

Ahlstrom-Munksjö Holding Q3/2021 Results

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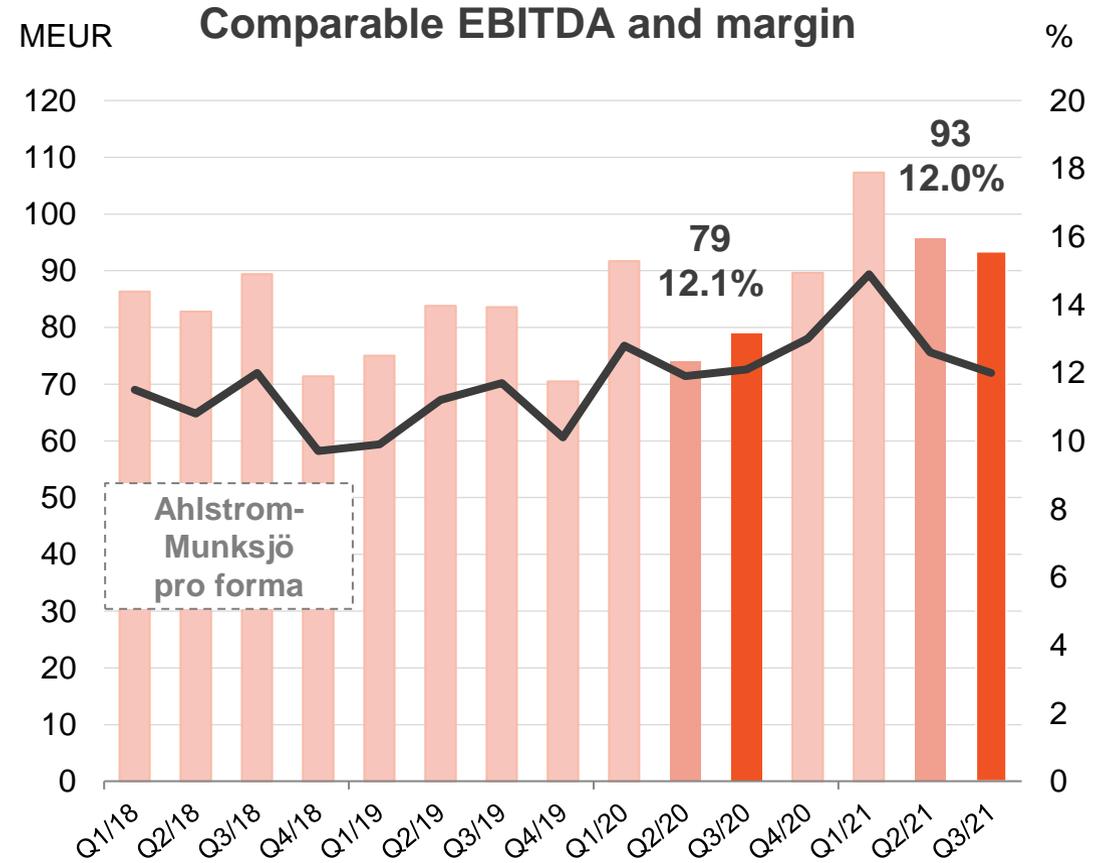
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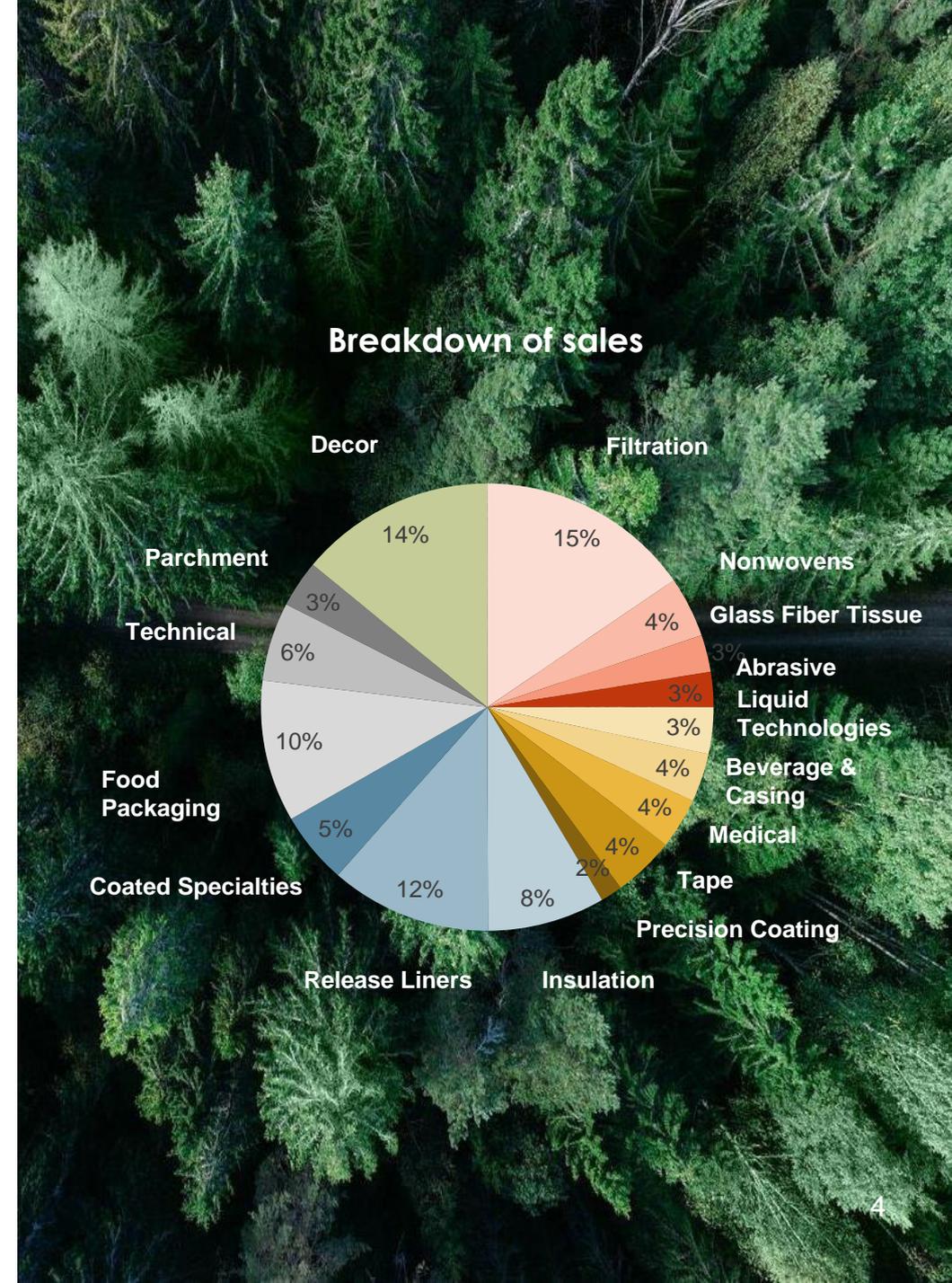
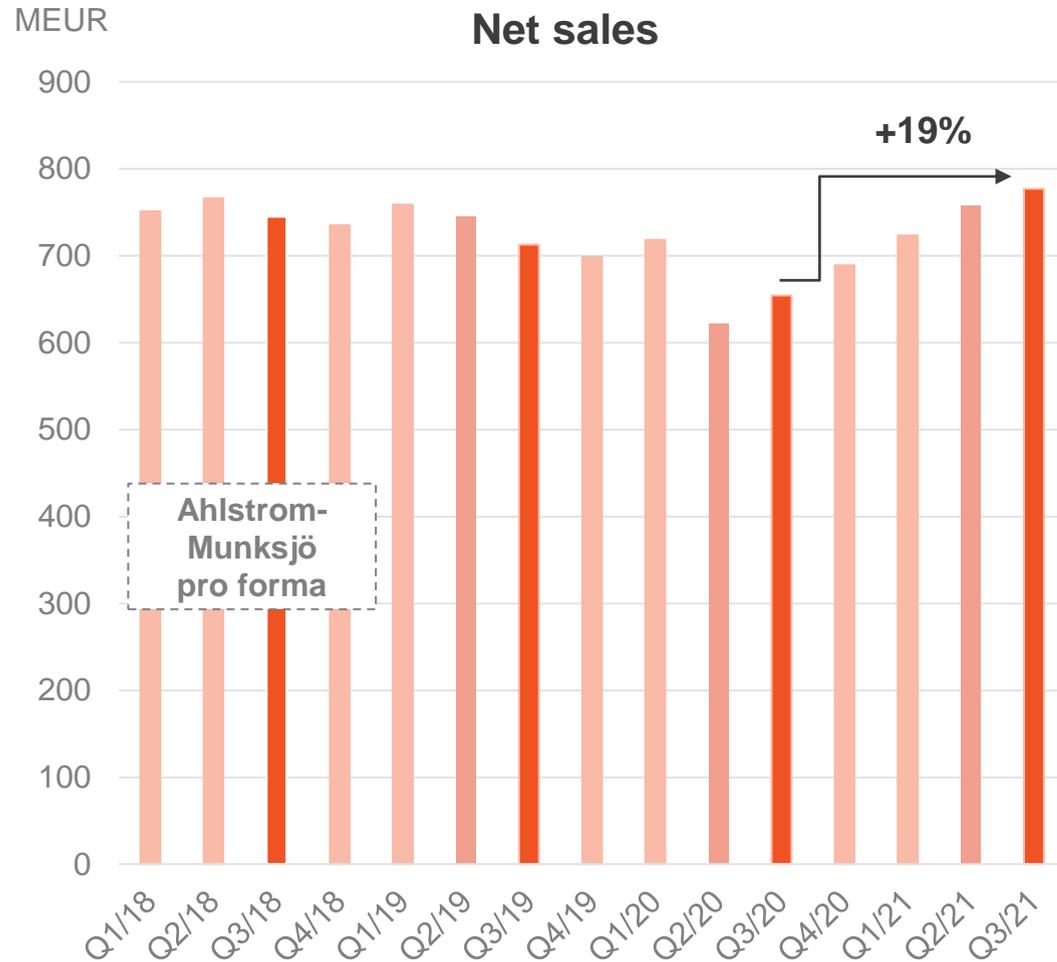


Business highlights Q3/2021

- Improved comparable EBITDA and stable margin
- Sales prices were raised to offset increased raw material costs
- Demand continued on a high level
- Good progress in transformation related development projects
- Additional profit improvement opportunities identified, raising the total opportunities to above EUR 230m from the initially identified amount of above EUR 200m
- Agreement to acquire 60% of Chinese decor paper producer Minglian New Materials Technology



Net sales increased in Q3/2021 – exceeding pre-pandemic level



Agreement to acquire 60% of Chinese decor paper producer Minglian New Materials Technology

Agreement to acquire 60% of Chinese decor paper producer Minglian New Materials Technology Co., Ltd.

State-of-the-art decor paper plant in the city of Xingtai, Hebei Province, China

Annual production capacity approx. 50,000 tons compared to Ahlstrom-Munksjö's decor paper production capacity of some 210,000 tons

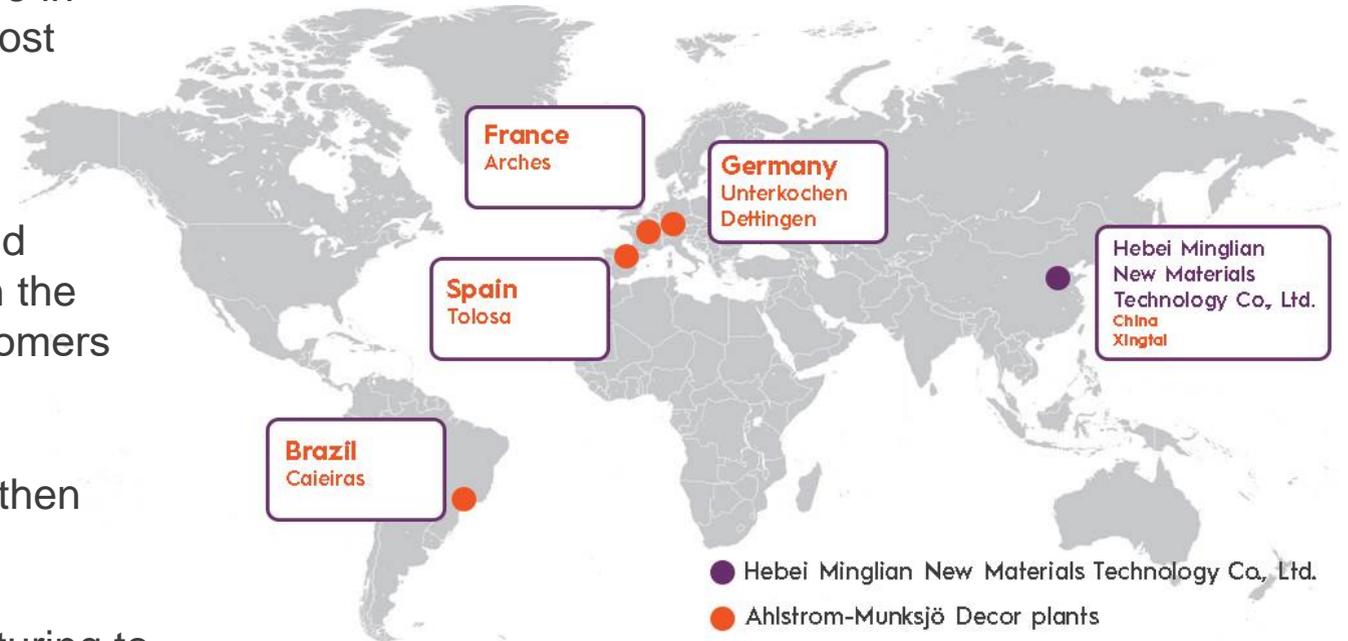
A non-binding letter of intent with the majority shareholders was initially signed in November 2019

The transaction is expected to be completed during the fourth quarter of 2021

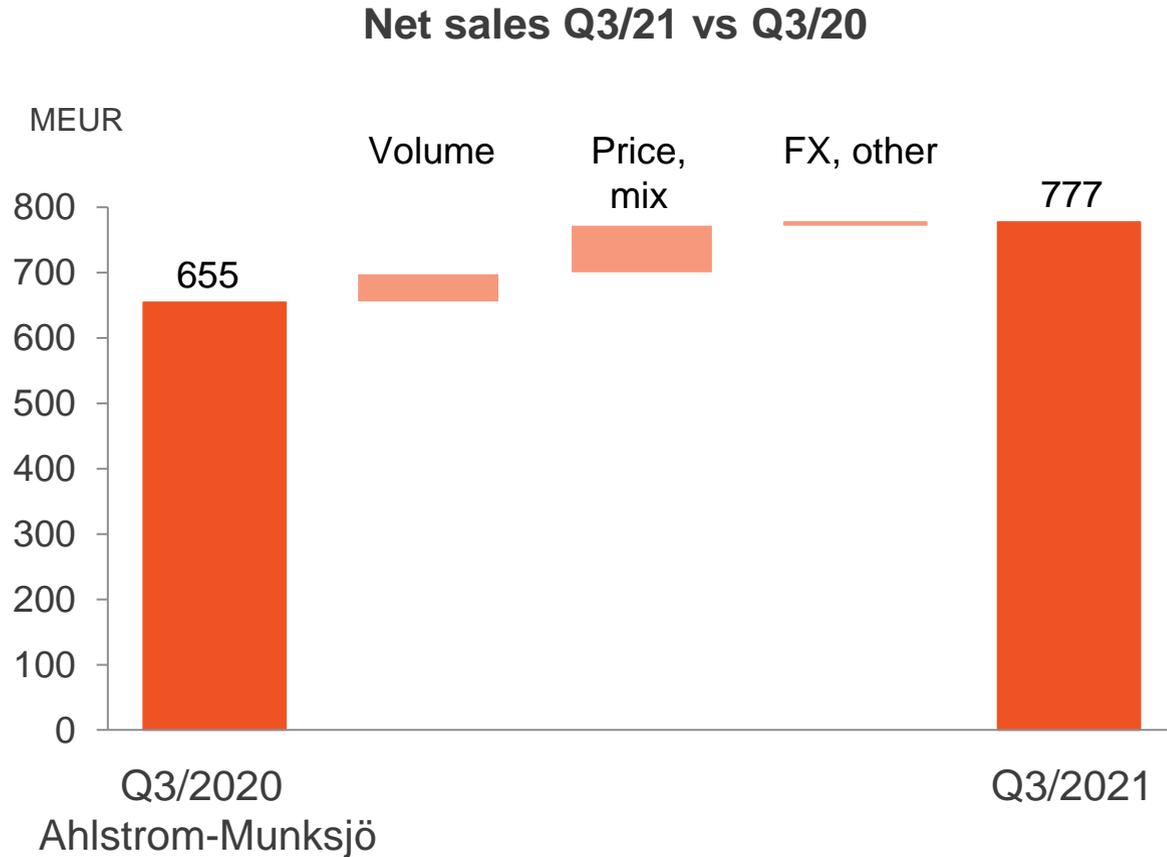


Creating a global leader with strong presence in the world's largest markets

- Creating a global leader with strong presence in Europe, Americas and Asia, and improved cost competitiveness
- Leverage Ahlstrom-Munksjö brand and capabilities in the large and growing high-end decor paper market in China and strengthen the company's ability to serve international customers
- Ahlstrom-Munksjö will provide technical and operational expertise to Minglian and strengthen Minglian's customer offering and service
- Minglian provides cost competitive manufacturing to the combined Decor business platform and opportunities to optimize production



Higher sales prices and volumes boosted net sales

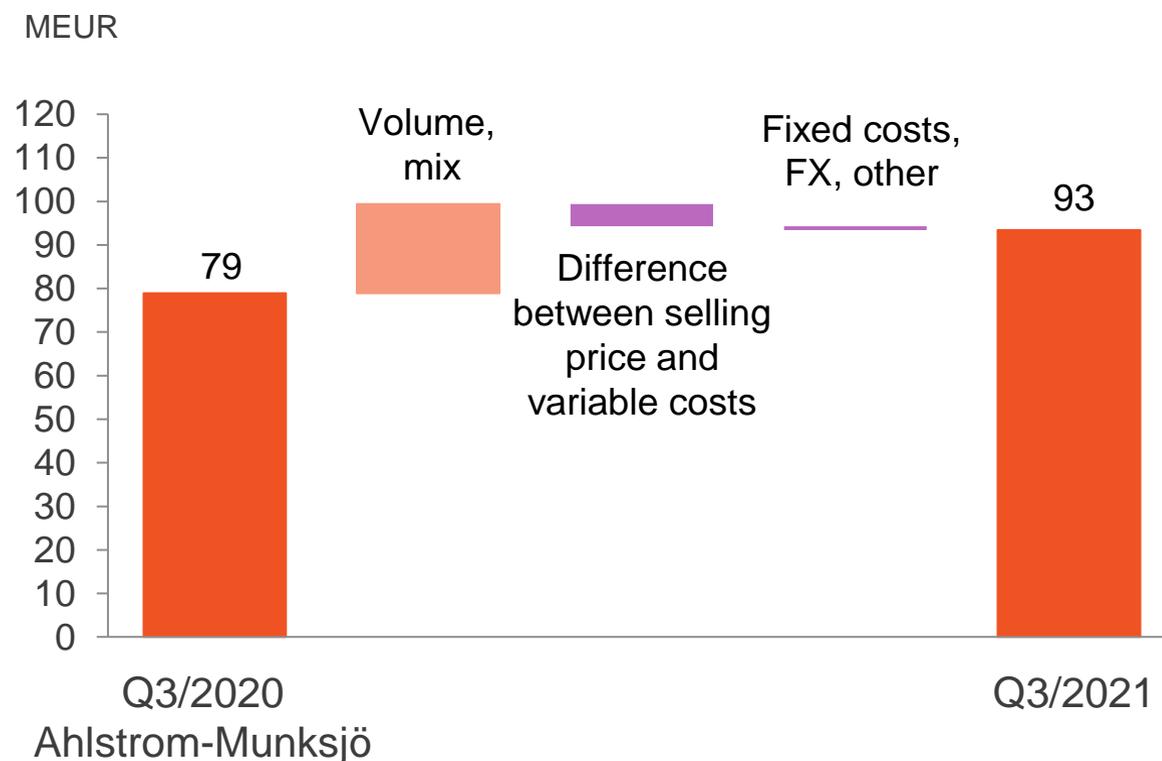


Net sales impacted by:

- Selling prices +11%
- Delivery volumes +6%
- Mix +1%

Comparable EBITDA improved on higher volumes

Comparable EBITDA Q3/21 vs Q3/20

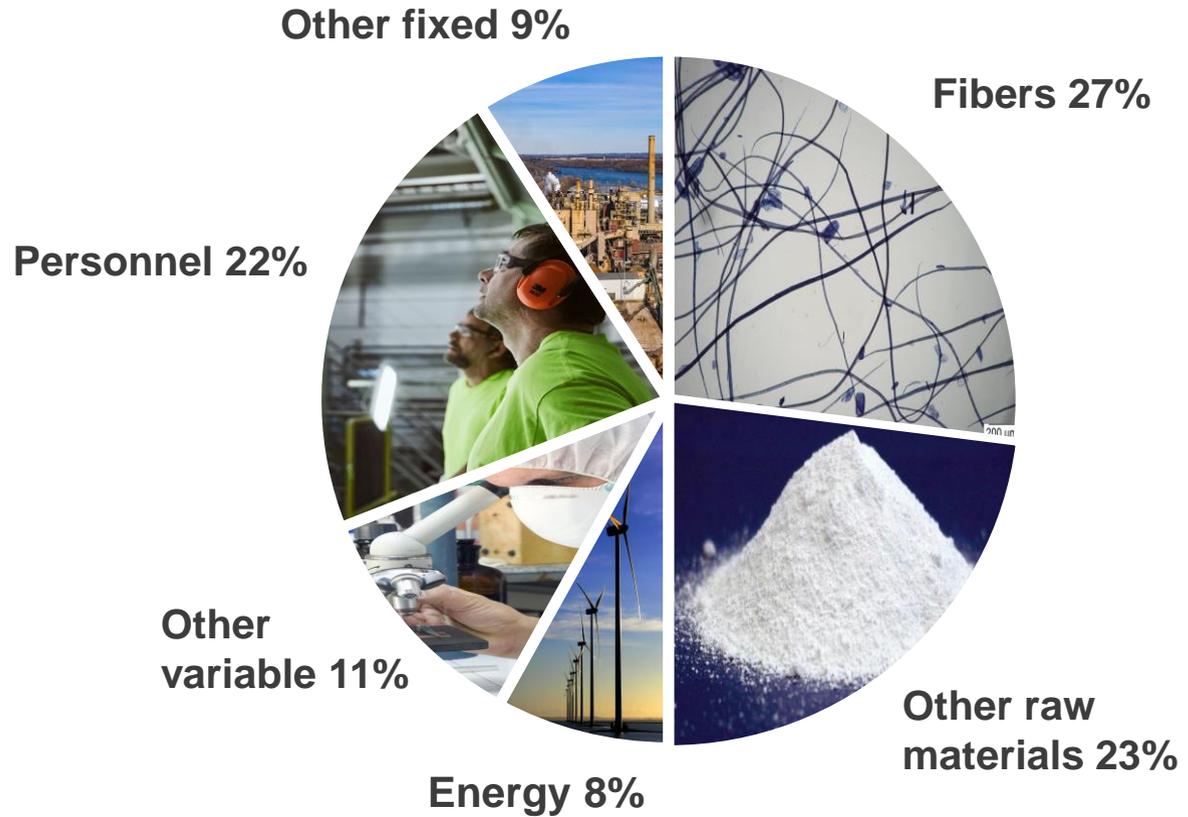


EBITDA impacted by:

- Higher sales volumes
- Higher selling prices and improved variable cost efficiency almost offset the negative impact of higher input costs

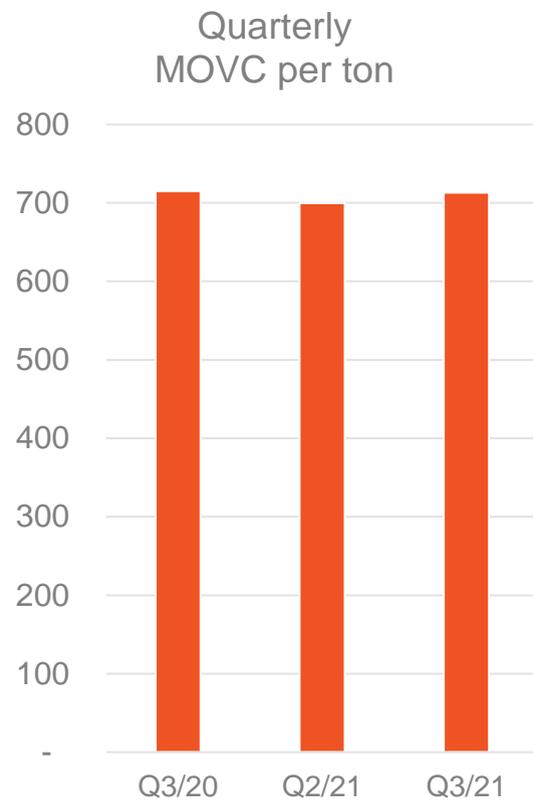
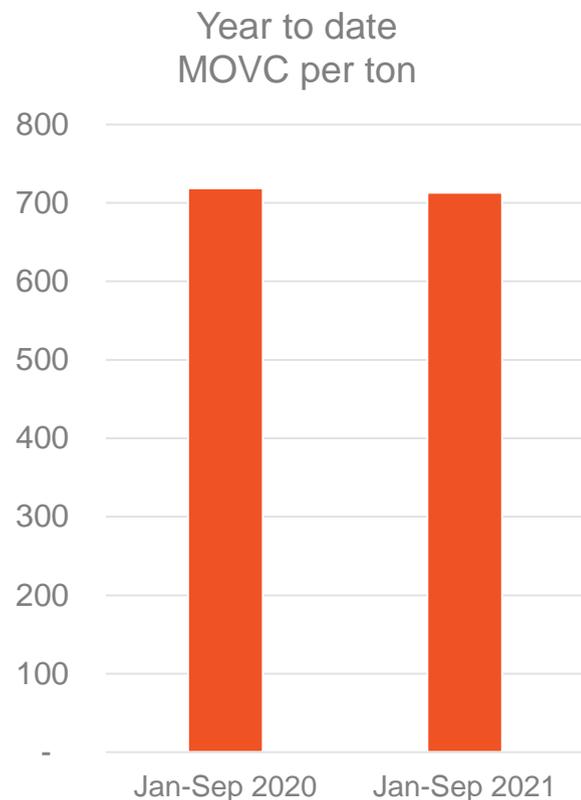


Breakdown of operating costs January – September 2021



- Significant increase in variable costs partly offset by cost efficiency measures
- Limited operational disruption from difficult supply situation of certain raw materials and availability of transport

Input cost increases offset by efficiency measures and selling price increases



- MOVC per ton had only a slight decline in 2021, despite the sharp increases in input costs

MOVC per ton adjusted for IAC



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

MEUR (LTM)	Q3/2021	Q2/2021
Comparable EBITDA pro forma	386,4	372,0
Pro forma FX impact	-0,2	-0,1
Comparable EBITDA	386,2	371,9
One off and other adjustments	0,8	2,1
COVID-19 normalization	0,8	2,4
FY estimate of 2020 initiatives	0,1	5,0
FY 2021 impact	46,2	54,1
FY 22 impact	45,7	18,8
Adjusted EBITDA	479,8	454,3

Adjusted EBITDA for the last twelve months ending September was EUR 26 million higher compared to end of June

The increase is driven by higher comparable EBITDA and additional profit improvement initiatives in 2022



Q3/2021 operating cash flow impacted by IACs – net indebtedness remained stable

MEUR 7	Q3/2021	Q1-Q3/2021
EBITDA	70.5	171.6
Change in net operating working capital	2.7	-34.6
Interest paid	-18.9	-61.7
Taxes paid	-4.7	-22.7
Adjustments, other	-3.5	-14.5
Net cash from operating activities	46.1	38.1
Acquisition of Ahlstrom-Munksjö	-	-1,577.4
Capital expenditure excluding acquisitions	-38.1	-86.0
Other	0.8	1.1
Net cash from investing activities	-37.3	-1,662.3
Equity contribution	-	1,084.6
Return of equity, dividends paid	-17.4	-19.9
Changes in loans and other financing	29.4	730.9
Net cash from financing activities	11.9	1,795.4
Net change in cash	20.7	171.3

Operating cash flow impacted by IACs of EUR -23m relating to transformation initiatives

Unchanged working capital

Increase in capex

Stable free cash flow of EUR 74m and cash conversion of 79% vs Q2

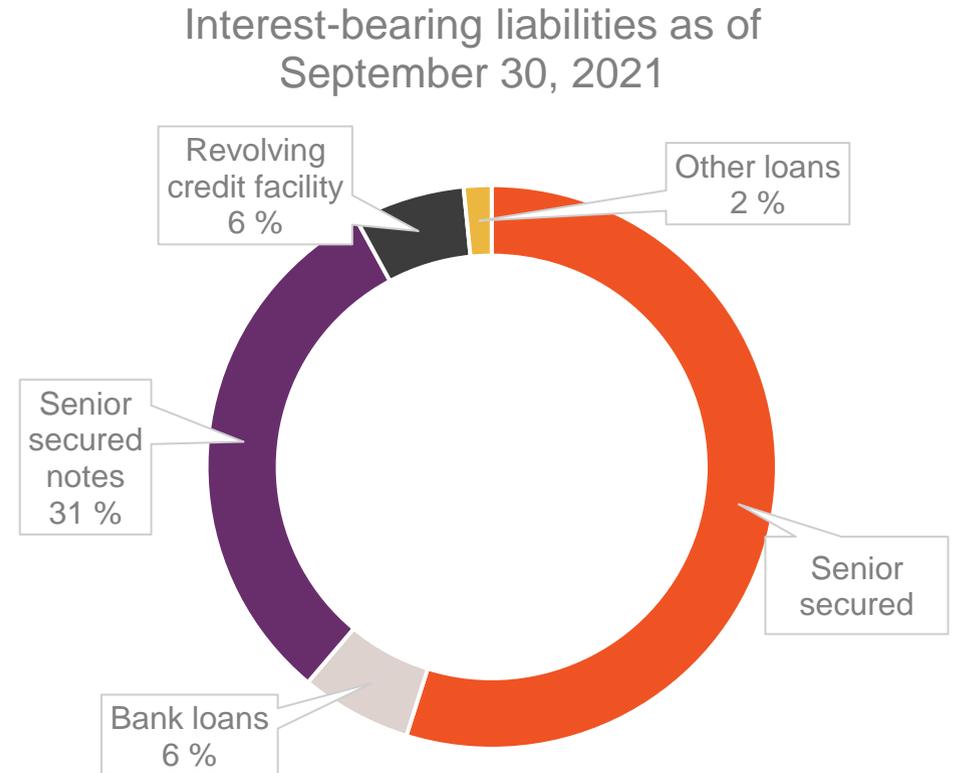
Unchanged net indebtedness of EUR 1,744m compared to end of June

Lower net indebtedness to adjusted EBITDA ratio of 3.6 compared to end of June



Debt structure as of September 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
 - EUR 250 million unsecured notes redeemed in April
- Renegotiated factoring facility to EUR 300 million in Q2
- Net interest expense EUR 27 million in Q3 2021
- Cash and cash equivalents EUR 203 million on September 30, 2021
- Completed a syndicated bank facility in the amount of EUR 282 million under the senior secured facilities agreement in November
 - Proceeds to fund the redemption price of the shares not tendered and as additional liquidity on balance sheet
- No major refinancing needs until 2027-28



Conclusions

- Solid comparable EBITDA in the third quarter and for the first nine months
- Customer demand continued on a high level
- Active selling price management offset cost inflation
- Net indebtedness remained stable
- The agreement to acquire Minglian will create a global leader in decor paper business
- Good progress in transformation related development projects – additional profit improvement opportunities identified





Thank you