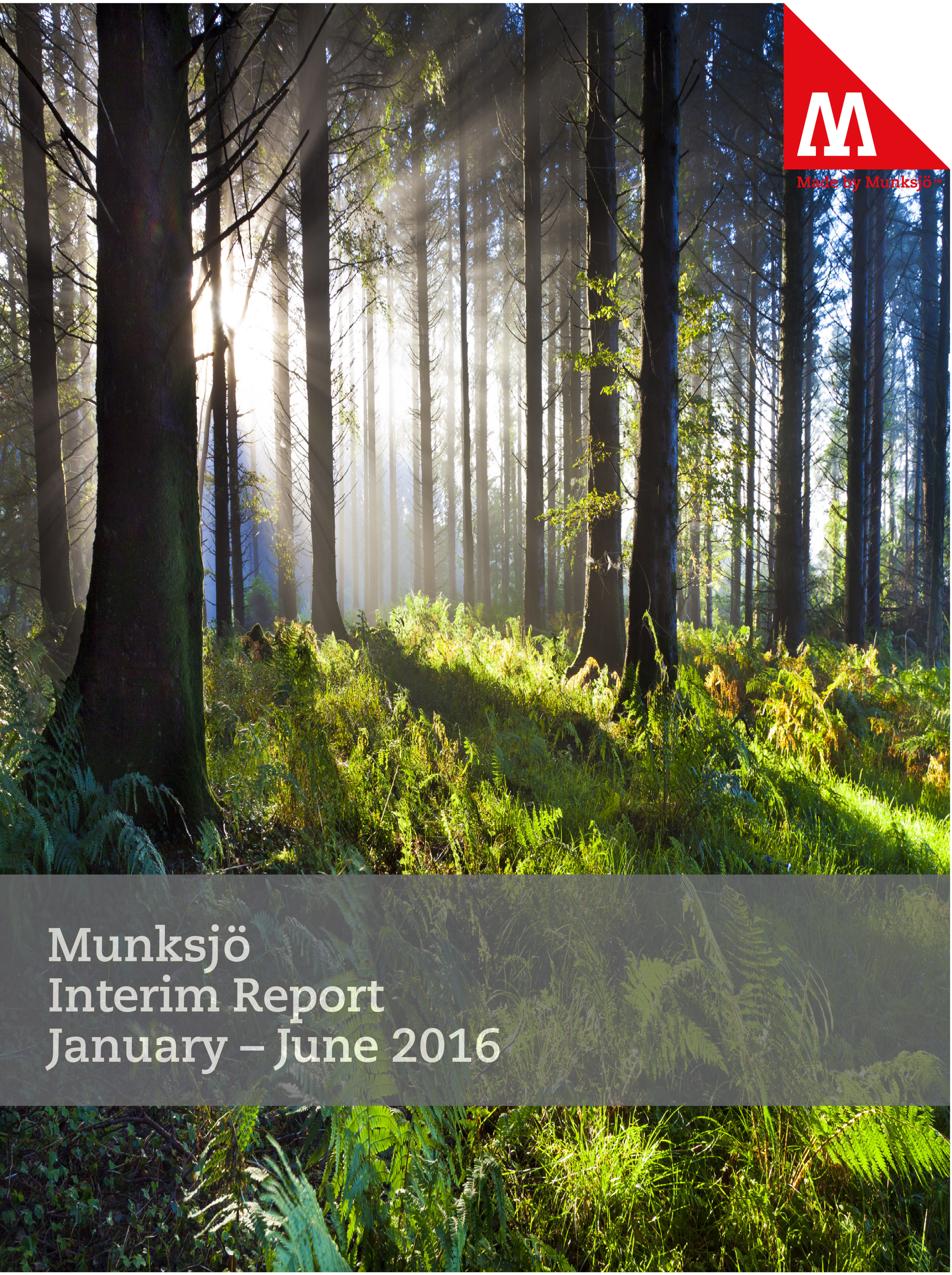


Munksjö Interim Report January – June 2016

Very strong quarterly performance in sales, profitability and cash flow

Highlights of the second quarter 2016

- Net sales were EUR 302.9 (291.2) million.
- Adjusted EBITDA was EUR 40.1 (25.0) million and the adjusted EBITDA margin was 13.2% (8.6%). Items affecting comparability (IAC) amounted to EUR 0.0 (-2.4) million.
- Operating result was EUR 26.7 (9.1) million and net result EUR 16.9 (2.7) million.
- Earnings per share (EPS) were EUR 0.33 (0.05).
- Operating cash flow was EUR 36.8 (5.8) million.
- In June the Board of Directors approved a long-term share value based incentive programme for senior executives and other key personnel.

Highlights of January-June 2016

- Net sales were EUR 590.9 (571.4) million.
- Adjusted EBITDA was EUR 71.1 (51.5) million and the adjusted EBITDA margin was 12.0% (9.0%). Items affecting comparability (IAC) amounted to EUR 0.0 (-2.4) million.
- Operating result was EUR 43.0 (22.3) million and net result EUR 23.2 (12.4) million.
- Earnings per share (EPS) were EUR 0.45 (0.24).
- Operating cash flow was EUR 40.4 (1.2) million.

KEY FIGURES	Apr-Jun			Jan-Jun			Jan-Dec
MEUR	2016	2015	Change, %	2016	2015	Change, %	2015
Net sales	302.9	291.2	4%	590.9	571.4	3%	1,130.7
EBITDA (adj.*)	40.1	25.0	60%	71.1	51.5	38%	93.6
EBITDA margin, % (adj.*)	13.2	8.6		12.0	9.0		8.3
EBITDA	40.1	22.6	77%	71.1	49.1	45%	86.3
EBITDA margin, %	13.2	7.8		12.0	8.6		7.6
Operating result (adj.*)	26.7	11.5	132%	43.0	24.7	74%	40.0
Operating margin, % (adj.*)	8.8	3.9		7.3	4.3		3.5
Operating result	26.7	9.1	193%	43.0	22.3	93%	32.7
Operating margin, %	8.8	3.1		7.3	3.9		2.9
Net result	16.9	2.7	n.m.	23.2	12.4	87%	22.8
Earnings per share (EPS), EUR	0.33	0.05	n.m.	0.45	0.24	91%	0.44
Interest-bearing net debt	222.6	260.8	-15%	222.6	260.8	-15%	227.4

* Adjusted for items affecting comparability (IAC)
A change marked as n.m. indicates that the percentage change is not meaningful

Unless otherwise indicated, the figures in parentheses refer to the figures for the equivalent period in 2015. This financial report is unaudited. It is published in Swedish, Finnish and English. In case of any discrepancies between the three versions, the Swedish text shall prevail.

Comment from Munksjö's President and CEO, Jan Åström

"Our performance continued to improve during the second quarter and we delivered the strongest result since the current Munksjö Group was formed in 2013. I am happy to see that we through our own actions and by focusing on value added solutions for our customers have been able to deliver on our plan with clear results.

Based on a good first quarter and a strong second quarter, our total delivery volumes increased by four per cent during the first six months, when excluding the specialty pulp business. All of our four business areas showed volume growth, which was also positively reflected in their results. The annual maintenance shut down in 2016 at the pulp production facility in Sweden will be made in the third quarter instead of the second quarter. This change gave a positive effect on our total volumes, net sales and the result compared to last year.

We showed strong progress in profitability development and cash flow during the first six months. The total profitability improvement amounted to EUR 20 million, of which approximately half was due to own actions related to the plan to reach the profitability target of an EBITDA margin of 12 percent at the end of 2016. The rest was mainly related to favourable cost conditions.

I am pleased to announce that as a step to further contribute to responsible forest management, we joined the Forest Stewardship Council (FSC®) in the second quarter. Renewable wood fibre is the basis for all our products and therefore we proactively promote responsible forest management.".

Outlook

The demand outlook for the last six months of 2016 for Munksjö's specialty paper products is expected to remain stable compared with the current good level and to reflect the seasonal pattern.

The annual maintenance and vacation shutdowns in the third quarter, as well as the shutdowns at the end of 2016, are expected to follow the seasonal pattern and to be carried out to about the same extent as in 2015. The next maintenance shut down at the pulp production facility in Aspa in Sweden will be carried out in September 2016 and will therefore affect the financial result of the third quarter.

The EBITDA margin in 2016 is expected to improve compared with 2015 driven by the on-going profitability improvement plan.

The cash flow effect of capital expenditure for fixed assets for 2016 is expected to be EUR 35-40 million.

Plan to reach profitability target at the end of 2016

Munksjö's profitability target is to reach an EBITDA margin of 12 per cent at the end of 2016. The drivers for the profitability improvement include continued operational efficiency, profitable growth, product and service quality leadership and utilising the position as a market and innovation leader. Within operational efficiency, the majority of the planned actions include measures to adjust our cost structure.

Of the realised actions in the financial result in January-June 2016, the majority were related to operational efficiency. Further information on the actions related to the profitability improvement plan and their effect on the financial result can be found under the heading *Munksjö Group*.

The EBITDA targets per business area are; 15-16 per cent for Decor, 12-13 per cent for Release Liners, 15-16 per cent for Industrial Applications and 9-10 per cent for Graphics and Packaging.

Events after the end of the reporting period

- Gustav Adlercreutz, General Counsel and member of the Management Team, will retire in February 2017 and will be succeeded by Andreas Elving.

Webcast and conference call

A combined news conference, conference call and live webcast will be arranged on the publishing day 27 July 2016 at 2:00 p.m. CEST (3:00 p.m. EEST, 12:00 p.m. GMT) at Munksjö's headquarters in Stockholm (WTC, Klarabergsviadukten 70, Elevator D, 5th floor). The report will be presented by President and CEO Jan Åström. The event will be held in English.

The conference call and live webcast can be followed on the Internet and an on-demand version of the webcast will be available on the same webpage later the same day. To join the conference call, participants are requested to dial one of the numbers below 5-10 minutes prior to the start of the event.

Webcast and conference call information

Finnish callers: +358 (0)9 2310 1618

Swedish callers: +46 (0)8 5065 3934

US callers: +1 646 254 3368

UK callers: +44 (0)20 3364 5728

Conference ID**:** 3858429

Link to the webcast: http://qsb.webcast.fi/m/munksjo/munksjo_2016_0727_q2

The Munksjö Group

Munksjö is a world-leading manufacturer of advanced paper products developed with intelligent paper technology. Munksjö offers and develops customer-specific innovative design and functionality in areas ranging from flooring, kitchens and furnishings to release papers, consumer-friendly packaging and energy transmission. The transition to a sustainable society is a natural driving force for Munksjö's growth as the products can replace non-renewable materials. Given Munksjö's global presence and way of integrating with the customers, the company forms a worldwide service organisation with approximately 2,900 employees and 15 facilities located in France, Sweden, Germany, Italy, Spain, Brazil and China.

	Apr-Jun			Jan-Jun			Jan-Dec
MEUR	**2016**	**2015**	**Change, %**	**2016**	**2015**	**Change, %**	**2015**
Net sales	302.9	291.2	4%	590.9	571.4	3%	1,130.7
EBITDA (adj.*)	40.1	25.0	60%	71.1	51.5	38%	93.6
EBITDA margin, % (adj.*)	13.2	8.6		12.0	9.0		8.3
EBITDA	40.1	22.6	77%	71.1	49.1	45%	86.3
EBITDA margin, %	13.2	7.8		12.0	8.6		7.6
Operating result (adj.*)	26.7	11.5	132%	43.0	24.7	74%	40.0
Operating margin, % (adj.*)	8.8	3.9		7.3	4.3		3.5
Operating result	26.7	9.1	193%	43.0	22.3	93%	32.7
Operating margin, %	8.8	3.1		7.3	3.9		2.9
Net result	16.9	2.7	n.m.	23.2	12.4	87%	22.8
Capital expenditure	8.0	11.1	-28%	17.9	20.0	-11%	39.8
Employees, FTE	2,752	2,785	-1%	2,742	2,768	-1%	2,774

* Adjusted for items affecting comparability (IAC)

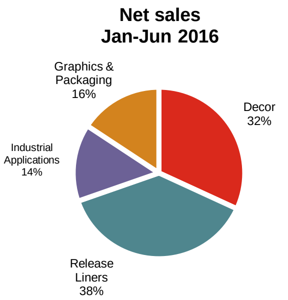
Second quarter 2016

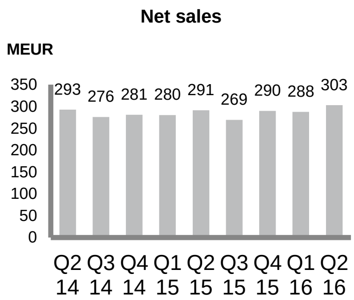
- Total group delivery volumes increased and were higher than in the corresponding period last year in all four business areas. The delivery volumes for specialty pulp in the corresponding period last year were affected by the maintenance stop at the pulp production facility.
- Net sales increased to EUR 302.9 (291.2) million, as higher volumes more than compensated for the lower average price.
- EBITDA adjusted for IAC increased to EUR 40.1 (25.0) million and the adjusted EBITDA margin was 13.2% (8.6%). The positive result effect of higher volumes and lower variable costs, driven mainly by operational efficiency related actions, more than compensated for the negative result effect of the lower average price.
- IAC amounted to EUR 0.0 (-2.4) million.
- The operating result was EUR 26.7 (9.1) million and net result EUR 16.9 (2.7) million.
- In the reporting period, the currency hedging result impacting operating profit amounted to EUR 0.1 (-1.3) million. Exchange losses on financial assets and liabilities were EUR 0.5 (1.3) million and are reported in financial items.

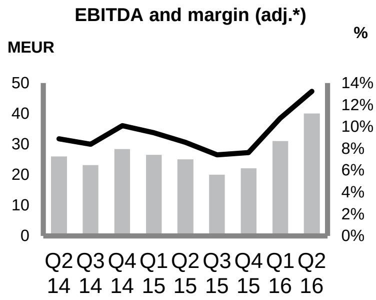
January-June 2016

- Total group delivery volumes increased in all four business areas. The delivery volume development was particularly strong in Release Liners and Graphics and Packaging. The delivery volumes for specialty pulp in the corresponding period last year were affected by the maintenance stop at the pulp production facility.
- Net sales increased to EUR 590.9 (571.4) million, as higher volumes more than compensated for the lower average price, mainly driven by the lower sales price for long fibre specialty pulp.
- EBITDA adjusted for IAC increased to EUR 71.1 (51.5) million and the adjusted EBITDA margin was 12.0% (9.0%). Higher delivery volumes had a positive effect of EUR 10 million. This was offset by EUR 8 million as an effect of the lower average price. Lower variable costs, driven mainly by operational efficiency related actions, the lower energy price and lower raw material prices had a positive result effect of EUR 23 million. Higher fixed costs had a negative result effect of EUR 5 million, mainly as a result of accruals for incentive plans and increased manning related to higher production volumes.
- Out of the total profitability improvement, amounting to EUR 20 million, approximately half was related to actions related to the plan to reach the profitability target.
- IAC amounted to EUR 0.0 (-2.4) million.
- The operating result was EUR 43.0 (22.3) million and net result EUR 23.2 (12.4) million.

- In the reporting period, the currency hedging result impacting operating profit amounted to EUR -0.0 (-3.6) million. Exchange losses on financial assets and liabilities were EUR 3.0 (profit of 4.1) million and are reported in financial items.







* Adjusted for items affecting comparability

Business Area Decor

As one of the leading manufacturers in the market for paper-based surfacing for wood-based materials, such as laminate flooring, furniture and interiors, Decor develops high-tech and innovative papers for high and low pressure laminates, print base paper and pre-impregnated paper. Customers include laminators, impregnators as well as printers. The base for Munksjö's strong market position lays in its excellent reputation for long-term proven quality and services. The product offering also includes thin, light-weight leaflet papers, used by the pharmaceutical and cosmetics industries.

	Apr-Jun			Jan-Jun			Jan-Dec
MEUR	**2016**	**2015**	**Change, %**	**2016**	**2015**	**Change, %**	**2015**
Net sales	97.8	93.4	5%	191.0	188.9	1%	372.6
EBITDA (adj.*)	17.6	11.6	52%	31.3	23.4	34%	42.6
EBITDA margin, % (adj.*)	18.0	12.4		16.4	12.4		11.4
EBITDA	17.6	11.6	52%	31.3	23.4	34%	42.6
EBITDA margin, %	18.0	12.4		16.4	12.4		11.4
Operating result (adj.*)	16.0	9.7	65%	27.7	19.6	41%	34.6
Operating margin % (adj.*)	16.4	10.4		14.5	10.4		9.3
Operating result	16.0	9.7	65%	27.7	19.6	41%	34.6
Operating margin. %	16.4	10.4		14.5	10.4		9.3
Capital expenditure	1.1	2.2	-50%	4.4	4.8	-8%	10.2
Delivery volumes, tonnes	49,000	46,200	6%	95,000	93,000	2%	183,400
Production volumes, tonnes	50,400	48,100	5%	98,600	94,800	4%	181,700
Employees, FTE	843	861	-2%	839	855	-2%	855

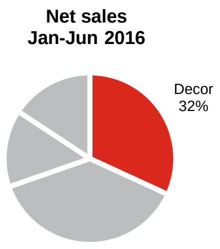
* Adjusted for items affecting comparability (IAC)

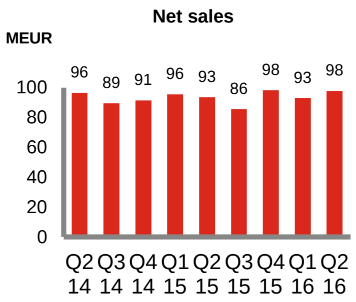
Second quarter 2016

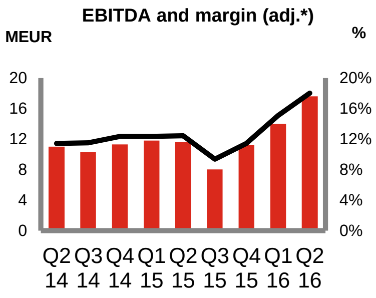
- Total delivery volumes were higher, mainly driven by a positive development in Europe, including Turkey, and Asia, which more than compensated for the negative development in countries impacted by increased macroeconomic uncertainty, mainly Brazil.
- Net sales increased to EUR 97.8 (93.4) million. The average price decreased mainly due to a less favourable product and geographical mix.
- EBITDA adjusted for IAC was EUR 17.6 (11.6) million and the adjusted EBITDA margin was 18.0% (12.4%). Higher delivery volumes, profitability improvement actions and lower variable costs had a positive result effect and more than compensated for the negative result effect of the lower average price.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 16.0 (9.7) million and the operating margin 16.4% (10.4%).

January-June 2016

- Total delivery volumes were higher, mainly driven by a positive development in the main markets in Europe and in Asia, which more than compensated for the negative development in countries impacted by increased macroeconomic uncertainty, mainly Brazil.
- Net sales increased to EUR 191.0 (188.9) million. The average price decreased mainly due to a less favourable product and geographical mix.
- EBITDA adjusted for IAC was EUR 31.3 (23.4) million and the adjusted EBITDA margin was 16.4% (12.4%). Higher delivery volumes, profitability improvement actions and lower variable costs had a positive result effect and more than compensated for the negative result effect of the lower average price.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 27.7 (19.6) million and the operating margin 14.5% (10.4%).







* Adjusted for items affecting comparability

Business Area Release Liners

Products offered by Release Liners include release papers; both super calendered and coated, coated specialties in South America and specialty pulp. Products are developed to offer consistent quality, high performance and sustainability. Customers include manufacturers of laminates for self-adhesive labelling, industrial siliconisers as well as – for coated specialities – packaging converters. Munksjö has long term customer relationships, built on the company's reputation of quality, reliability and service. Release papers are used as a carrier of different pressure sensitive adhesives labels and materials.

	Apr-Jun			Jan-Jun			Jan-Dec
MEUR	2016	2015	Change, %	2016	2015	Change, %	2015
Net sales	115.1	112.6	2%	226.7	219.4	3%	437.6
EBITDA (adj.*)	14.0	8.5	65%	24.9	18.2	37%	39.5
EBITDA margin, % (adj.*)	12.2	7.5		11.0	8.3		9.0
EBITDA	14.0	8.5	65%	24.9	18.2	37%	36.1
EBITDA margin, %	12.2	7.5		11.0	8.3		8.2
Operating result (adj.*)	7.0	1.3	n.m.	10.9	3.8	187%	11.4
Operating margin, % (adj.*)	6.1	1.2		4.8	1.7		2.6
Operating result	7.0	1.3	n.m.	10.9	3.8	187%	8.0
Operating margin, %	6.1	1.2		4.8	1.7		1.8
Capital expenditure	1.4	5.7	-75%	4.1	8.8	-53%	14.9
Delivery volumes, tonnes	133,300	127,500	5%	264,600	245,700	8%	498,700
Production volumes, tonnes	125,400	115,700	8%	248,400	233,700	6%	475,900
Employees, FTE	848	864	-2%	849	864	-2%	859

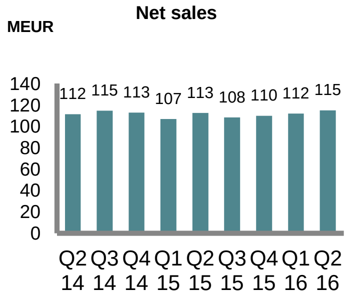
* Adjusted for items affecting comparability (IAC)

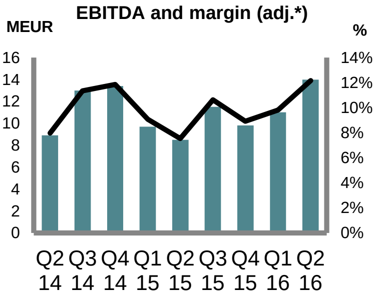
Second quarter 2016

- Total delivery volumes increased, mainly as a result of higher deliveries for the Brazilian paper business. Export volumes continued to compensate for the effect of the economic slowdown in Brazil. Delivery volumes were higher also for the specialty pulp business and the European paper business.
- Net sales were higher and reached EUR 115.1 (112.6) million and the average price for the business area was lower. The average price for the European paper business was higher, as price increases had an expected positive effect. The average price for the business area was however negatively affected by the decrease of the sales price in the specialty pulp business, driven by the lower long fibre pulp (NBSK) price. Average price and net sales measured in local currency increased for the Brazilian paper business, but had a negative effect on the business area's average price.
- EBITDA adjusted for IAC increased to EUR 14.0 (8.5) million and the adjusted EBITDA margin was 12.2% (7.5%). Higher delivery volumes, profitability improvement actions and lower variable costs had a positive result effect and more than compensated for the negative result effect of the lower average price. The result of the Brazilian paper business was further stabilised as a result of the increased export volumes, but is still reflecting the economic slowdown in Brazil. The maintenance shut down at the pulp production facility in Aspa, Sweden affected the result negatively in the corresponding period last year.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 7.0 (1.3) million and the operating margin 6.1% (1.2%).

January-June 2016

- Total delivery volumes increased, mainly as a result of higher delivery volumes of specialty pulp. The delivery volume for the Brazilian paper business was higher, as export volumes continued to compensate for the effect of the economic slowdown in Brazil. The delivery volumes for the European paper business were stable.
- Net sales were higher and reached EUR 226.7 (219.4) million and the average price for the business area was lower. The average price was higher for the European paper business, as price increases had an expected positive effect. The average price for the business area was however negatively affected by the decrease of the sales price in the specialty pulp business, driven by the lower long fibre pulp (NBSK) price. Average price and net sales measured in local currency increased for the Brazilian paper business, but had a negative effect on the business area's average price.
- EBITDA adjusted for IAC increased to EUR 24.9 (18.2) million and the adjusted EBITDA margin was 11.0% (8.3%). Higher delivery volumes, profitability improvement actions and lower variable costs had a positive result effect and more than compensated for the negative result effect of the lower average price.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 10.9 (3.8) million and the operating margin 4.8% (1.7%).





* Adjusted for items affecting comparability

Business Area Industrial Applications

Industrial Applications' leading position in the market for high quality specialty paper is based on its high-tech product portfolio combined with its deep knowledge of technically advanced production processes. The product offering includes abrasive backings, electrotechnical paper, Spantex™, thin paper and fine art paper. The products are used within several industrial sectors such as automotive, furniture, wood, metal and building, construction industries, energy transmission, stainless steel, aluminium and glass industries.

	Apr-Jun			Jan-Jun			Jan-Dec
MEUR	2016	2015	Change, %	2016	2015	Change, %	2015
Net sales	46.7	44.0	6%	87.6	85.6	2%	166.6
EBITDA (adj.*)	9.1	7.9	15%	16.5	16.7	-1%	27.5
EBITDA margin, % (adj.*)	19.5	18.0		18.8	19.5		16.5
EBITDA	9.1	7.9	15%	16.5	16.7	-1%	27.5
EBITDA margin, %	19.5	18.0		18.8	19.5		16.5
Operating result (adj.*)	7.0	5.9	19%	12.3	12.8	-4%	19.6
Operating margin, % (adj.*)	15.0	13.4		14.0	15.0		11.8
Operating result	7.0	5.9	19%	12.3	12.8	-4%	19.6
Operating margin, %	15.0	13.4		14.0	15.0		11.8
Capital expenditure	1.1	1.6	-31%	2.3	3.6	-36%	9.2
Delivery volumes, tonnes	24,100	22,700	6%	45,300	43,900	3%	85,100
Production volumes, tonnes	23,500	23,200	1%	46,300	46,100	0%	84,900
Employees, FTE	588	574	2%	580	563	3%	574

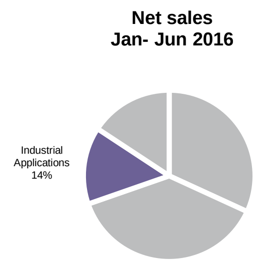
* Adjusted for items affecting comparability (IAC)

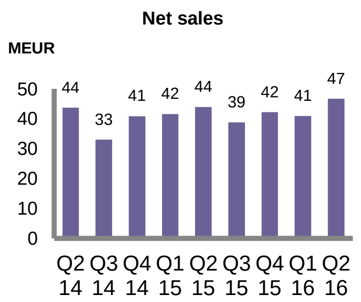
Second quarter 2016

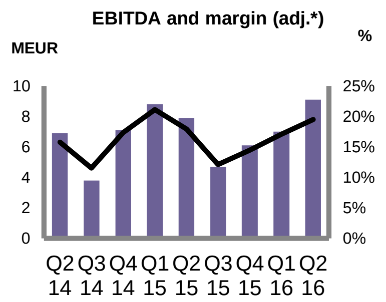
- Total delivery volumes were higher mainly driven by higher delivery volumes for thin paper and Spantex™ paper.
- Net sales increased to EUR 46.7 (44.0) million mainly driven by the increased delivery volumes. The average price was stable compared to the corresponding period last year.
- EBITDA adjusted for IAC increased to EUR 9.1 (7.9) million and the adjusted EBITDA margin was 19.5% (18.0%). The positive profitability development was mainly a result of the higher delivery volumes and profitability improvement actions mainly related to profitable growth and operational efficiency.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 7.0 (5.9) million and the operating margin 15.0% (13.4%).

January-June 2016

- Total delivery volumes were higher mainly driven by higher delivery volumes for thin paper and Spantex™ paper.
- Net sales increased to EUR 87.6 (85.6) million due to the higher delivery volumes. The average price was lower as a result of a less favourable product mix.
- EBITDA adjusted for IAC was stable and amounted to EUR 16.5 (16.7) million and the adjusted EBITDA margin was 18.8% (19.5%). The positive result effect of the higher delivery volumes did not fully compensate for higher fixed costs.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 12.3 (12.8) million and the operating margin 14.0% (15.0%).







* Adjusted for items affecting comparability

Business Area Graphics and Packaging

Graphics and Packaging offers differentiated paper products developed for a broad range of customers globally. The products include coated one-side and calendered papers, which are used for flexible packaging and labelling, graphic and industrial applications. Flexible packaging paper is mainly used in the food industry for baking or manufacturing of packaging, wet-glue base papers and pressure sensitive facestock papers are mainly used for premium beverage and identification labels. Graphics and industrial papers refer mainly to uncoated papers for repositionable notes, interleaving paper, envelope windows and other process papers.

	Apr-Jun			Jan-Jun			Jan-Dec
MEUR	**2016**	**2015**	**Change, %**	**2016**	**2015**	**Change, %**	**2015**
Net sales	47.4	47.2	0%	94.3	90.7	4%	175.7
EBITDA (adj.*)	3.3	1.1	n.m.	5.3	2.7	96%	0.3
EBITDA margin, % (adj.*)	7.0	2.3		5.6	3.0		0.2
EBITDA	3.3	1.1	n.m.	5.3	2.7	96%	-0.2
EBITDA margin, %	7.0	2.3		5.6	3.0		-0.1
Operating result (adj.*)	0.8	-1.0	n.m.	-0.1	-1.3	n.m.	-7.9
Operating margin, % (adj.*)	1.7	-2.1		-0.1	-1.4		-4.5
Operating result	0.8	-1.0	n.m.	-0.1	-1.3	n.m.	-8.4
Operating margin, %	1.7	-2.1		-0.1	-1.4		-4.8
Capital expenditure	3.1	0.6	n.m.	4.7	0.8	n.m.	3.0
Delivery volumes, tonnes	34,800	34,000	2%	69,500	65,400	6%	127,200
Production volumes, tonnes	36,500	34,900	5%	71,700	70,200	2%	128,500
Employees, FTE	419	428	-2%	416	427	-3%	428

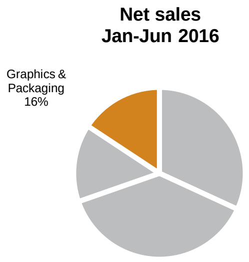
* Adjusted for items affecting comparability

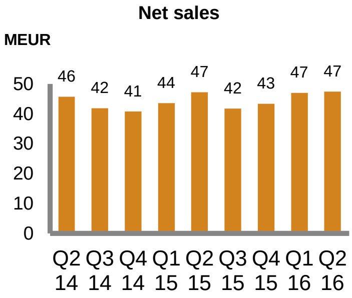
Second quarter 2016

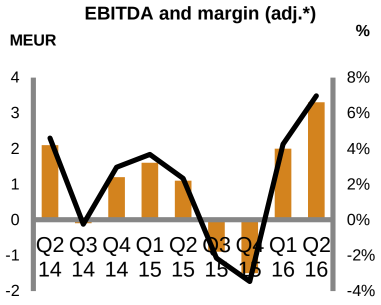
- Total delivery volumes increased, while the challenging competitive situation in certain product segments, mainly coated papers, continues.
- Net sales were stable and reached EUR 47.4 (47.2) million. The average price was lower and the higher delivery volumes did not compensate for a less favourable product and customer mix.
- EBITDA adjusted with IAC increased and was EUR 3.3 (1.1) million and the adjusted EBITDA margin was 7.0% (2.3%). Lower variable costs, profitability improvement actions and higher delivery volumes had a positive result effect and more than compensated for the negative result effect of the lower average price.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 0.8 (-1.0) million and the operating margin 1.7% (-2.1%).

January-June 2016

- Total delivery volumes increased, while the challenging competitive situation in certain product segments, mainly coated papers, continues.
- Net sales increased and reached EUR 94.3 (90.7) million as an effect of higher volumes. The average price was lower and the higher volumes did not compensate for the less favourable product and customer mix.
- EBITDA adjusted with IAC increased and was EUR 5.3 (2.7) million and the adjusted EBITDA margin was 5.6% (3.0%). Lower variable costs, profitability improvement actions and higher delivery volumes had a positive result effect and more than compensated for the negative result effect of the lower average price.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR -0.1 (-1.3) million and the operating margin -0.1% (-1.4%).
- The programme aiming at a substantial improvement in the financial result launched in the third quarter of 2013 is progressing according to plan, with the exception of the coated paper business, where the measures intended to strengthen the business area's competitiveness by adjusting the product mix are delayed due to the above described increased competition. The aim with the programme going forward is, as previously communicated, to achieve the business area's EBITDA margin target of 9-10 per cent at the end of 2016.







* Adjusted for items affecting comparability

Cash flow

The cash flow in the second quarter of 2016 was strong. The cash flow from operating activities amounted to EUR 36.8 (5.8) million in the second quarter of 2016 and to EUR 40.4 (1.2) million in January-June 2016. The improved operating result had a positive effect on cash flow from operating activities. Working capital increased seasonally, however the cash flow impact was more favourable than in the corresponding period last year. Lower variable costs affected both payables and inventories.

The operating cash flow was affected by EUR -4.1 (-3.7) million related to the settlement of provisions recorded in previous periods and EUR 0.2 (-9.7) million of income taxes.

Capital expenditure

The cash flow related to capital expenditure for January-June 2016 amounted to EUR -17.9 (-20.0) million. The capital expenditure in January-June 2016 was of operative nature and includes maintenance, cost improvement and efficiency improvement investments. The largest capital expenditure in 2016 will be related to the maintenance shut down at the pulp production facility in Aspa, Sweden, planned to be carried out in the third quarter of 2016.

Financial position

Financing

Munksjö has a EUR 345 million term loan and revolving credit facilities agreement, with a maturity of five years since September 2014, and a SEK 570 million term loan signed and implemented in December 2015, with a maturity of five years. The interest payable under both agreements depends on the ratio of consolidated net debt to consolidated EBITDA. At the end of the second quarter of 2016, the weighted average interest rate on bank debt was approximately 2.6 per cent (end of the first quarter 2016: 2.8 per cent; end of the second quarter 2015: 2.4 per cent).

Interest-bearing net debt decreased to EUR 222.6 million at 30 June 2016 (31 March 2016: 234.4; 30 June 2015: 260.8), mainly as a result of the improved cash flow, resulting in a net debt/equity ratio of 53.3% (31 March 2016: 57.1%; 30 June 2015: 64.2%).

Shareholders' equity at 30 June 2016 amounted to EUR 418.0 million (31 March 2016: 410.6; 30 June 2015: 406.5) and total assets decreased to EUR 1,170.3 million (31 March 2016: 1,162.0; 30 June 2015: 1,182.2).

Net financial items

Net financial items for January-June 2016 amounted in total to EUR -10.5 (-2.6) million, of which EUR 5.1 (4.7) million is interest rate expenses, EUR 0.7 (0.8) million is other finance costs and the rest is mainly items not affecting the cash flow, including EUR -0.4 (-0.4) million of amortisation of capitalised bank fees and foreign exchange gains and losses on financial assets and liabilities of EUR -3.0 (4.1) million. The net financial items for the period include realised interest rate swaps of EUR -0.6 (-0.3) million. At the end of the reporting period, the fair value of unrealised interest rate swaps amounted to EUR -1.7 (-1.0) million.

Hedging

At the end of the reporting period the fair value of unrealised hedges excluding interest rate swaps amounted to EUR -1.4 (-0.4) million. The operating result for January-June 2016 includes realised hedges of EUR -0.2 (-3.9) million. The realised hedges in the corresponding period last year were mainly currency-related hedge losses. Munksjö has no outstanding pulp hedging contracts from 1 January 2015 onwards. Hedging activities are managed centrally and mainly reported in segment '*Other*'.

Taxes

The income tax charge for the reporting period was EUR -9.3 (-7.3) million representing an effective rate of 28.6% (37.1%). The effective tax rate in the comparative period last year was affected by losses generated in low tax jurisdictions and profits generated in higher tax locations. The effective tax rate is the statutory corporate tax rate as adjusted for non-deductible expenses, income not subject to income tax, valuation or revaluation of losses and prior year adjustments. Total cash taxes for the reporting period were positive and amounted to EUR 0.2 (-9.7) million.

Earnings per share

Earnings per share (EPS) in the reporting period increased to EUR 0.45 (0.24). The increase compared to January-June 2015 was mainly related to the effect of the improved operating profit of EUR 0.41, which was partly offset by a negative effect of EUR -0.14 due to foreign exchange losses on financial items.

Earnings per share (EPS) in the second quarter of 2016 increased to EUR 0.33 (0.05). The increase was mainly related to the effect of the improved operating profit of EUR 0.35.

Employees

The average number of employees (FTE's) in the second quarter of 2016 was 2,752 (2,785). At the end of June 2016, Munksjö had 2,913 (2,931) employees. Of Munksjö's total number of employees at the end of June 38% (37%) were employed in

France, 22% (22%) in Sweden, 16% (16%) in Germany, 9% (9%) in Italy, 8% (9%) in Brazil, 6% (6%) in Spain and 1% (1%) in other countries.

The strategic focus areas for the Human Resources function in 2016 are to further establish a common culture, including a health and safety approach in everything Munksjö does, to strengthen Munksjö's leadership and to attract, develop and retain employees. To follow up on these areas, KPIs will be developed and the results will be reported on a full year basis. More information about Munksjö's employees is published in the Annual report.

Incentive programmes for senior executives and other key personnel

In June 2016, the Board of Directors approved a long-term share value based incentive programme for senior executives and other key personnel. The objective of the programme is, by creating a long-term share value based incentive for the management, to increase the company value in the long term and to secure the alignment of the objectives of the company's management with the objectives of its shareholders.

The potential rewards from the 2016-2018 programme will be paid in the spring 2019, if the performance targets set by the Board of Directors are achieved.

The performance measure applied to the programme is the total shareholder return (TSR) of Munksjö's share in the three-year performance period. In addition to the fulfilment of the targets set for the above performance criterion, the payment of the reward is conditional on the achievement of a minimum EBITDA requirement set by the Board of Directors. The potential rewards under the programme will be paid either in cash or in Munksjö shares as decided by the Board of Directors. If the performance target set for the programme is achieved in full, the maximum value of rewards payable based on the programme corresponds to the value of approximately 580,000 shares (gross before the deduction of the applicable taxes). The programme includes a cap maximising the gross reward payable based on the three-year programme to an amount corresponding to 200 per cent of the individual participant's annual base salary. The company, in addition to this cap applied to long-term incentive rewards, applies a combined cap to all variable pay paid in the company any given year. According to this cap, the aggregate value of all short-term and long-term incentive rewards paid in the company any given year (with the exception of possible project bonuses) may not exceed a specific percentage of the company's EBITDA, as determined by the Board of Directors.

Munksjö applies a share ownership policy for the members of Munksjö Management Team. In accordance with this policy the Management Team members should accumulate a share ownership in the company which corresponds to at least the individual Management Team member's annual base salary. To support the achievement of this share ownership level, at least fifty per cent of the LTI share rewards (net after the deduction of applicable payroll tax) received by these individuals under the programme shall be retained. In case of a LTI cash reward, at least fifty percent of the net cash received as a reward should be used to acquiring shares from the market. These two alternatives are valid until the share ownership of the individual Management Team member in Munksjö amounts to at least his/her annual base salary.

In May 2014, the Board of Directors approved a long-term share-based incentive programme for Munksjö's senior executives and other key personnel. 35 senior executives and other key personnel have enrolled to the programme. The total cost for the programme will be recognised over the vesting period which commenced in July 2014 and ends on 31 December 2016.

The personnel expenses related to the incentive programmes in January-June 2016 were EUR 1.1 (0.5) million.

Munksjö reorganised its sales organisation

On 10 December 2014 Munksjö announced a plan to simplify its sales organisation by reorganising certain sales functions. The reorganisation was subject to consultation and approval processes in accordance with local legislation in the countries affected. The overall model is one customer service hub per Business Area in Europe, and Group sales offices in Brazil, China, the US and Russia. By moving customer service closer to supply and planning, pooling resources and avoiding sales office costs, Munksjö improves profitability and made the supply chain process more efficient.

The consultation and approval processes have now been completed and the reorganisation and its implementation is continuing according to plan. The annual savings will amount to approximately EUR 1.5 million, of which a majority were realised during 2015. The remaining cost savings will be achieved gradually during 2016-2017.

Munksjö further adjusts the cost structure

In September 2015 Munksjö announced a plan to further adjust its cost structure. The plan includes restructuring actions that required personnel negotiations at the production facility located in Mathi, close to Turin in Italy. With the restructuring, Munksjö aims to further adjust the cost structure and improve the operational efficiency of Business Area Release Liners. The production facility in Mathi is a shared site with Ahlstrom Corporation.

The restructuring was subject to consultation and approval processes in accordance with local legislation. This process has now been concluded and the headcount reduction related to the restructuring project will be 37 employees. The expected annual cost savings of the restructuring amount to approximately EUR 2.0-2.5 million. The cost savings have been realised into the financial result according to plan and the remaining cost savings are expected to be achieved gradually during the second half of 2016.

Product development

Munksjö's four business areas manage their respective product development in close co-operation with the central function for strategic development. Most of this work is carried out in the development centre in Apprieu in France, with full focus on meeting customer requirements for functionality and quality. The development projects are initiated and implemented in collaboration with clients, but also in the context of Munksjö's own product development. At the end of 2015, Munksjö introduced a target for the share of new products of net sales. The share should be at least 15 per cent and the target is calculated as an average over the last three years.

Risks and uncertainty factors

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 materialisation of such risks could have an adverse effect on Munksjö's operations, earnings and financial position.

Munksjö's significant risks and uncertainty factors mainly consist of developments in demand and prices of sold products, the cost and availability of significant raw materials, financial risks, as well as other business factors including developments on the financial markets. The significant cost items for raw materials are wood, pulp, titanium dioxide and energy. Munksjö'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 and future tax audits or claims.

More information about risks and uncertainty factors related to Munksjö's business and the company's risk management is published in the Annual report and on www.munksjo.com.

Shares and shareholders

The Munksjö Oyj share is traded on Nasdaq Helsinki, Finland under the trading symbol MUNK1 and as of 8 December 2014 also on Nasdaq Stockholm under the trading symbol MUNK1S. The share capital amounts to EUR 15,000,000 and the total number of shares as of 2 December 2013 amounts to 51,061,581. All shares carry one vote each and have equal rights.

On 30 June 2016, Munksjö held 300,000 own shares, corresponding to about 0.6 per cent of the total number of shares and votes. The own shares were repurchased during 2015 and will primarily be used for implementing share-based incentive programmes of the company, or for other purposes defined in the authorization of the Annual General Meeting.

Share development and shareholders

The reporting period January-June 2016 consisted of 124 (122) trading days on Nasdaq Helsinki and 123 (122) trading days on Nasdaq Stockholm.

The trading volume on Nasdaq Helsinki during the reporting period was 3,013,356 (10,094,147) shares, equivalent to a turnover of EUR 26,462,451 (100,727,778). The daily average trading volume during the reporting period was 24,301 (82,739) shares and the volume-weighted average share price was EUR 8.84 (10.00). The highest share price in the reporting period was EUR 10.11 (12.49) and the lowest EUR 7.67 (9.00). On the last trading day of the reported trading period, 30 June 2016, the share price was EUR 9.48 (30 June 2015: 9.60) and the corresponding market capitalisation was EUR 481.2 million (30 June 2015: 487.3). The market capitalisation figures have been adjusted with the shares held by the company at the end of the reporting period.

The trading volume on Nasdaq Stockholm during the reporting period was 931,077 (2,384,567) shares, equivalent to a turnover of SEK 77,417,329 (223,415,831). The daily average trading volume in the reported period was 7,570 (19,546) shares and the volume-weighted average share price was SEK 83.17 (93.68). The highest share price in the reporting period was SEK 93.25 (119.00) and the lowest SEK 71.75 (85.00). On the last trading day of the reported trading period, 30 June 2016, the share price was SEK 90.00 (30 June 2015: 90.25).

At the end of June 2016, Munksjö had 10,215 (10,723) shareholders in the register maintained by Euroclear Finland Ltd.

The share turnover during the reporting period for both exchanges was 7.8 (24.6) per cent of the total amount of shares. Munksjö's share is also traded on alternative exchanges, such as BATS. During the reporting period the shares traded on Nasdaq represented 76.9 per cent and the shares traded on the alternative exchanges 23.1 per cent of the total turnover (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Flagging notifications

During the reporting period, Munksjö received one announcement about major changes with regards to the holdings of the largest shareholders.

Change in the holding of Ahlström Capital

On 18 February 2016, Munksjö received an announcement from AC Invest Five B.V., according to which the holding of AC Invest Five B.V. holding in Munksjö had increased and as a consequence, the indirect holding of Ahlström Capital Oy had exceeded the threshold of 15 per cent. The direct holding of AC Invest Five B.V. and the indirect holding of Ahlström Capital Oy had increased to 7,897,619 shares, corresponding to a holding of 15.47 per cent of Munksjö's shares and voting rights. AC Invest Five B.V. is a wholly owned subsidiary of Ahlstrom Capital B.V. and Ahlstrom Capital B.V. is a wholly owned subsidiary of Ahlström Capital Oy.

Information about the largest shareholders in Munksjö is available on the investor website at www.munksjo.com. The information is updated on a regular basis.

Authorisation to resolve to repurchase and to distribute the company's own shares

Munksjö Oyj's Annual General Meeting (AGM) was held in Helsinki on 6 April 2016. The AGM authorised 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 on the following conditions:

The number of shares to be repurchased or accepted as pledge by virtue of the authorisation shall not exceed 4,000,000 shares in the company, yet always taking into account the limitations set forth in the Companies' Act as regards the maximum number of shares owned by or pledged to the company or its subsidiaries. The shares may be repurchased only through public trading at the prevailing market price on the date of repurchase by using unrestricted shareholders' equity.

The authorisation includes the right for the Board of Directors to decide upon all other terms and conditions for the repurchase of the company's own shares, or their acceptance as pledge, including the right to decide on the repurchase of the company's own shares otherwise than in proportion to the shareholders' holdings in the company.

By virtue of the authorisation, the Board of Directors has the right to resolve to distribute a maximum of 4,000,000 own shares held by the company. The Board of Directors will be authorised to decide to whom and in which order the own shares will be distributed. The Board of Directors may decide on the distribution of the company's own shares otherwise than in proportion to the existing pre-emptive right of shareholders to purchase the company's own shares. The shares may be used e.g. as consideration in acquisitions and in other arrangements as well as to implement the company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions. The authorisation also includes the right for the Board of Directors to resolve on the sale of the shares accepted as a pledge. The authorisation includes the right for the Board of Directors to resolve upon all other terms and conditions for the distribution of the shares held by the company.

The authorisations for the Board of Directors to repurchase the company's own shares, to distribute them as well as to accept them as pledge are valid for 18 months from the close of the Annual General Meeting but will, however, expire at the close of the next Annual General Meeting, at the latest.

Nomination Board appointed

The Nomination Board prepares proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the members of the Board committees and the Nomination Board.

Munksjö's Nomination Board was appointed in June 2016. The Nomination Board comprises representatives of the three largest shareholders of the company and, in addition, two expert members: the Chairman of the Board of Directors and a person nominated by the Board of Directors. The following three persons have been appointed as representatives in the Nomination Board:

- Thomas Ahlström (Ahlström Capital Oy and other shareholders as mentioned below),
- Alexander Ehrnrooth (Viknum AB) and
- Mikko Mursula (Ilmarinen Mutual Pension Insurance Company).

The Chairman of the Board of Directors Peter Seligson will, according to the charter of the Nomination Board, act as an expert member of the Nomination Board in addition to which the Board of Directors has elected Mats Lindstrand as the second expert member of the Nomination Board. The Nomination Board has among its members elected Thomas Ahlström as Chairman.

The right to nominate the shareholder representatives lies with those three shareholders whose share of all the voting rights in the company is on 31 May preceding the next Annual General Meeting the largest on the basis of the shareholders' register of Munksjö held by Euroclear Finland Ltd and the register of shareholders held by Euroclear Sweden AB. The Nomination Board has been appointed by Viknum AB, Ilmarinen Mutual Pension Insurance Company and one group of shareholders, as described below.

Holdings by a group of shareholders, who have agreed to nominate a joint representative to the Nomination Board, are summed up when calculating the share of all the voting rights, provided that the shareholders in question present a joint written request to that effect together with a copy of such an agreement to the Chairman of the Board no later than on 30 May preceding the Annual General Meeting. Munksjö has been informed that such an agreement has been made by AC Invest Five B.V. (a fully owned subsidiary of Ahlström Capital Oy), Kai Nahi, Niklas Lund, Kasper Kylmälä, Michael Sumelius and Carl Ahlström.

Other issues

Munksjö operates in several countries and from time-to-time disputes arise in the course of day-to-day operations. Munksjö is involved in a number of legal actions, claims and other proceedings. The final outcome of these matters cannot be predicted and taking into account all available information to date the outcome is not expected to have a significant impact on the financial position of the company.

Strategy and financial targets

Munksjö's vision is to be the leading manufacturer of advanced paper products developed with intelligent paper technology enabling a customer-specific, innovative and environmentally friendly product design. Munksjö's strategy is based on four strategic objectives and is enabled through sustainable development by an efficient organisation and employees;

- Profitable growth in specialty paper
- A leading supplier in all our markets
- Highest quality in products and services
- Operational efficiency

Munksjö has three financial goals;

- an EBITDA margin of 12 per cent over a business cycle
- a debt/equity ratio under 80 per cent
- dividends at least 1/3 of the operative cash flow after investments

Munksjö's ambition is to further grow the business over the coming years both organically and strategically. The focused strategy enables strong market positions and Munksjö strengthens these positions through sustainable value added solutions.

Events after the end of the reporting period

Gustav Adlercreutz, General Counsel, will retire in February 2017 and will be succeeded by Andreas Elving

Gustav Adlercreutz, General Counsel and member of the Management Team, who has been employed by Munksjö and its predecessors since 1984, has decided to retire in late February 2017. Andreas Elving succeeds Gustav Adlercreutz and will be employed no later than 22 December 2016, but will formally take over the position of General Counsel on 1 February 2017. Andreas Elving will report to Jan Åström, President and CEO, and will become a member of Munksjö's Management Team.

Andreas Elving joins Munksjö from Autoliv where he currently holds the position as Associate General Counsel. He holds a Master of Laws degree from Uppsala University and has completed a clerkship at the District Court of Stockholm. He has many years of broad and international experience from the law firm Mannheimer Swartling, including being stationed in Shanghai for a period of four years.

Stockholm, 27 July 2016

Board of Directors

For further information, please contact

Jan Åström, President and CEO, tel. +46 10 250 1001

Pia Aaltonen-Forsell, CFO, tel. +46 10 250 1029

Future financial reports

The complete IR calendar is available on www.munksjo.com/investors. Munksjö's next financial report is the interim report for January-September 2016, which is published on **Wednesday, 26 October 2016.**

All financial reports are published in English, Finnish and Swedish and they are also available at www.munksjo.com after the publication. As of the second quarter of 2016, Munksjö observes a 30 day silent period preceding the announcement of financial results.

The Annual Report 2015 was published on 9 March 2016 and includes the Financial Statements for the year 2015, the Board of Director's report and the Auditors' report as well as the Corporate Governance Statement. The Annual report, the Corporate Governance Statement and a Remuneration Statement are available as separate documents on www.munksjo.com.

Made by Munksjö - Intelligent paper technology

Munksjö is a world-leading manufacturer of advanced paper products developed with intelligent paper technology. Munksjö offers customer-specific innovative design and functionality in areas ranging from flooring, kitchens and furnishings to release papers, consumer-friendly packaging and energy transmission. The transition to a sustainable society is a natural driving force for Munksjö's growth as the products can replace non-renewable materials. This is what "Made by Munksjö" stands for. Given Munksjö's global presence and way of integrating with the customers, the company forms a worldwide service organisation with approximately 2,900 employees and 15 facilities located in France, Sweden, Germany, Italy, Spain, Brazil and China. Munksjö's share is listed on Nasdaq in Helsinki and Stockholm. Read more at www.munksjo.com.

Interim financial statements (unaudited)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME	Apr-Jun		Jan-Jun		Jan-Dec
MEUR	2016	2015	2016	2015	2015
Net sales	302.9	291.2	590.9	571.4	1,130.7
Other operating income	2.1	2.6	4.1	6.0	11.6
Total operating income	**305.0**	**293.8**	**595.0**	**577.4**	**1,142.3**
Operating costs					
Changes in inventories	0.2	5.7	2.1	16.0	1.0
Materials and supplies	-143.5	-149.9	-285.0	-297.4	-573.9
Other external costs	-67.8	-75.2	-133.6	-144.6	-283.6
Personnel costs	-53.8	-51.9	-107.4	-102.4	-199.5
Depreciation and amortisation	-13.4	-13.5	-28.1	-26.8	-53.6
Total operating costs	**-278.3**	**-284.8**	**-552.0**	**-555.2**	**-1,109.6**
Share of profit in equity accounted investments	0.0	0.1	0.0	0.1	0.0
Operating result	**26.7**	**9.1**	**43.0**	**22.3**	**32.7**
Net financial items	-4.1	-4.6	-10.5	-2.6	-4.7
Profit before tax	**22.6**	**4.5**	**32.5**	**19.7**	**28.0**
Taxes	-5.7	-1.8	-9.3	-7.3	-5.2
Net profit	**16.9**	**2.7**	**23.2**	**12.4**	**22.8**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations for the period	6.2	2.5	10.3	-5.8	-22.3
Change in cash flow hedge reserve	-1.0	1.5	-2.7	-1.4	-3.2
Cash flow hedge transferred to this year's result	0.3	1.7	0.8	4.2	6.2
Items that will not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	0.0	0.0	0.0	0.0	1.0
Tax attributable to other comprehensive income	0.1	-0.6	0.4	-0.5	-1.0
Comprehensive income	**22.5**	**7.8**	**32.0**	**8.9**	**3.5**
Net result attributable to:					
Parent company's shareholders	16.9	2.6	23.0	12.1	22.4
Non-controlling interests	0.0	0.1	0.2	0.3	0.4
Comprehensive income attributable to:					
Parent company's shareholders	22.5	7.7	31.8	8.6	3.1
Non-controlling interests	0.0	0.1	0.2	0.3	0.4
*Average number of outstanding shares**	50,761,581	50,785,897	50,761,581	50,874,939	50,818,260
Basic earnings per share, EUR	0.33	0.05	0.45	0.24	0.44
Diluted earnings per share, EUR	0.33	0.05	0.45	0.24	0.44

* As adjusted for treasury shares

CONDENSED STATEMENT OF FINANCIAL POSITION			
	30 Jun		31 Dec
MEUR	**2016**	**2015**	**2015**
ASSETS			
Non-current assets			
Tangible assets	421.4	437.4	430.0
Goodwill	225.6	226.0	223.9
Other intangible assets	45.3	51.7	46.6
Equity accounted investments	2.2	2.3	2.3
Other non-current assets	3.2	3.9	3.6
Deferred tax assets	48.1	59.1	51.8
Total non-current assets	**745.8**	**780.4**	**758.2**
Current assets			
Inventory	156.8	173.6	155.4
Accounts receivable	130.7	137.4	111.1
Other current assets	32.7	32.6	38.3
Current tax assets	0.9	8.0	5.3
Cash and cash equivalents	103.4	50.2	105.1
Total current assets	**424.5**	**401.8**	**415.2**
TOTAL ASSETS	**1,170.3**	**1,182.2**	**1,173.4**
EQUITY AND LIABILITIES			
Equity	**418.0**	**406.5**	**401.3**
Non-current liabilities			
Non-current borrowings	303.6	263.0	313.5
Other non-current liabilities	2.6	1.4	1.7
Pension obligations	52.7	51.6	52.4
Deferred tax liabilities	73.0	81.3	74.1
Provisions	20.3	22.7	23.9
Total non-current liabilities	**452.2**	**420.0**	**465.6**
Current liabilities			
Current borrowings	22.4	50.8	22.5
Accounts payable	147.3	174.8	165.9
Liabilities to equity accounted investments	7.2	8.1	8.0
Accrued expenses and deferred income	106.7	97.1	94.5
Current tax liabilities	6.9	13.8	2.7
Other current liabilities and provisions	9.6	11.1	12.9
Total current liabilities	**300.1**	**355.7**	**306.5**
Total liabilities	**752.3**	**775.7**	**772.1**
TOTAL EQUITY AND LIABILITIES	**1,170.3**	**1,182.2**	**1,173.4**

CONDENSED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Reserve for invested unrestricted equity	Other reserves	Treasury shares	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2015	**15.0**	**282.0**	**385.1**	**0.0**	**1.4**	**-273.9**	**409.6**	**4.0**	**413.6**
Result for the period	-	-	-	-	-	12.1	12.1	0.3	12.4
Other comprehensive income	-	-	2.3	-	-5.8	-	-3.5	-	-3.5
Total comprehensive income	**0.0**	**0.0**	**2.3**	**0.0**	**-5.8**	**12.1**	**8.6**	**0.3**	**8.9**
Purchase of Munksjö Oyj shares	-	-	-	-3.1	-	-	-3.1	-	-3.1
Return of capital and dividends	-	-12.7	-	-	-	-	-12.7	-0.3	-13.0
Employee share incentive plan	-	-	-	-	-	0.1	0.1	-	0.1
Balance at 30 June 2015	**15.0**	**269.3**	**387.4**	**-3.1**	**-4.4**	**-261.7**	**402.5**	**4.0**	**406.5**
Result for the period	-	-	-	-	-	10.3	10.3	0.1	10.4
Other comprehensive income	-	-	0.1	-	-16.5	0.6	-15.8	-	-15.8
Total comprehensive income	**0.0**	**0.0**	**0.1**	**0.0**	**-16.5**	**10.9**	**-5.5**	**0.1**	**-5.4**
Purchase of Munksjö Oyj shares	-	-	-	-	-	-	-	-	-
Return of capital and dividends	-	-	-	-	-	-	-	-	-
Employee share incentive plan	-	-	-	-	-	0.2	0.2	-	0.2
Balance at 31 December 2015	**15.0**	**269.3**	**387.5**	**-3.1**	**-20.9**	**-250.6**	**397.2**	**4.1**	**401.3**
Result for the period	-	-	-	-	-	23.0	23.0	0.2	23.2
Other comprehensive income	-	-	-1.5	-	10.3	-	8.8	-	8.8
Total comprehensive income	**0.0**	**0.0**	**-1.5**	**0.0**	**10.3**	**23.0**	**31.8**	**0.2**	**32.0**
Return of capital and dividends	-	-15.2	-	-	-	-	-15.2	-0.3	-15.5
Employee share incentive plan	-	-	-	-	-	0.2	0.2	-	0.2
Balance at 30 June 2016	**15.0**	**254.1**	**386.0**	**-3.1**	**-10.6**	**-227.4**	**414.0**	**4.0**	**418.0**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	Apr-Jun		Jan-Jun		Jan-Dec
MEUR	**2016**	**2015**	**2016**	**2015**	**2015**
Operating profit	26.7	9.1	43.0	22.3	32.7
Depreciation	13.4	13.5	28.1	26.8	53.6
Income taxes paid and received	2.2	-8.0	0.2	-9.7	-13.4
Interest paid and received	-3.1	-2.8	-5.9	-5.8	-11.6
Cash flow from operating activities before change in working capital	**39.2**	**11.8**	**65.4**	**33.6**	**61.3**
Change in inventories	0.9	-9.5	-1.5	-21.4	-3.2
Change in operating liabilities	-0.4	9.0	-9.9	12.6	0.1
Change in operating receivables	-2.9	-5.5	-13.6	-23.6	-2.7
Cash generated from operating activities	**36.8**	**5.8**	**40.4**	**1.2**	**55.5**
Purchase of intangible assets	0.0	0.0	0.0	-0.2	-0.5
Purchase of tangible assets	-8.0	-11.1	-17.9	-19.8	-39.3
Cash flow used in investing activities	**-8.0**	**-11.1**	**-17.9**	**-20.0**	**-39.8**
Return of equity and dividends	-15.2	-12.7	-15.5	-13.0	-13.0
Purchase of own shares	0.0	-0.8	0.0	-3.1	-3.1
Proceeds from borrowings, net of costs	0.0	10.0	0.0	10.0	61.1
Repayment of borrowings	-0.7	-0.4	-9.2	-8.9	-39.0
Cash flow from financing activities	**-15.9**	**-3.9**	**-24.7**	**-15.0**	**6.0**
CASH FLOW FOR THE PERIOD	**12.9**	**-9.2**	**-2.2**	**-33.8**	**21.7**
Cash and cash equivalents at the beginning of the period	89.6	60.2	105.1	84.1	84.1
Currency effects on cash and cash equivalents	0.9	-0.8	0.5	-0.1	-0.7
Cash and cash equivalents at the end of the period	**103.4**	**50.2**	**103.4**	**50.2**	**105.1**

Notes to the interim 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 sum of individual figures can deviate from the presented sum figure. Furthermore, all percentages are subject to possible rounding differences. The accounting principles applied remain unchanged compared with the Annual report 2015 of Munksjö Oyj.

SEGMENT INFORMATION 2016 Jan-Jun 2016 MEUR	Decor	Release Liners	Industrial Applications	Graphics and Packaging	Others and eliminations	Total
Net sales, external	191.0	226.7	87.6	94.3	-8.7	590.9
Net sales, internal						0.0
Net sales	**191.0**	**226.7**	**87.6**	**94.3**	**-8.7**	**590.9**
Operating result	**27.7**	**10.9**	**12.3**	**-0.1**	**-7.8**	**43.0**
Operating margin, %	14.5%	4.8%	14.0%	-0.1%		7.3%
Net financial items						-10.5
Taxes						-9.3
Net result						**23.2**
Other information						
Capital expenditure	4.4	4.1	2.3	4.7	2.4	17.9
Return on operating capital, % (adjusted *)	19.4%	6.5%	22.1%	-12.0%		8.7%
Depreciation	3.6	14.0	4.2	5.4	0.9	28.1
Employees, FTE	839	849	580	416	58	2,742

* Adjusted for items affecting comparability (IAC)

SEGMENT INFORMATION 2015 Jan-Jun 2015 MEUR	Decor	Release Liners	Industrial Applications	Graphics and Packaging	Others and eliminations	Total
Net sales, external	186.8	213.7	84.9	89.6	-3.6	571.4
Net sales, internal	2.1	5.7	0.7	1.1	-9.6	0.0
Net sales	**188.9**	**219.4**	**85.6**	**90.7**	**-13.2**	**571.4**
Operating result	**19.6**	**3.8**	**12.8**	**-1.3**	**-12.6**	**22.3**
Operating margin, %	10.4%	1.7%	15.0%	-1.4%		3.9%
Net financial items						-2.6
Taxes						-7.3
Net result						**12.4**
Other information						
Capital Expenditure	4.8	8.8	3.6	0.8	2.0	20.0
Return on operating capital, % (adjusted *)	16.6%	5.1%	24.7%	-6.5%		7.0%
Depreciation	3.8	14.4	3.9	4.0	0.7	26.8
Employees, FTE	855	864	563	427	59	2,768

* Adjusted for items affecting comparability (IAC)

SEGMENT FINANCIAL INFORMATION PER QUARTER	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net sales, MEUR										
Decor	97.8	93.2	98.2	85.5	93.4	95.5	91.4	89.4	96.4	97.5
Release Liners	115.1	111.6	109.9	108.3	112.6	106.8	112.9	114.7	111.5	106.9
Industrial Applications	46.7	40.9	42.2	38.8	44.0	41.6	40.9	33.0	43.7	41.6
Graphics and Packaging	47.4	46.9	43.3	41.7	47.2	43.5	40.7	41.8	45.7	44.6
Other and eliminations	-4.1	-4.6	-3.6	-5.0	-6.0	-7.2	-4.9	-3.0	-4.8	-2.7
Group	**302.9**	**288.0**	**290.0**	**269.3**	**291.2**	**280.2**	**281.0**	**275.9**	**292.5**	**287.9**
EBITDA (adj.*), MEUR										
Decor	17.6	13.7	11.2	8.0	11.6	11.8	11.3	10.3	11.0	13.6
Release Liners	14.0	10.9	9.8	11.5	8.5	9.7	13.4	13.0	8.9	9.0
Industrial Applications	9.1	7.4	6.1	4.7	7.9	8.8	7.1	3.8	6.9	6.4
Graphics and Packaging	3.3	2.0	-1.5	-0.9	1.1	1.6	1.2	-0.1	2.1	1.3
Other and eliminations	-3.9	-3.0	-3.5	-3.3	-4.1	-5.4	-4.6	-3.8	-2.9	-2.9
Group	**40.1**	**31.0**	**22.1**	**20.0**	**25.0**	**26.5**	**28.4**	**23.2**	**26.0**	**27.4**
EBITDA, MEUR										
Decor	17.6	13.7	11.2	8.0	11.6	11.8	10.0	10.3	11.0	13.6
Release Liners	14.0	10.9	9.8	8.1	8.5	9.7	12.6	13.0	8.9	9.0
Industrial Applications	9.1	7.4	6.1	4.7	7.9	8.8	6.7	3.8	6.9	6.4
Graphics and Packaging	3.3	2.0	-1.5	-1.4	1.1	1.6	1.2	-0.1	2.1	1.3
Other and eliminations	-3.9	-3.0	-3.5	-4.3	-6.5	-5.4	-5.8	-4.1	-3.5	-3.9
Group	**40.1**	**31.0**	**22.1**	**15.1**	**22.6**	**26.5**	**24.7**	**22.9**	**25.4**	**26.4**
Operating result (adj.*), MEUR										
Decor	16.0	11.7	9.0	6.0	9.7	9.9	9.0	8.1	9.2	10.8
Release Liners	7.0	3.9	2.9	4.7	1.3	2.5	6.7	5.8	1.8	1.8
Industrial Applications	7.0	5.3	4.1	2.7	5.9	6.9	5.3	1.8	5.1	4.5
Graphics and Packaging	0.8	-0.9	-3.6	-3.0	-1.0	-0.3	-0.5	-1.7	0.4	-0.1
Other and eliminations	-4.1	-3.7	-3.9	-3.6	-4.4	-5.8	-6.1	-4.5	-3.1	-3.3
Group	**26.7**	**16.3**	**8.5**	**6.8**	**11.5**	**13.2**	**14.4**	**9.5**	**13.4**	**13.7**
Operating result, MEUR										
Decor	16.0	11.7	9.0	6.0	9.7	9.9	7.7	8.1	9.2	10.8
Release Liners	7.0	3.9	2.9	1.3	1.3	2.5	5.9	5.8	1.8	1.8
Industrial Applications	7.0	5.3	4.1	2.7	5.9	6.9	4.9	1.8	5.1	4.5
Graphics and Packaging	0.8	-0.9	-3.6	-3.5	-1.0	-0.3	-0.5	-1.7	0.4	-0.1
Other and eliminations	-4.1	-3.7	-3.9	-4.6	-6.8	-5.8	-7.3	-4.8	-3.7	-4.3
Group	**26.7**	**16.3**	**8.5**	**1.9**	**9.1**	**13.2**	**10.7**	**9.2**	**12.8**	**12.7**
Delivered volumes, metric tonnes										
Decor	49,000	46,000	48,300	42,100	46,200	46,800	44,300	43,300	46,100	46,600
Release Liners	133,300	131,300	127,100	125,900	127,500	118,200	128,700	131,500	127,500	124,500
Industrial Applications	24,100	21,200	21,700	19,500	22,700	21,200	20,700	18,900	21,600	22,800
Graphics and Packaging	34,800	34,700	31,500	30,300	34,000	31,400	31,200	32,600	36,600	35,700
Other and eliminations	-3,800	-3,700	-2,900	-3,300	-3,900	-4,600	-3,300	-2,500	-3,400	-4,000
Group	**237,400**	**229,500**	**225,700**	**214,500**	**226,500**	**213,000**	**221,600**	**223,800**	**228,400**	**225,600**
Production volumes, metric tonnes										
Decor	50,400	48,200	44,500	42,400	48,100	46,700	42,300	42,900	47,500	51,000
Release Liners	125,400	123,000	120,600	121,600	115,700	118,000	122,000	122,800	118,700	118,700
Industrial Applications	23,500	22,800	20,300	18,500	23,200	22,900	20,200	17,400	23,300	22,300
Graphics and Packaging	36,500	35,200	27,000	31,300	34,900	35,300	33,300	27,900	39,600	37,800
Other and eliminations	-4,500	-2,800	-2,500	-2,900	-3,200	-4,100	-3,800	-4,200	-4,400	-5,200
Group	**231,300**	**226,400**	**209,900**	**210,900**	**218,700**	**218,800**	**214,000**	**206,800**	**224,700**	**224,600**

* Adjusted for items affecting comparability

RECONCILIATION OF ADJUSTED EBITDA AND EBIT	Apr-Jun		Jan-Jun		Jan-Dec
	2016	2015	2016	2015	2015
EBITDA (adj.*)	40.1	25.0	71.1	51.5	93.6
Depreciation and impairment excl. items affecting comparability in EBIT	-13.4	-13.5	-28.1	-26.8	-53.6
EBIT (adj.*)	26.7	11.5	43.0	24.7	40.0
Items affecting comparability in EBIT	0.0	-2.4	0.0	-2.4	-7.3
Operating profit (IFRS)	26.7	9.1	43.0	22.3	32.7

* Adjusted for items affecting comparability

CONSOLIDATED KEY RATIOS	Apr-Jun		Jan-Jun		Jan-Dec
	2016	2015	2016	2015	2015
Margins (adjusted)*					
EBITDA margin, %	13.2%	8.6%	12.0%	9.0%	8.3%
Operating margin, %	8.8%	3.9%	7.3%	4.3%	3.5%
Return (Rolling 12 months)					
Return on operating capital, % (adjusted*)	8.7%	7.0%	8.7%	7.0%	5.9%
Return on shareholders' equity, %	8.3%	2.8%	8.3%	2.8%	5.7%
Capital structure at period's end					
Operating capital, MEUR	671.5	696.8	671.5	696.8	651.9
Shareholders' equity, MEUR	418.0	406.5	418.0	406.5	401.3
Interest-bearing net debt, MEUR	222.6	260.8	222.6	260.8	227.4
Debt/equity ratio, %	53.3%	64.2%	53.3%	64.2%	56.7%
Equity/assets ratio, %	35.7%	34.4%	35.7%	34.4%	34.2%
Per share (before and after dilution)					
Earnings per share, EUR	0.33	0.05	0.45	0.24	0.44
Shareholders' equity per share, EUR	8.2	8.0	8.2	8.0	7.9
Average number of shares	50,761,581	50,785,897	50,761,581	50,874,939	50,818,260
Capital expenditure, MEUR	8.0	11.1	17.9	20.0	39.8
Employees, FTE	2,752	2,785	2,742	2,768	2,774

* Adjusted for items affecting comparability (IAC)

CURRENCY RATES	Closing rate			Average rate		
	30 June 2016	30 June 2015	31 Dec 2015	Jan-June 2016	Jan-June 2015	Jan-Dec 2015
SEK	9.42	9.22	9.19	9.30	9.34	9.35
USD	1.11	1.12	1.09	1.12	1.12	1.11
BRL	3.59	3.47	4.31	4.14	3.31	3.69

Calculation of key figures

EBITDA
Operating result before depreciation and amortisation.

EBITDA margin
EBITDA as a percentage of net sales.

Operating margin
Operating result after depreciation and amortisation as a percentage of net sales.

Return on shareholders' equity
Result or the year as a percentage of average shareholders' equity.

Operating capital
Balance sheet total less interest-bearing assets, tax assets and non-interest-bearing operating liabilities, including pension provisions.

Return on operating capital
Operating result as a percentage of operating capital, based on most recent 12 month period.

Net Interest-bearing liability
Interest-bearing assets (including cash and equivalents) less interest-bearing liabilities.

Debt/equity ratio
Interest-bearing net debt divided by shareholders' equity including non-controlling interests.

Equity/assets ratio
Shareholders' equity including non-controlling interests as a percentage of total assets.

Earnings per share
Result for the period divided by the average number of shares outstanding.

Equity per share (EPS)
Shareholders' equity divided by the number of shares outstanding at the end of the period.

FTE
Number of hours worked divided by normal annual working hours.

Interest bearing liabilities and assets
Liabilities and assets which have a contractual obligation/right to pay/receive interest to/from a financial institution.

Items affecting comparability
Income or expense arising from exceptional transactions that are not related to recurring business operations.