

Ahlstrom-Munksjö Holding Q2/2021 Results

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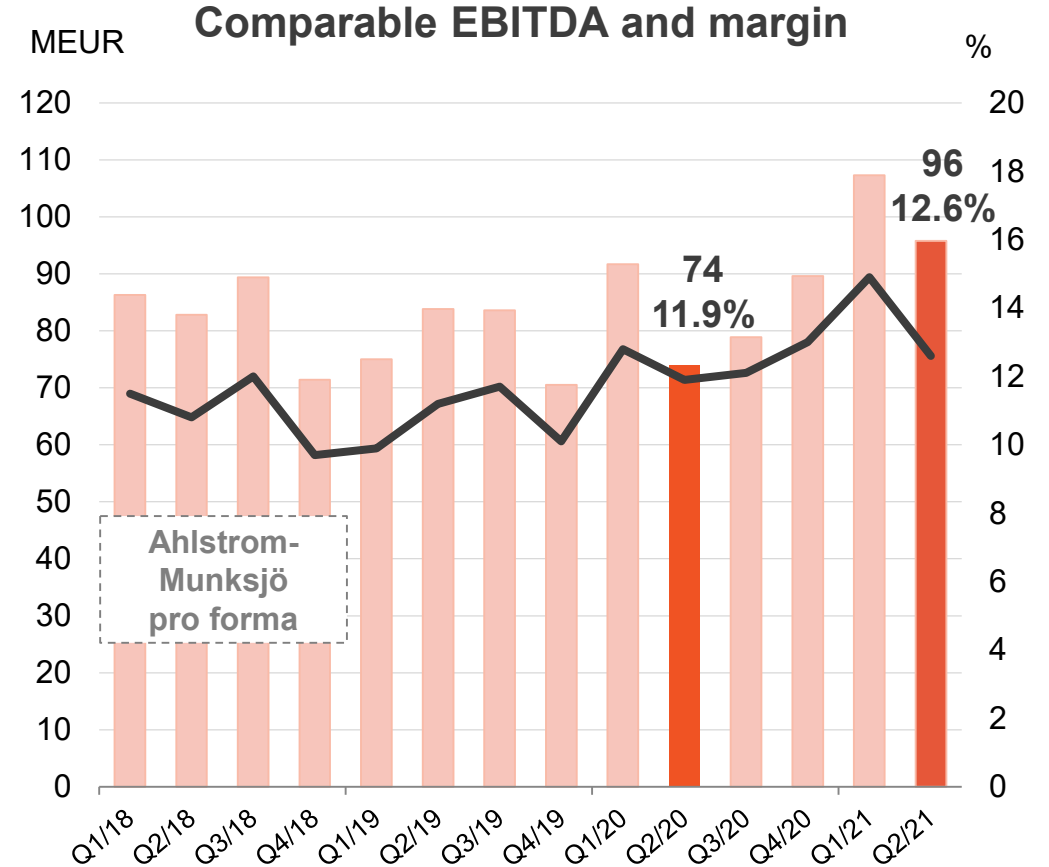
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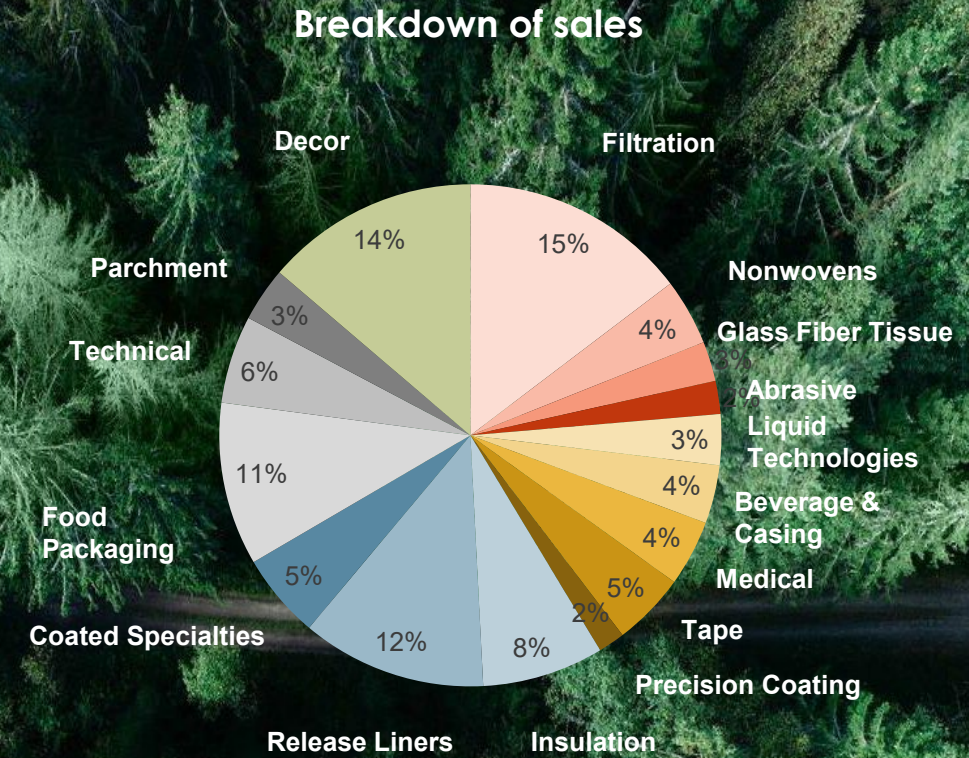
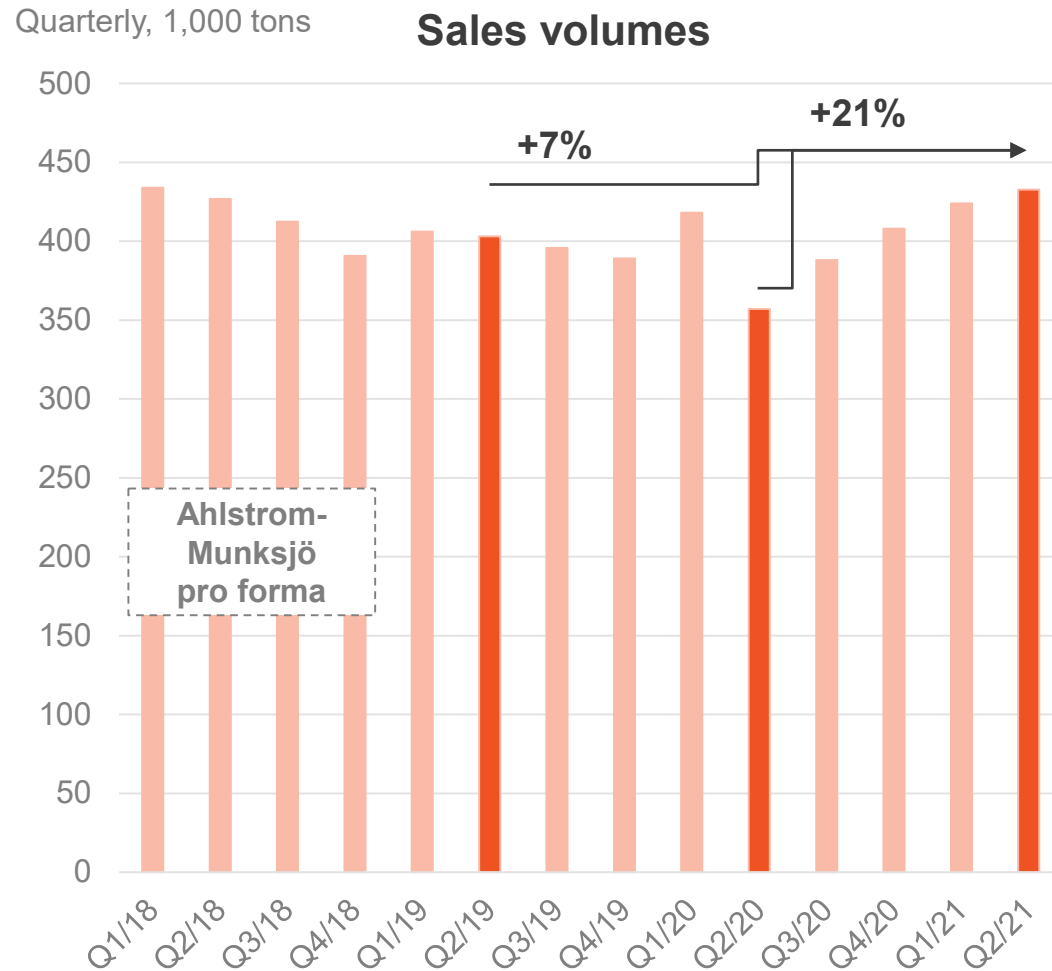
Business highlights Q2/2021

- Improved comparable EBITDA and margin
- Sales volumes rose in nearly all businesses as customer activity continued to improve
- Sales prices were raised during the second quarter, offsetting a large part of the rapidly increased raw material costs
- EUR 58 million investment decision in a new glass fiber tissue production line in the U.S. to better serve the North American market
- Good progress in transformation initiatives



Solid volumes in Q2

– improvement from pre-pandemic levels



- Strong volumes in businesses such as Liquid Technologies, Filtration, Abrasive, Glass Fiber Tissue, Parchment, Food Packaging, Release Liners, and Decor

Accelerating value creation through major investment in the Glass Fiber Tissue business

- New glass fiber tissue production line in Madisonville plant, the US, to further strengthen global leadership position
- Full range of high-quality and cost competitive glass fiber tissue with focus on Luxury Vinyl Tiles and Vinyl sheet materials
- Provides additional capacity and allows better service regionally for the flooring industry in North America
- Customer deliveries starting in mid-2023
- Based on state-of-the-art foam forming technology with low environmental footprint, consuming less water and energy
- Creates some 50 new job opportunities locally
- Accelerates value creation by strengthening our strongholds



Glass Fiber Tissue

Demand drivers

- Construction and renovation activity
- Growing popularity of luxury vinyl tile flooring solutions, especially in North America
- Substitution from other flooring reinforcements such as mineral felt, especially in North America

Strengths

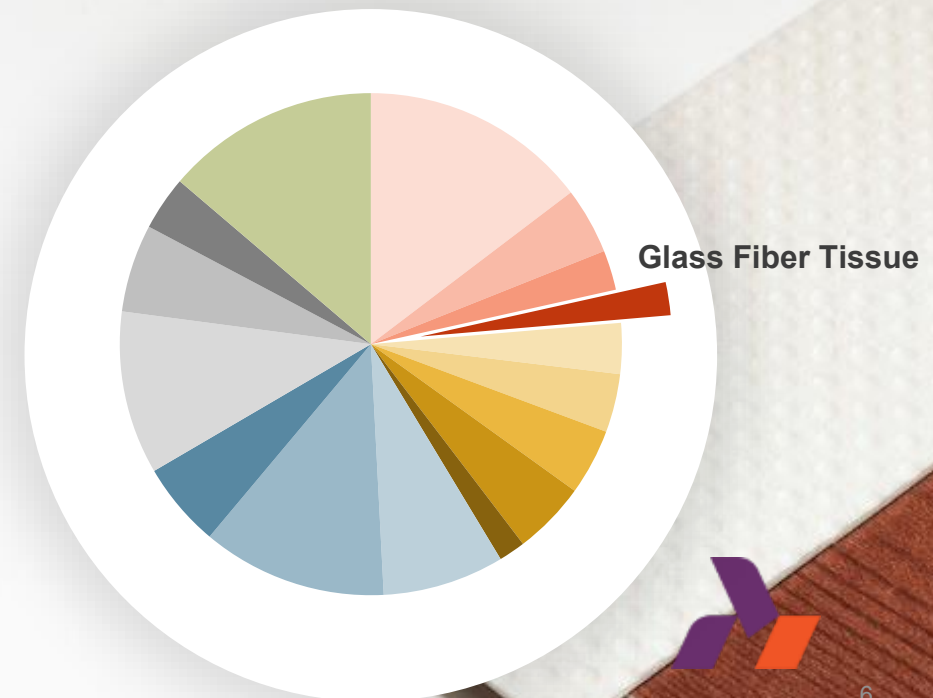
- Unique glass fiber tissue production technology
- Agile customer service and close customer relationships
- In-depth industry knowledge in flooring applications and in other glass veil application

Going forward

- Further strengthen global leadership in glass fiber tissue for flooring applications and expand portfolio of applications for glass fiber tissue

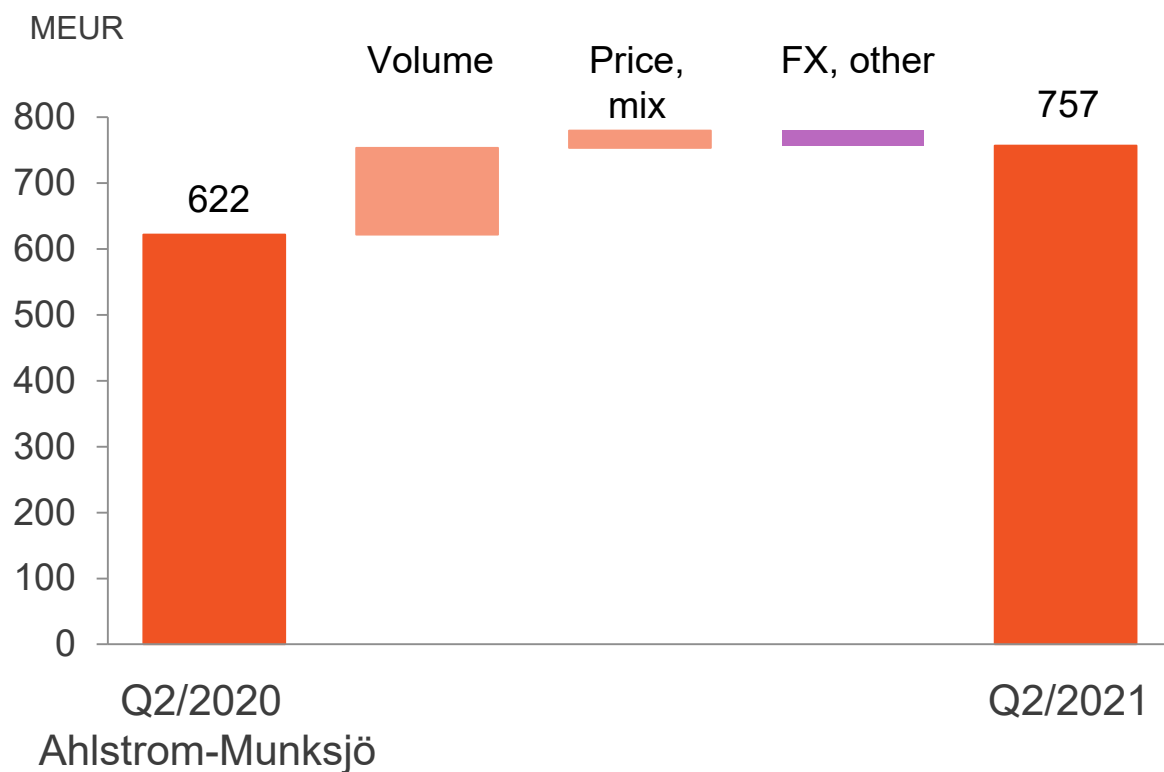
The **Glass Fiber Tissue** business produces glass fiber tissue, mainly for flooring applications, and a range of building and transportation related end-uses. In flooring applications, Ahlstrom-Munksjö targets global markets.

- **Market position #1** in flooring
- **Average market growth 3-8%** p.a.



Higher sales volumes boosted net sales

Net sales Q2/21 vs Q2/20



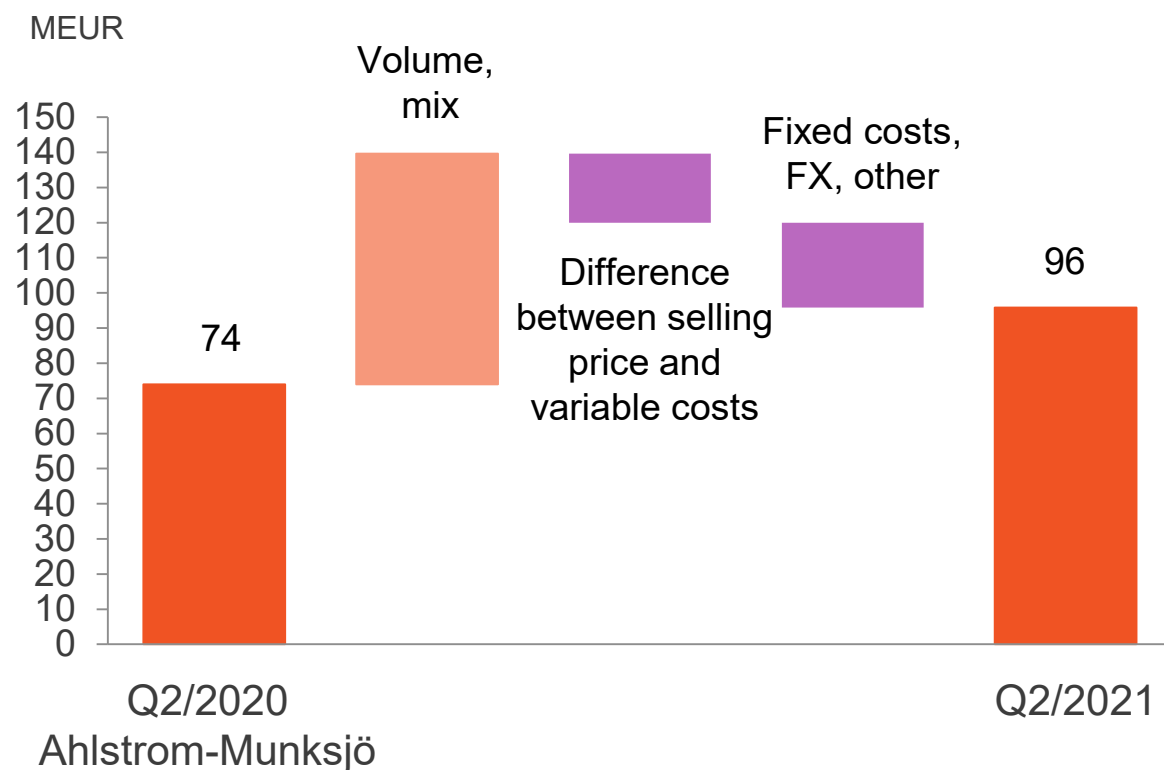
Net sales impacted by:

- Higher sales volumes in nearly all businesses
- Mix improvement driven by filtration, glass fiber tissue, nonwovens, specialty release liners and life science related products
- Adverse FX mainly driven by weaker USD



Comparable EBITDA improved due to increased volumes

Comparable EBITDA Q2/21 vs Q2/20

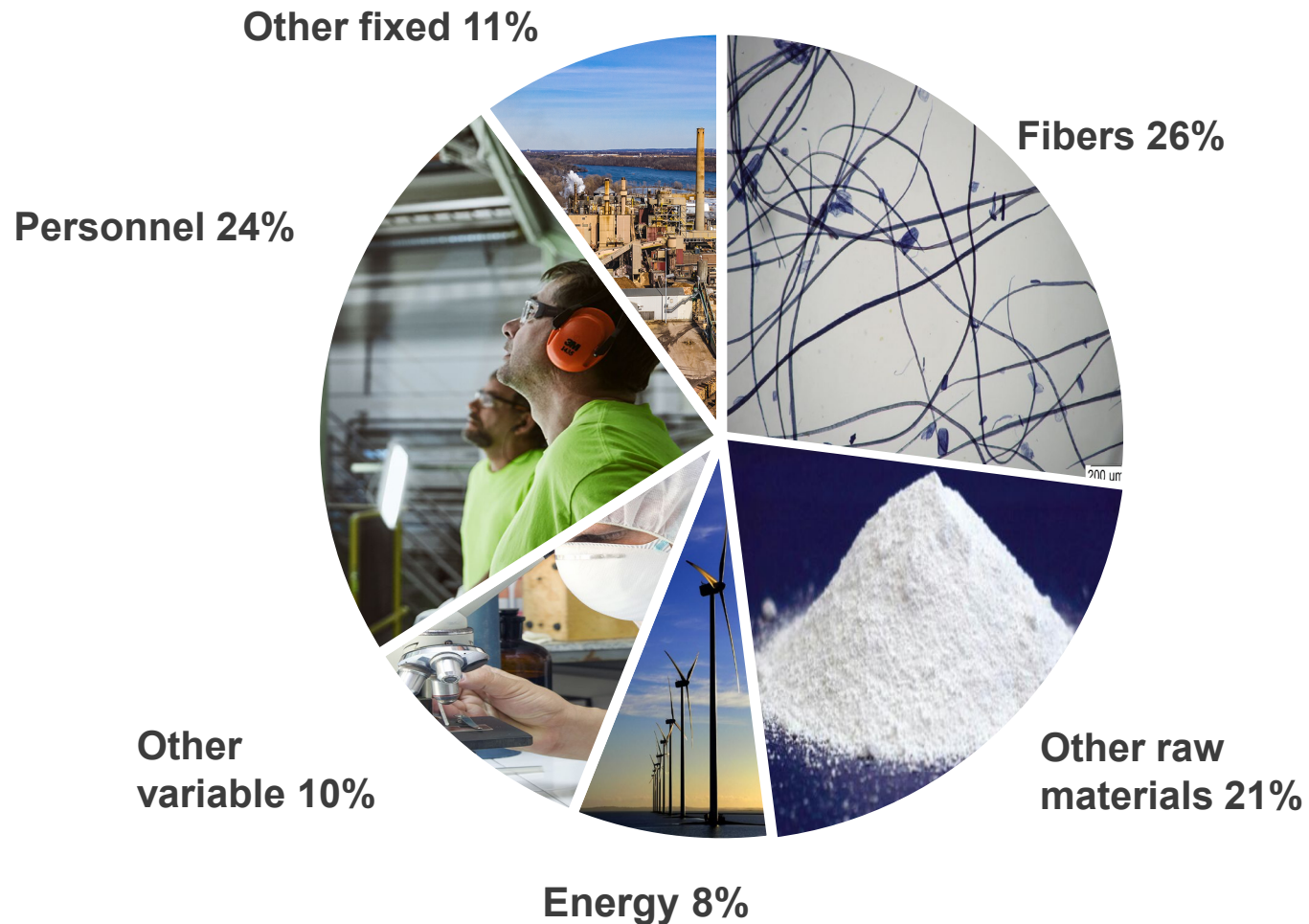


EBITDA impacted by:

- Higher sales volumes
- Cost efficiency measures partly offsetting rapid increase in raw material costs
- Fixed costs increased from an exceptionally low level in the previous year and due to a high production level



Breakdown of operating costs 2020



- Rapidly increasing raw material prices and costs during first half of 2021
- Cost saving initiatives to mitigate cost inflation



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

MEUR		
Comparable EBITDA pro forma		372.0
Proforma foreign exchange impact	-0.1	
Comparable EBITDA		371.9
One off and other adjustments	2.1	
COVID-19 normalization	2.4	
Full year estimate of 2020 initiatives	5.0	
Full year 2021 initiatives	54.1	
Full year 2022 initiatives	18.8	
Adjusted EBITDA		454.3

Adjusted EBITDA (LTM) remained on the same level as at the end of Q1/2021 and was impacted by:

- Higher comparable EBITDA
- Covid-19 normalization
- Realization of some of the expected savings from the FY 2021 initiatives



Reported cash flow and financing in Q2/2021

MEUR	Q2/2021	H1/2021
EBITDA	77.6	101.2
Change in net operating working capital	11.2	-37.4
Interest paid	-32.2	-42.8
Taxes paid	-15.6	-18.0
Adjustments, other	-8.0	-11.1
Net cash from operating activities	33.0	-8.1
Acquisition of Ahlstrom-Munksjö	-	-1,577.4
Capital expenditure excluding acquisitions	-31.9	-47.9
Other	0.3	0.4
Net cash from investing activities	-31.6	-1,624.9
Equity contribution	-	1,084.6
Repayment of borrowings	-296.5	-920.8
Proceeds from borrowings	44.1	1,689.8
Other	-8.2	-69.9
Net cash from financing activities	-260.6	1,783.5
Net change in cash and equivalents	-259.1	150.5

Items affecting comparability (IAC) and other items totaled EUR -18.2 million in Q2/21 and EUR -65.6 million in H1/21

Seasonal increase in working capital mitigated by increased factoring in Q2/21

Free cash flow EUR 146.7 million and cash conversion 87% in Q2/21

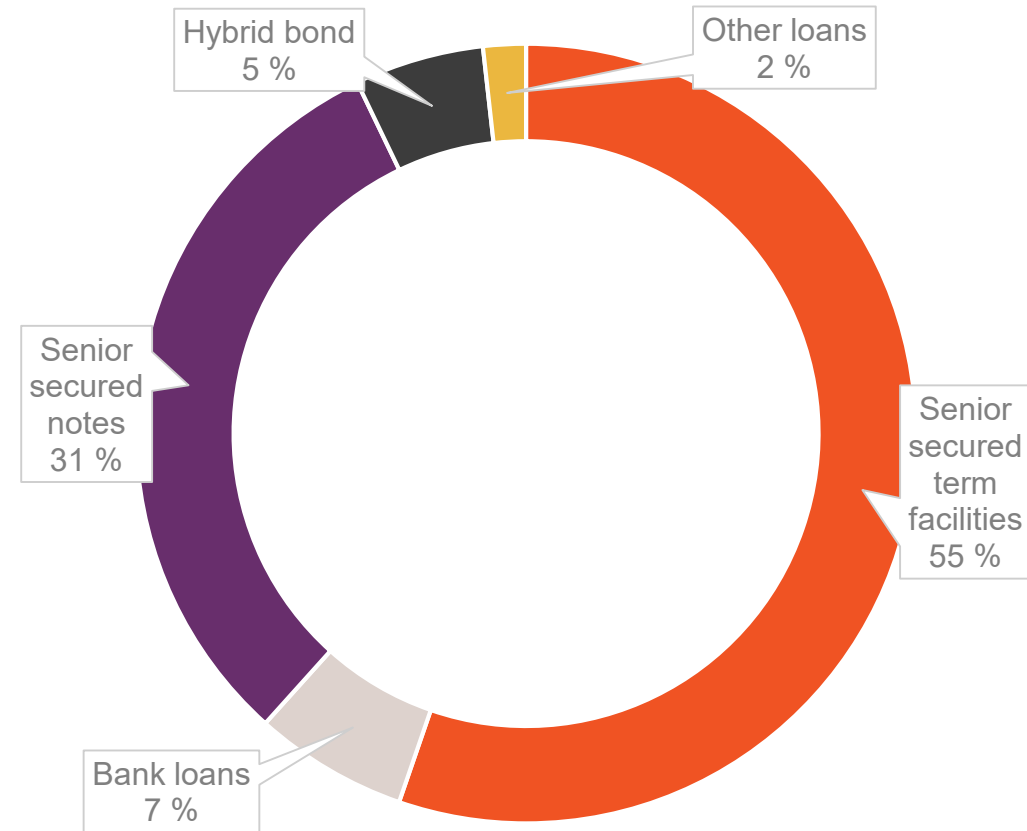
Stable net indebtedness of EUR 1,731 million and net indebtedness to adjusted EBITDA ratio 3.8



Debt structure as of June 30, 2021

- Financing of the Ahlstrom-Munksjö acquisition
 - Senior secured term facilities and two secured notes, maturing in 2028
- Assumed EUR 1,159 million of Ahlstrom-Munksjö Oyj debt mainly refinanced and repaid
 - EUR 100 million hybrid bond redeemed in July 2021
 - EUR 250 million unsecured notes redeemed in April 2021
- Cash and cash equivalents EUR 182 million on June 30, 2021
- Interest expense (LTM) EUR 88 million
- No major refinancing needs until 2027-28
- Renegotiated factoring facility to EUR 300 million

Interest-bearing liabilities as of June 30, 2021



Conclusions

- Comparable EBITDA and margin improved
- Sales prices were raised to offset rapidly increased raw material costs
- Investment decision to expand Glass Fiber Tissue business
- Good progress in transformation initiatives

