



Munksjö Oyj

Interim Report January–June 2013
Helsinki, 22 August, 2013
Jan Åström, President and CEO



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

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

3 **Business Area performance**

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Creating a global leader in specialty paper

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

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



Approximately 3,000 employees and 15 production facilities in Europe, China and Brazil*

Creating high-value-added products through an experienced manufacturing network and strong R&D capabilities

Well positioned to secure long-term competitiveness and capable of managing a broad range of specialty paper



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

Trading in shares commenced at the Helsinki Stock Exchange on 7 June, 2013

* After the completion of the second phase of the transaction

Business Areas



Munksjö's four Business Areas			
Decor	Release Liners	Industrial Applications	Graphics and Packaging
			
Key products			
<ul style="list-style-type: none"> Decor Paper Pharmaceutical Leaflet Paper 	<ul style="list-style-type: none"> Release Paper Coated Specialties Specialty Pulp 	<ul style="list-style-type: none"> Abrasive Backings Electrotechnical Paper Spantex® Interleaving Paper Fine Art Paper 	<ul style="list-style-type: none"> Flexible Packaging Paper Metallizing Paper Graphic and Industrial Paper
Share of sales, pro forma II* for H1 2013***			
 32%	 39%	 13%	 16%
Share of EBITDA adj.** , pro forma II* for H1 2013***			
 49%	 26%	 22%	 3%

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



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Interim report January–June 2013



Net sales	MEUR 362.5 (301.7)	↑	+20.2 %
EBITDA (adj.*)	MEUR 28.0 (23.4)	↑	+19.7 %
Operating profit (adj.*)	MEUR 13.3 (11.2)	↑	+18.8 %
Operating profit	MEUR -17.3 (8.6)	↓	

* Adjusted for non-recurring items

January–June 2013:

First phase of combination completed, business performing steadily



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Key figures (MEUR) (reported)	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Net sales	208.0	154.1	362.5	301.7	607.1
EBITDA (adj.*)	16.5	11.4	28.0	23.4	42.3
EBITDA margin, (adj.*)	8.0%	7.4%	7.7%	7.8%	7.0%
Operating profit	-19.3	2.9	-17.3	8.6	7.5
Operating profit (adj.*)	8.3	5.2	13.3	11.2	16.9
Net profit	-22.0	0.0	-23.9	0.9	-10.4
EPS (EUR)	-1.0	0.0	-1.4	0.0	-0.9
Interest-bearing net debt	268.2	249.7	268.2	249.7	217.3
Gearing, %	68.9%	119.9%	68.9%	119.9%	108.9%

Key figures (pro forma II)**	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Net sales	299.6	298.1	590.0	585.1	1 154.6
EBITDA*** (adj.*)	16.3	18.4	35.2	40.1	76.5

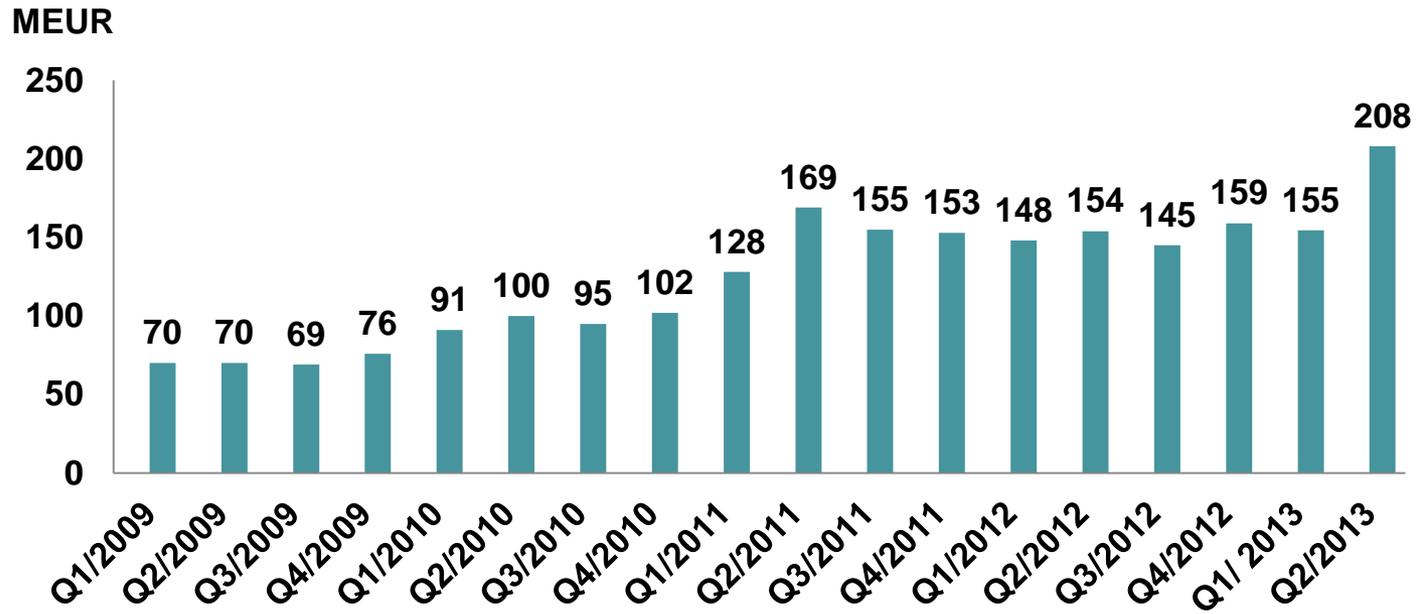
* Adjusted for non-recurring items

** Pro forma figure includes both the European and Brazilian operations of Ahlstrom's Label and Processing business area

*** Does not include stand alone cost savings or synergy benefits



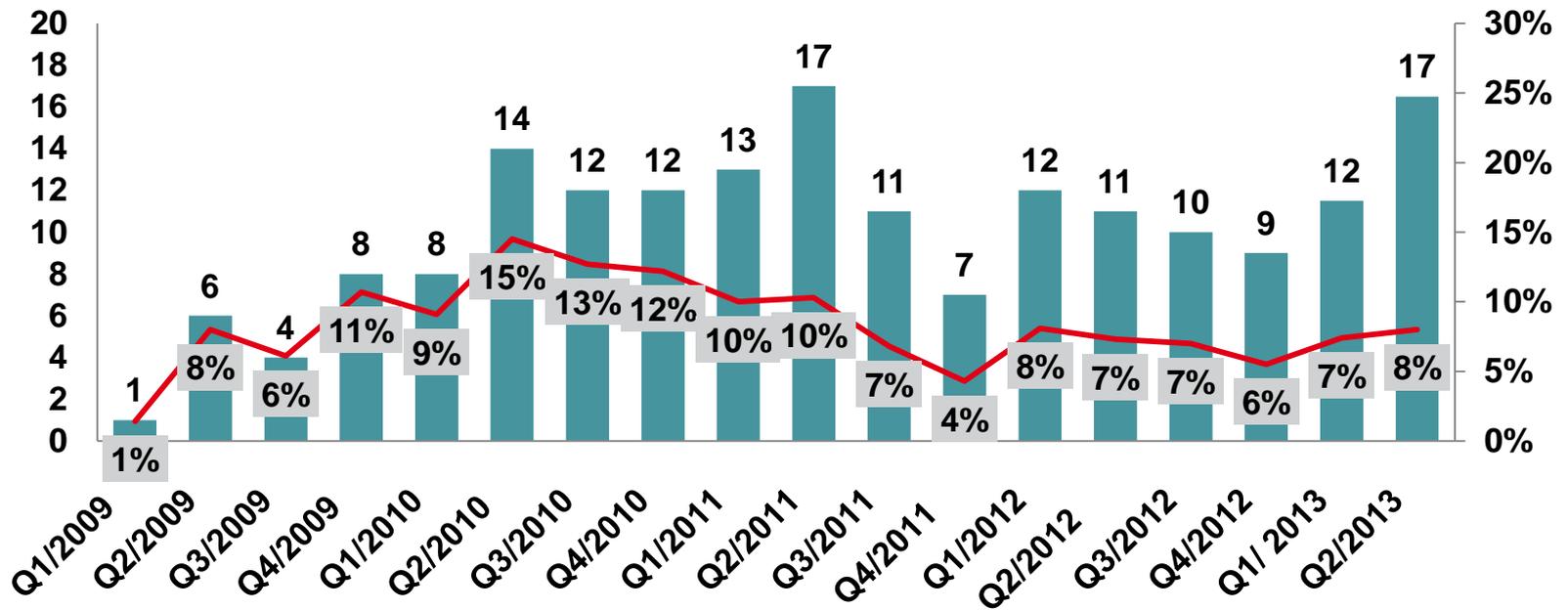
Net sales development 2009–2013





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

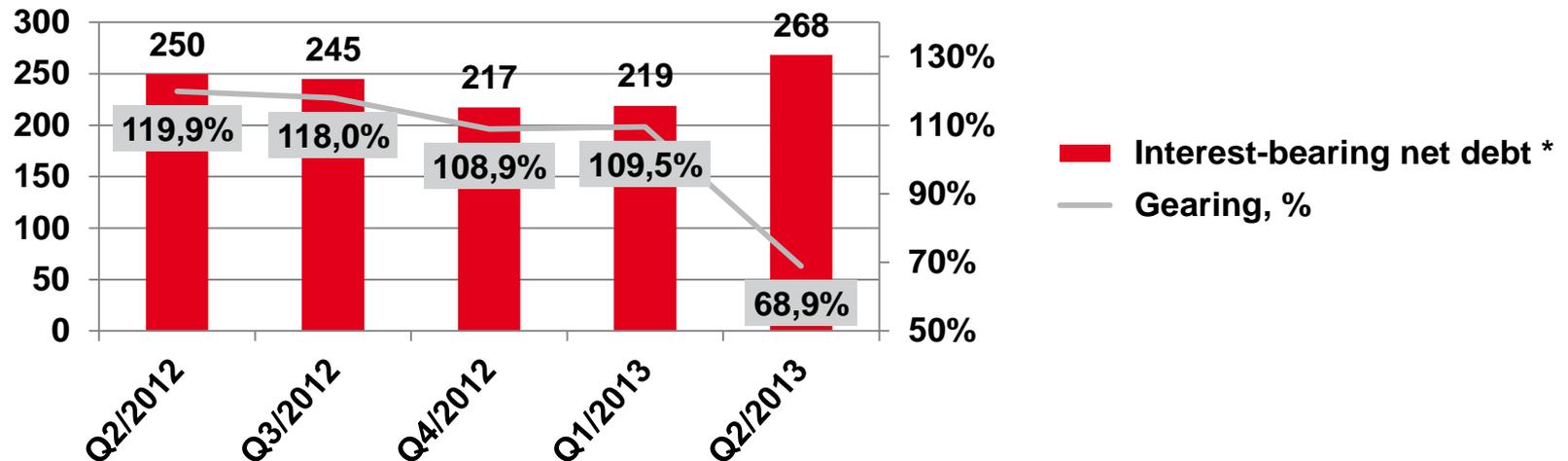
MEUR



* Adjusted for non-recurring items

Net debt and financing

MEUR



- New Term and Revolving Credit Facility of MEUR 365 signed as part of the completion of the first phase of the business combination
- Pro forma II-gearing including all assets and liabilities related to Coated Specialties would be approximately 10 per cent lower than the reported gearing

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



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Business Area Decor



Key figures (MEUR)	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Deliveries, tonnes	45 900	40 900	90 500	79 800	166 500
Net sales	95.5	91.3	191.5	178.6	368.4
EBITDA (adj.*)	9.4	6.3	19.0	14.6	30.3
EBITDA margin (adj.*)	9.9%	6.9%	9.9%	8.2%	8.2%

* Adjusted for non-recurring items

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

- Volume and net sales growth mostly outside Europe during Q2
- Price levels remained relatively stable in Europe during H1, market prices fell slightly compared to H1/2012
- Average prices decreased marginally during H1 because of a less favourable product and geographical mix



Business Area Release Liners

Key figures (MEUR)	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Deliveries, tonnes	67 000	43 500	111 500	91 600	184 600
Net sales	53.1	24.9	76.5	50.0	98.2
EBITDA (adj.*)	4.0	3.3	3.8	4.1	4.8
EBITDA margin (adj.*)	7.6%	13.1%	5.0%	8.1%	4.9%

Pro forma II key figures ***	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Deliveries, tonnes	126 600	133 223	253 263	266 346	520 882
Net sales	118.6	123.1	230.7	241.5	467.2
EBITDA** (adj.*)	4.7	10.2	10.1	18.9	35.7

* Adjusted for non-recurring items ** Does not include stand-alone cost savings or synergy benefits **** Includes LP Europe and Coated Specialties from 1 January, 2012

- Global market continued to be characterised by intense competition, mainly in Asia, and slack demand in Europe during H1
- Cost structure for paper production was adversely affected in H1, particularly by the increased price of short-fibre pulp and energy
- Price increases made during Q2



Business Area Industrial Applications

Key figures (MEUR)	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Deliveries, tonnes	21 800	20 500	42 100	39 900	76 100
Net sales	42.1	40.6	80.1	77.7	148.2
EBITDA (adj.*)	5.0	4.9	8.7	9.2	12.2
EBITDA margin (adj.*)	12.0%	12.2%	10.9%	11.9%	8.2%

* Adjusted for non-recurring items

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

- Net sales increase in H1 mainly due to growing volumes, particularly in abrasive and interleaving papers
- Market prices remained stable during H1
- Increase in volumes was not fully reflected in the financial performance, because of a less favourable product mix and thus lower average prices in H1



Business Area Graphics and Packaging

Key figures (MEUR)	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Deliveries, tonnes	17 400	-	17 400	-	-
Net sales	20.8	-	20.8	-	-
EBITDA (adj.*)	0.3	-	0.3	-	-
EBITDA margin (adj.*)	1.4%	-	1.4%	-	-

Pro forma I & II key figures ***	Q2/2013	Q2/2012	H1/2013	H1/2012	FY 2012
Deliveries, tonnes	40 700	37 457	79 302	74 199	142 289
Net sales	47.0	45.8	94.3	91.9	178.4
EBITDA** (adj.*)	-0.6	0.3	1.2	2.1	3.7

* Adjusted for non-recurring items ** Does not include stand-alone cost savings or synergy benefits
 *** Includes LP Europe from 1 January, 2012, Coated Specialties does not impact this business area.

- Demand showed no signs of growth during H1 in the largest geographic markets
- Price increases announced at the end of Q2 and action programme to substantially improve profitability is currently under preparation for deployment during the third quarter



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Outlook for 2013



- Market trends and the demand for Munksjö's Release Liners and Graphics and Packaging products are expected to remain challenging for the rest of the year.
- Profits in the third quarter will be affected by the planned shutdown of production facilities in the summer, which will be similar in duration to last year. A range of pre-defined maintenance operations will be completed during the shutdown.
- Financial performance during the second half of the year will be impacted by non-recurring costs arising from the efforts to achieve the foreseen synergy benefits and the programme to improve profitability in the Graphics and Packaging business area.



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Q&A



Munksjö's financial information publications in 2013 and 2014:

Interim report Jan–Sept

Tuesday 19 November, 2013

Full year report 2013

Thursday 13 February, 2014

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