

Munksjö Oyj Interim report January-March 2015



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Helsinki, 29 April 2015
Jan Åström, President and CEO



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1 **Key financials for Q1/2015**

2 **Business Area performance**

3 **Outlook**

4 **Q&A**

Key figures



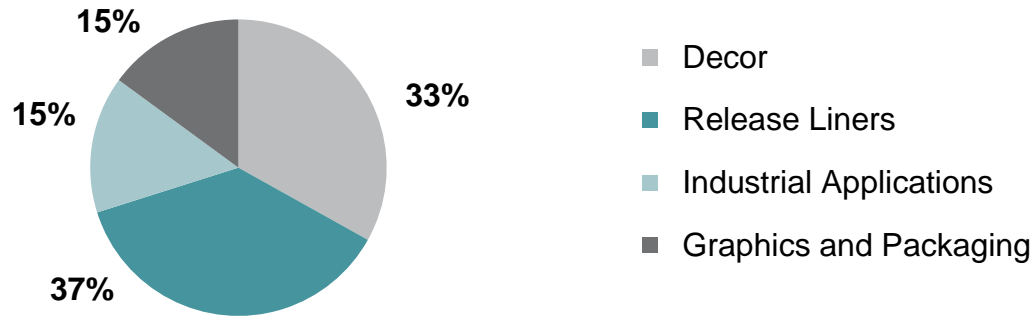
MEUR	Q1/2015		Q1/2014	FY 2014
Net sales	280.2	↓	287.9	1,137.3
EBITDA (adj. *)	26.5	↓	27.4	105.0
EBITDA margin, (adj. *)	9.5%	→	9.5%	9.2%
EBITDA	26.5	↑	26.4	99.4
EBITDA margin	9.5%	↑	9.2%	8.7%
Operating result (adj. *)	13.2	↓	13.7	51.0
Operating result	13.2	↑	12.7	45.4
Net result	9.7	↑	4.3	7.7
EPS (EUR)	0.19	↑	0.08	0.14

- Currency hedge losses of EUR 2.4 (0.1) million and costs of EUR 0.6 (0.0) million related to the share-related incentive programme were recorded in segment *Other* in the first quarter
- The currency hedge loss was more than compensated for by exchange gains on financial assets and liabilities of EUR 5.5 (-1.1) million

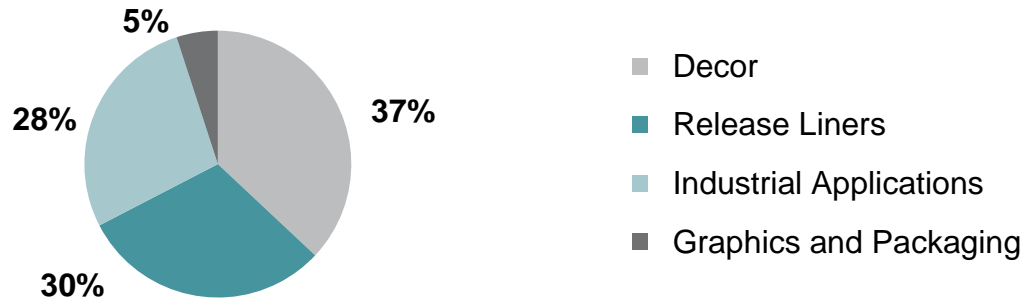
* Adjusted for non-recurring items

Business Area overview for Q1/2015

Share of net sales for Q1/2015*



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

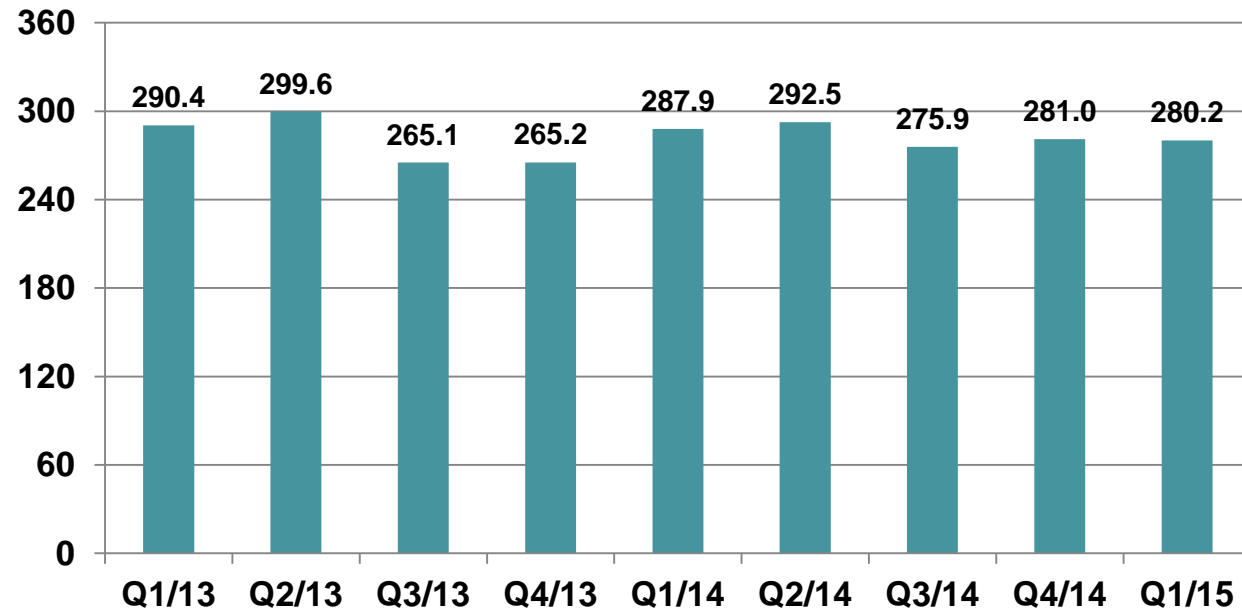


* Excluding segment Others and internal eliminations ** Adjusted for non-recurring items



Net sales development

MEUR

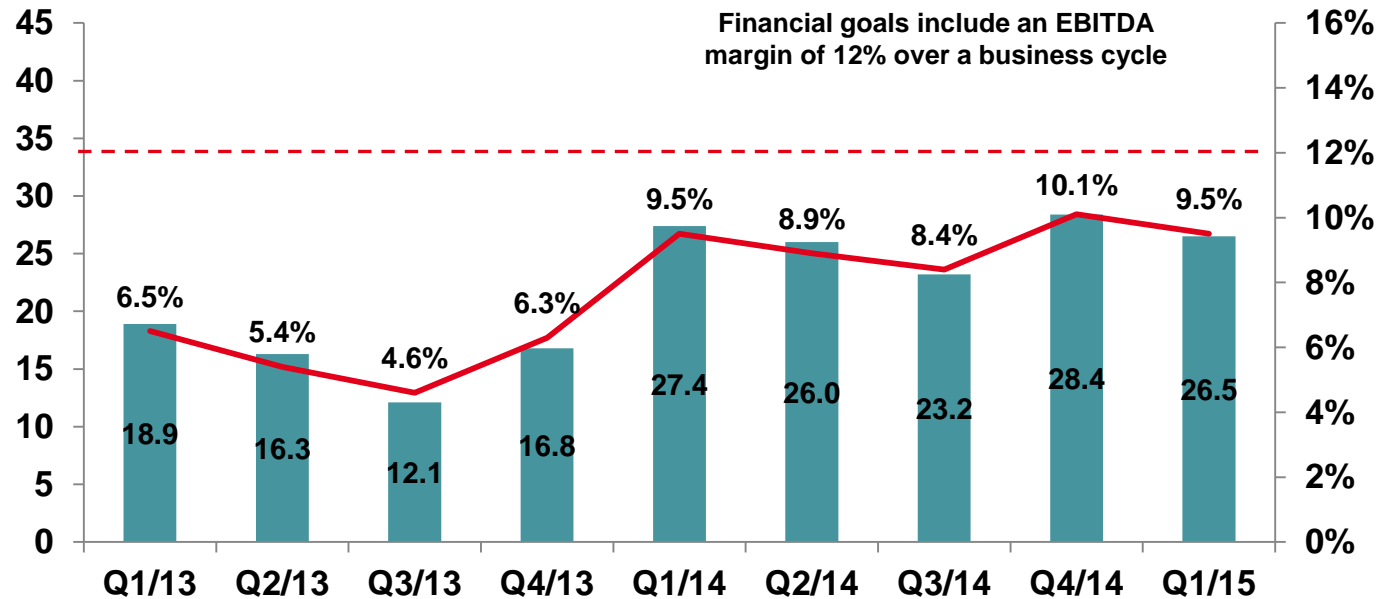


Pro forma figures for the period Q1-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



EBITDA (adj.*) and margin development

MEUR

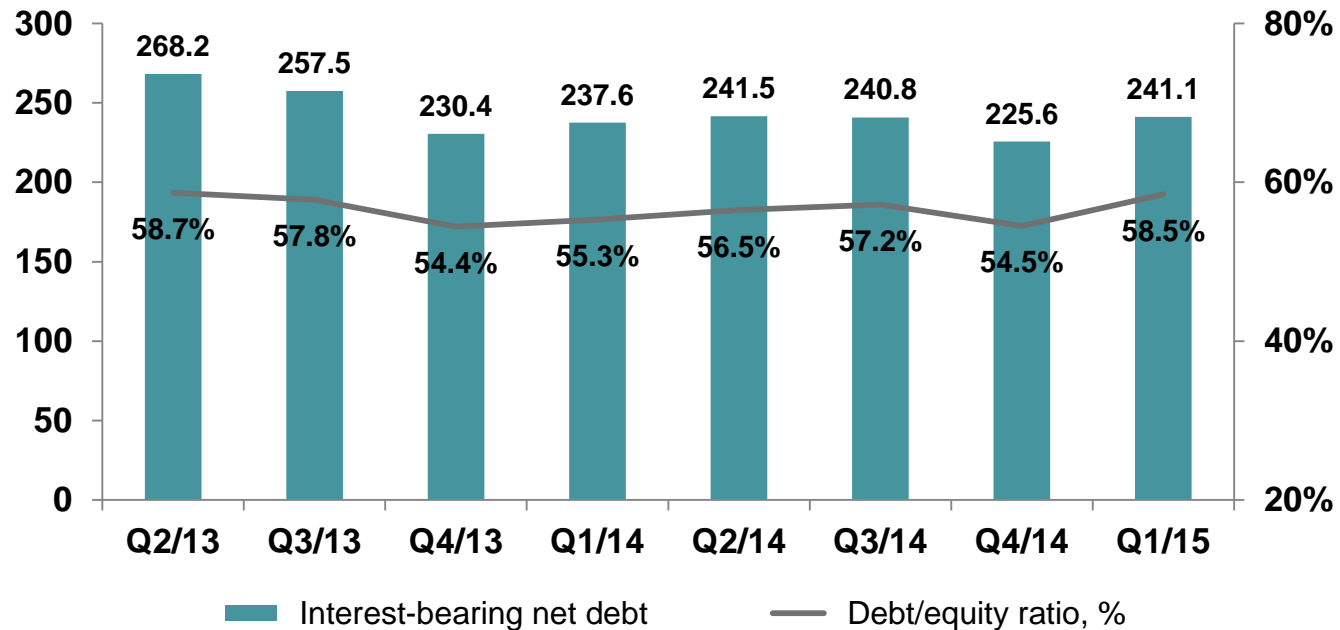


* Adjusted for non-recurring items

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

Net debt and gearing development

MEUR



At the end of Q1/15 weighted average interest rate was approximately 2.4 per cent (end of Q1/14: 4.3 per cent)

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



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2 Business Area performance

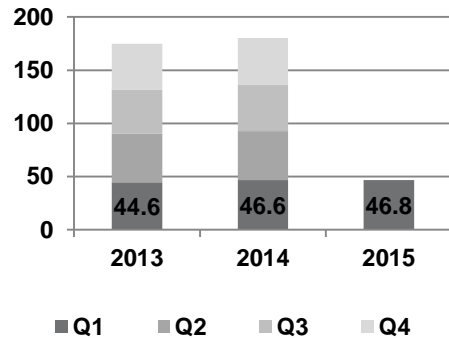
3 Outlook

4 Q&A

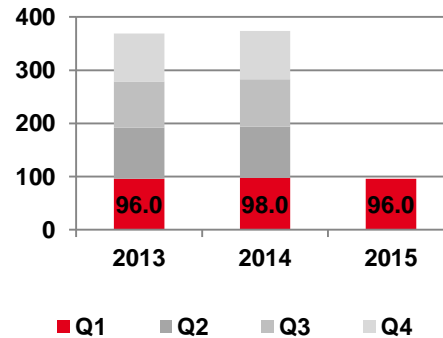


Business Area Decor

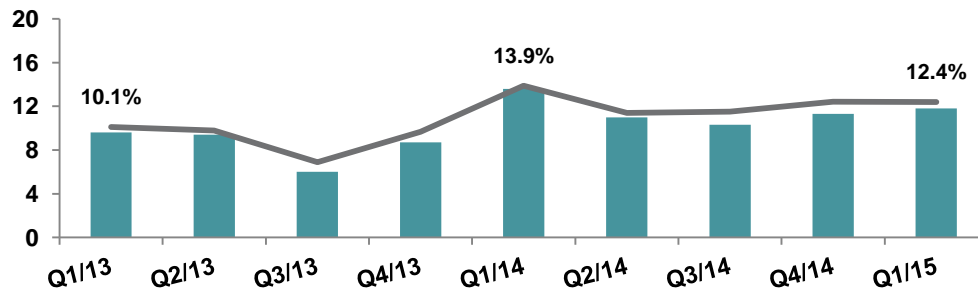
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



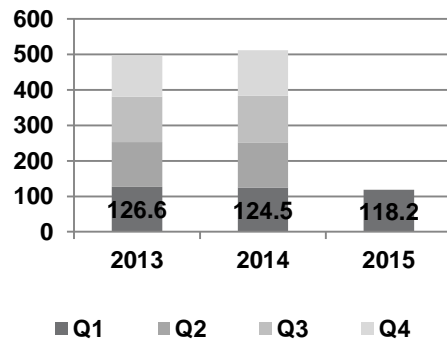
- Demand and delivery volumes remained stable
- Average price lower, mainly a result of a less favourable product and geographic mix, but also selective price adjustments made during Q4/14
- Profitability negatively affected by lower average price and adjustment of inventory levels
- The negative result effect was not fully compensated by the positive result effect of lower raw material costs, driven mainly by lower price of titanium dioxide

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

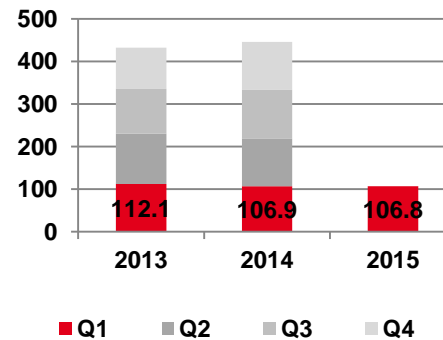


Business Area Release Liners

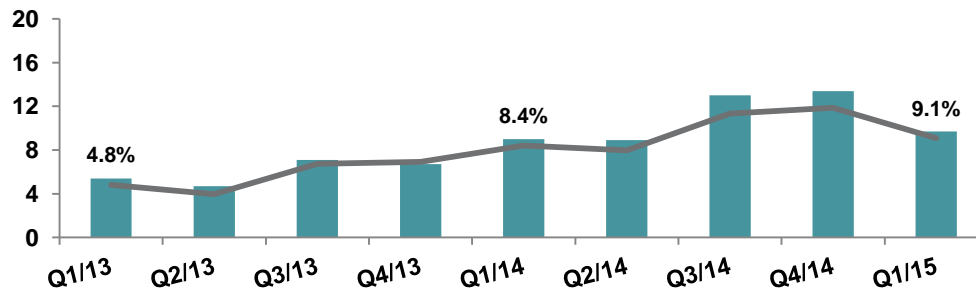
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %

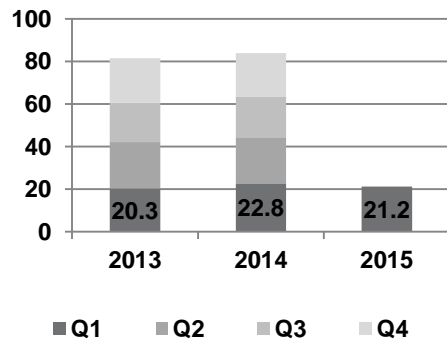


- Total delivery volumes decreased
- Volumes on same level for the European paper business and lower for pulp business due to inventory build-up to secure service level during maintenance stop in Q2/15. Volumes for Brazilian paper business lower and affected by the weaker market sentiment in Brazil.
- Net sales were stable
- Positive profitability development mainly a result of favourable price development of long fibre pulp deliveries, but also improved production efficiency, which more than compensated for the negative result effect related to lower total delivery volumes and higher price of short fibre pulp
- Currency developments during Q1/15 had a negative result effect on paper business and a positive effect on the pulp business

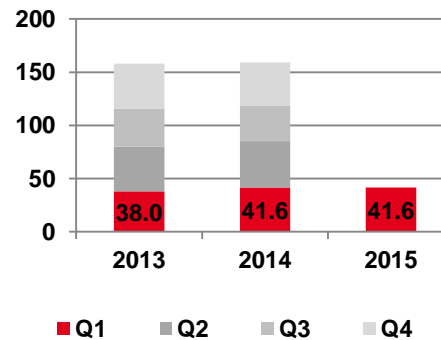
Pro-forma-figures. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.

Business Area Industrial Applications

DELIVERY VOLUMES, KTON

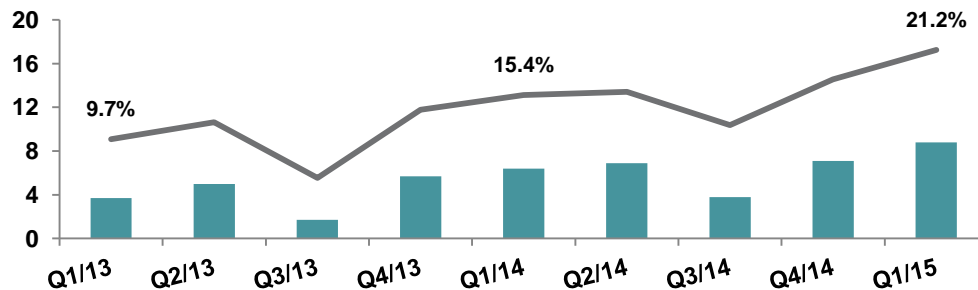


NET SALES, MEUR



- Total delivery volume lower mainly as a result of lower delivery volumes of thin paper
- Net sales stable
- Average price positively affected mainly by a favourable currency development but also affected by changes in the product mix
- The positive result development mainly a result of the higher average price that more than compensated for the negative result effect of lower delivery volumes

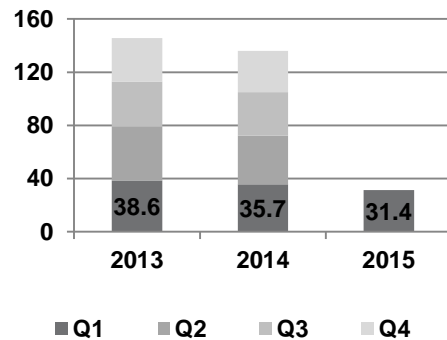
EBITDA (ADJ.) AND MARGIN, MEUR AND %



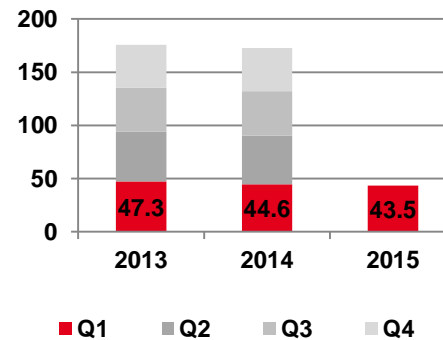
The business combination has not impacted the business area and therefore no pro forma information is presented

Business Area Graphics and Packaging

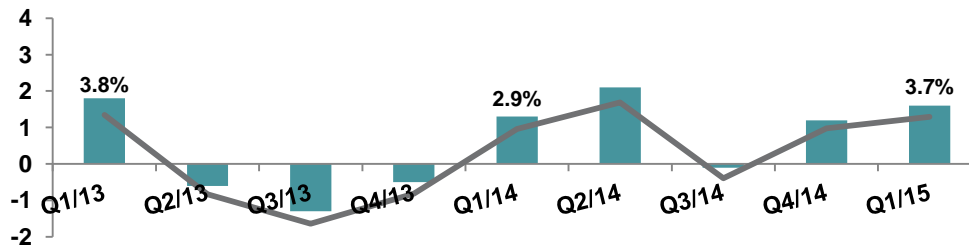
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



- Total delivery volumes decreased, mainly due to changes in the product mix implemented as part of the programme aiming at a substantial improvement of the financial result
- Certain product segments characterized by increased competition
- Net sales decreased as a result of lower volumes. Average price increased as an effect of price increases carried out in 2013 and 2014 and continued adjustments of the product mix.
- The improved product mix and improved operational efficiency more than compensated for the negative result effect of lower delivery volumes and higher pulp price

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



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Outlook



- The demand outlook of specialty paper products for the second quarter of 2015 is stable.
- Prices of Munksjö's specialty paper products in local currency are expected to gradually increase in the second quarter of 2015 compared to the first quarter of 2015.
- As previously communicated, the interval between the maintenance shutdowns at the Aspa facility will be prolonged from 12 to 18 months and the next maintenance shutdown will be implemented in the second quarter of 2015 and the change of interval enters into force thereafter. The effect of the maintenance stop on the result is expected to be around EUR -4 million.
- The annual maintenance and vacation shutdowns in the second and third quarter as well as the seasonal shutdowns at the end of 2015 are expected to be carried out to about the same extent as in 2014.
- The cash flow effect from capital expenditure for fixed assets for 2015 is expected to amount to about two thirds of the depreciation level.



Q&A

➤ Munksjö's interim report for January-June 2015 will be published on Thursday, 23 July 2015

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