

Ahlstrom-Munksjö

Financial Update December 2021

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Overview of Ahlstrom-Munksjö

- **Global leader** in the production of high-performance fiber-based materials for variety of **consumer and industrial** end-uses
- Portfolio comprised of custom-made specialized fiber-based materials with **high degree of differentiation**
 - **Niche markets**
 - **Higher price-point** (€1,000–30,000 per ton) vs. commodity paper (€500)
 - **High barrier to entry** due to technology, high technical service requirement, certifications and long customer qualifications
- Ahlstrom-Munksjö was formed through the **merger of Ahlstrom and Munksjö** in 2017, and has since expanded through the acquisitions of Expera and Caieiras in 2018
- Ahlstrom-Munksjö Holding 3 Oy (previously Spa Holdings 3 Oy), a consortium of Ahlström Capital, funds managed or advised by Bain Capital, Viknum and Belgrano Inversiones, acquired Ahlstrom-Munksjö through the tender offer completed on 4 February 2021

EUR 2,947m¹
Sep-LTM
Net sales

EUR 386m¹
Sep-LTM
Comparable
EBITDA

13.1%¹
Sep-LTM
Comparable
EBITDA margin

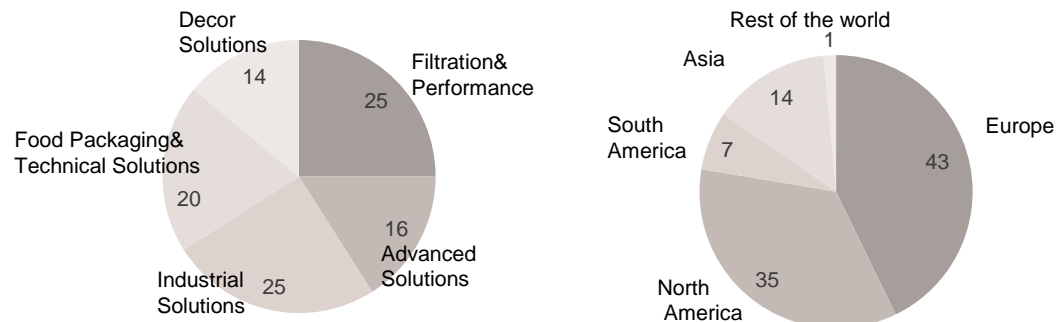
45 plants and
converting sites
in 14 countries

~8,000
employees

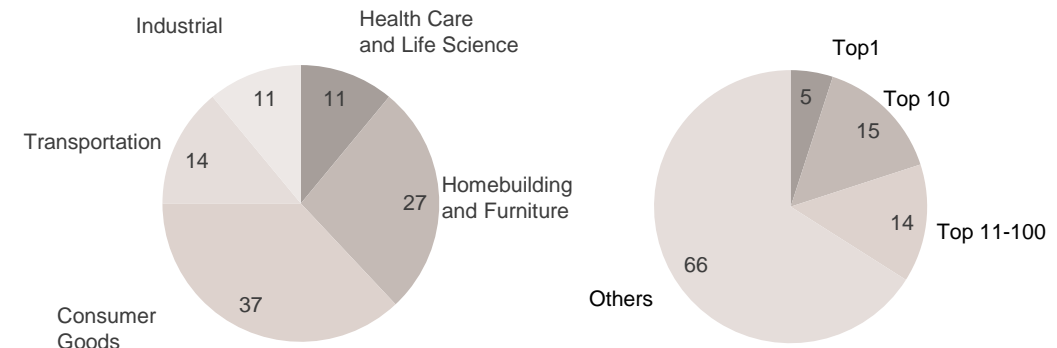
> 6,000
customers in
100+ countries

¹ Q1-Q3/2021 pro forma, Q4/2020 Ahlstrom-Munksjö reported

Breakdown of net sales % (Q1-Q3/2021)



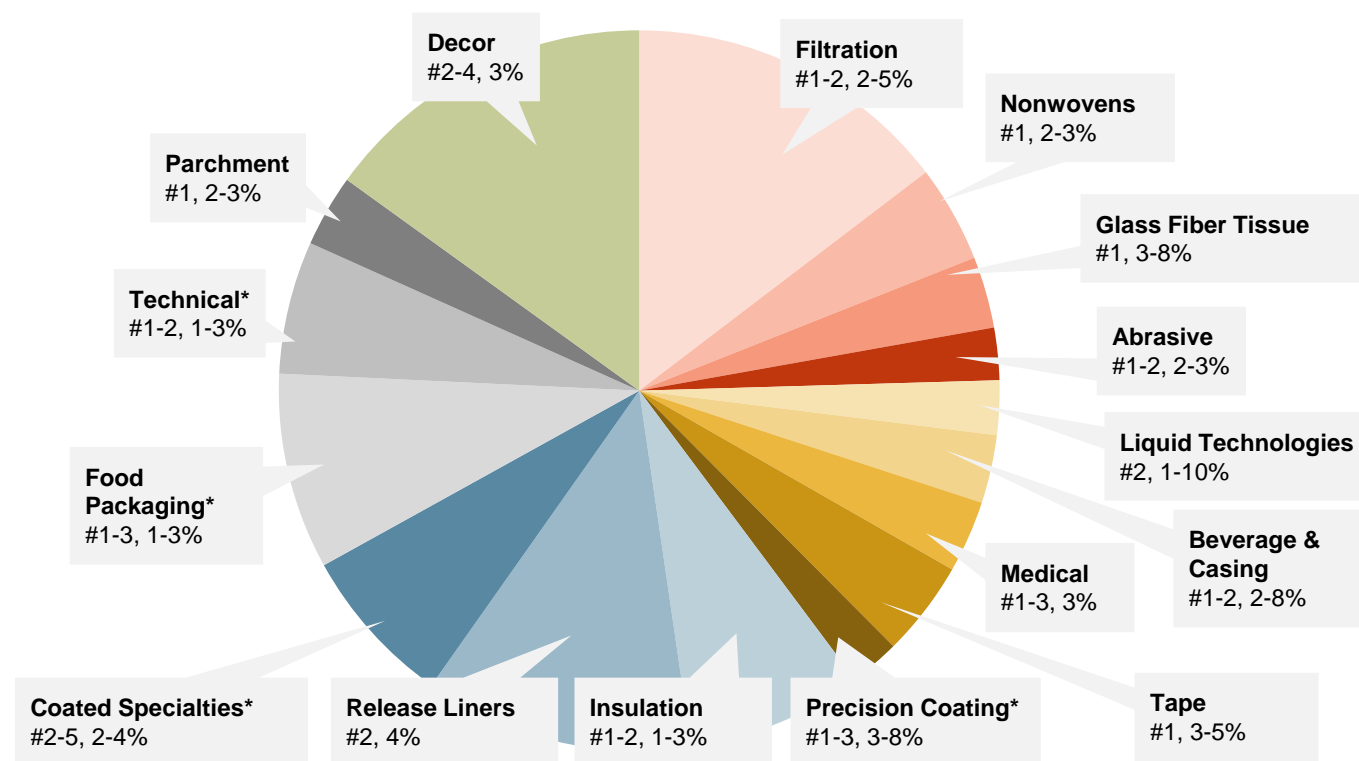
Breakdown of net sales % (2020)



Solid businesses that operate in growing markets

- Leading position in most of the segments where we operate
- Businesses operate in growing markets, serving a variety of consumer and industrial segments
- Balanced geographical exposure to a broad range of end-uses
- Designed sustainable and innovative solutions based on customers' needs
- Common operating platform providing scale advantage

Sales breakdown by business



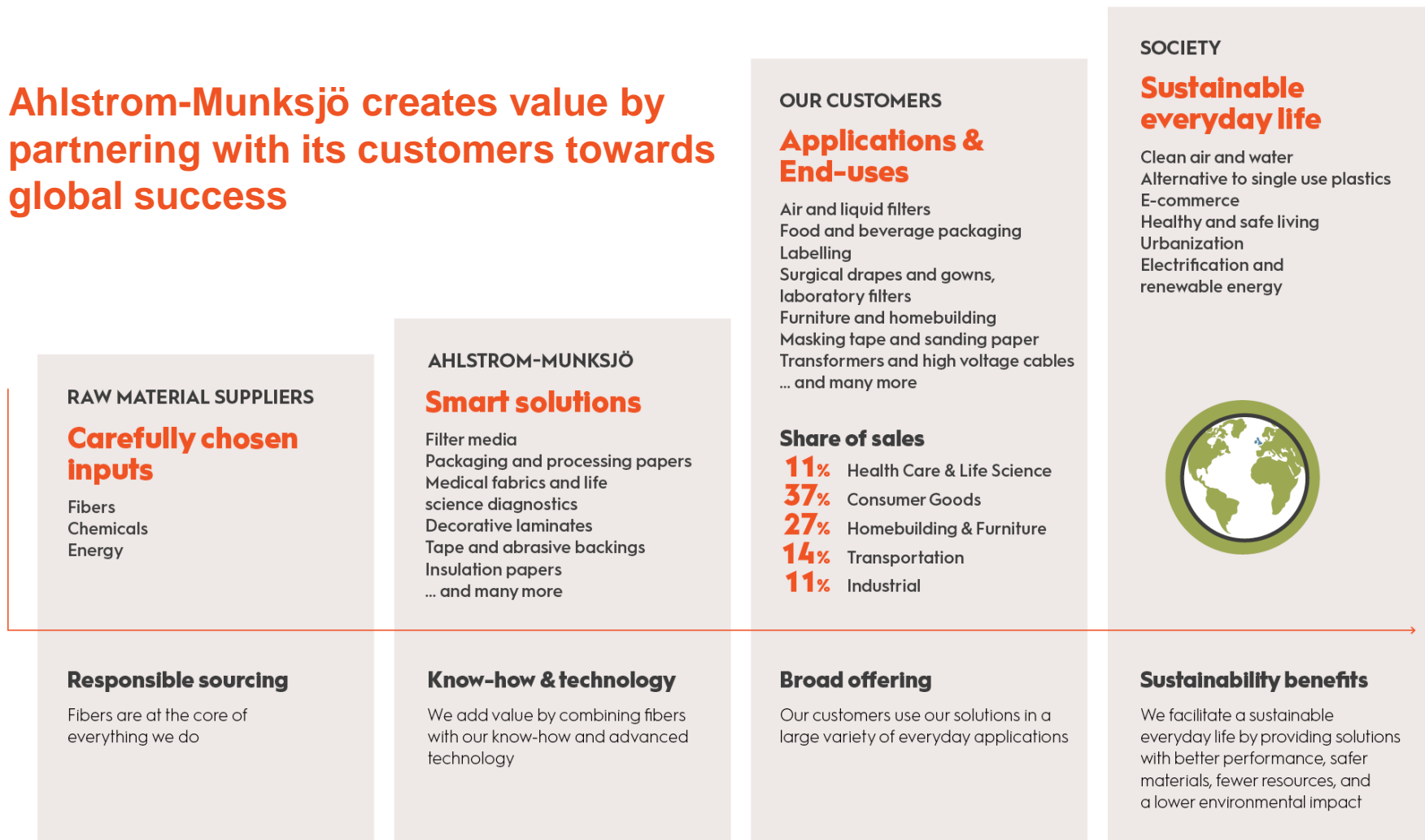
Market position in strategic segments
% Market growth in percentage



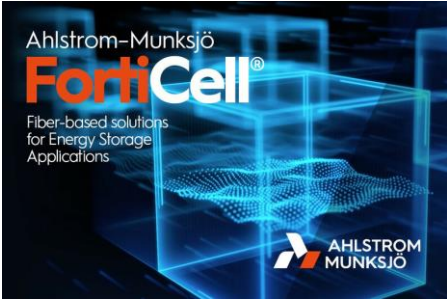
Smart solutions for a sustainable everyday life

Video: <https://youtu.be/KVUKNOF20P4>

Ahlstrom-Munksjö creates value by partnering with its customers towards global success



Designed sustainable and innovative solutions for customers



FortiCell®, a new range of fiber-based solutions for energy storage applications



TrustShield™ Biological, medical fabric designed to shield against hazardous pathogens



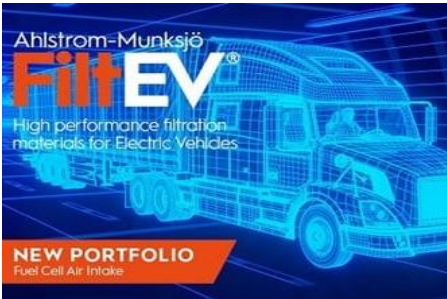
MasterTape™ Pack offer high biobased content to minimize its environmental impact



Innovative filtration solution to protect indoor environments from COVID-19



Partnership with BUFF® to supply replaceable filter media for filter masks and tubes



Expanded FiltEV® portfolio for electric vehicles, including new solutions for fuel cell air intake



TEX-STYLE™, an extra resistant composite abrasive backing



CelluStraw™, a fiber-based solution for paper drinking straws



GenReleaz™, a specimen collection card for cost-effective biosamples



PureBarrier™ - an innovative compostable oxygen barrier mono-material

Sales from products launched in the past three years was 12% in 2020



Sustainable everyday life

MISSION

Sustainable and innovative fiber-based solutions

BETTER PERFORMANCE

Filter materials to purify air and protect people from viruses and bacteria



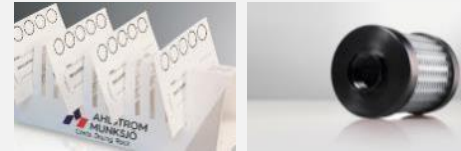
SAFER MATERIALS

Formaldehyde free abrasive backings and fluorfree food packaging materials



FEWER RESOURCES

Diagnose diseases and purify polluted drinking water



LOWER IMPACT

Plastic free and compostable tea and coffee materials



PEOPLE



A safe and responsible culture



PLANET



CO₂

Energy and carbon emissions



Responsible water consumption



Sustainable procurement



PROSPERITY



Sustainable innovations



EcoDesign Tool



Our strategic transformation continues

Strategic alternatives for Decor
 Divestments of fine art paper and glass reinforcement businesses
 Acquisition of filter converting business

Accelerated transformation and value creation with new ownership structure
 Projects to improve profitability
 Glass fiber tissue investment
 Acquisition of Chinese decor paper business

Expera and Caieiras acquisitions and integration



Ahlstrom and Munksjö separately focused on profitability improvement and deleveraging

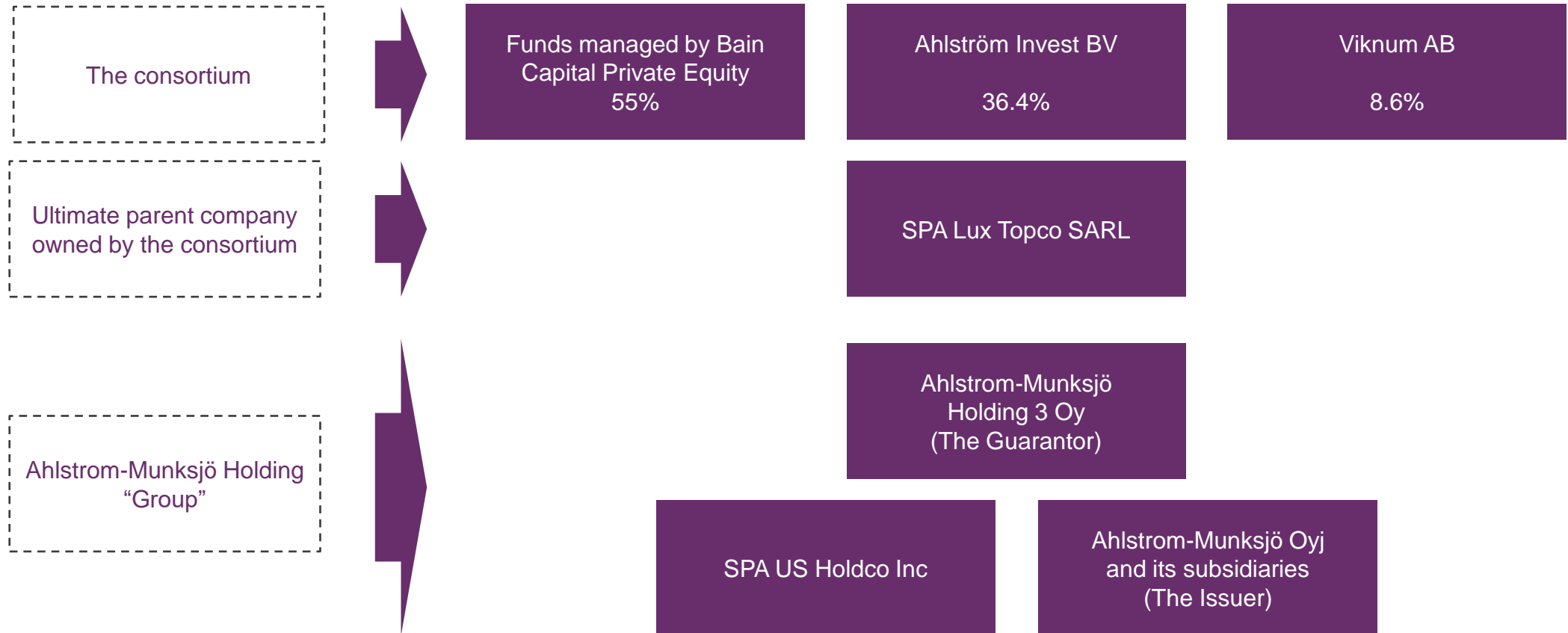
Creating a growth platform through the merger of Ahlstrom & Munksjö

Strategic growth investments and improved costs efficiency

	Munksjö 2015	Ahlstrom 2015	Expera 2017	Caieiras 2017	Ahlstrom-Munksjö Holding
Net sales	EUR 1.1bn	EUR 1.1bn	EUR 616m	EUR 76m	EUR 2,947m (LTM)
Comparable EBITDA	EUR 94m	EUR 105m	EUR 61m	EUR 12m	EUR 386m (LTM)
Employees	2,900	3,300	1,870	350	8,021 Sep-2021



Corporate structure

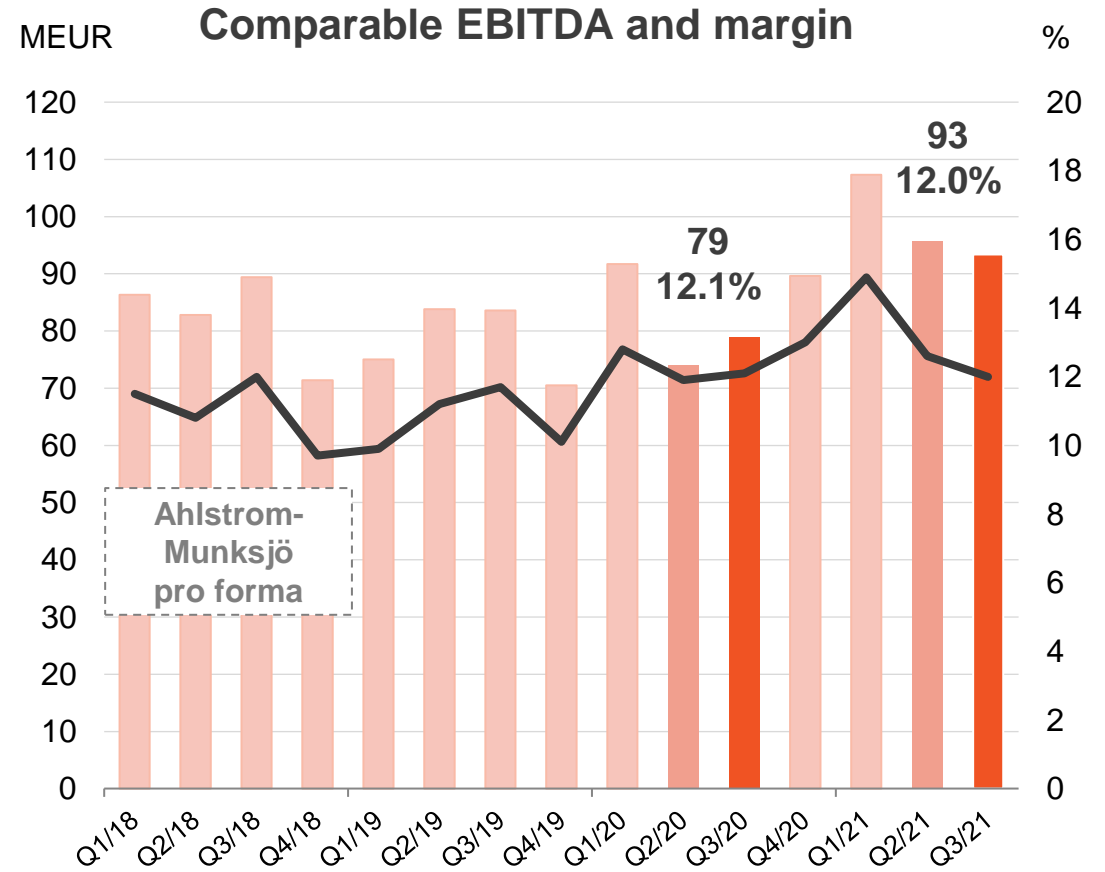


Ahlstrom-Munksjö Holding Q3/2021 Results

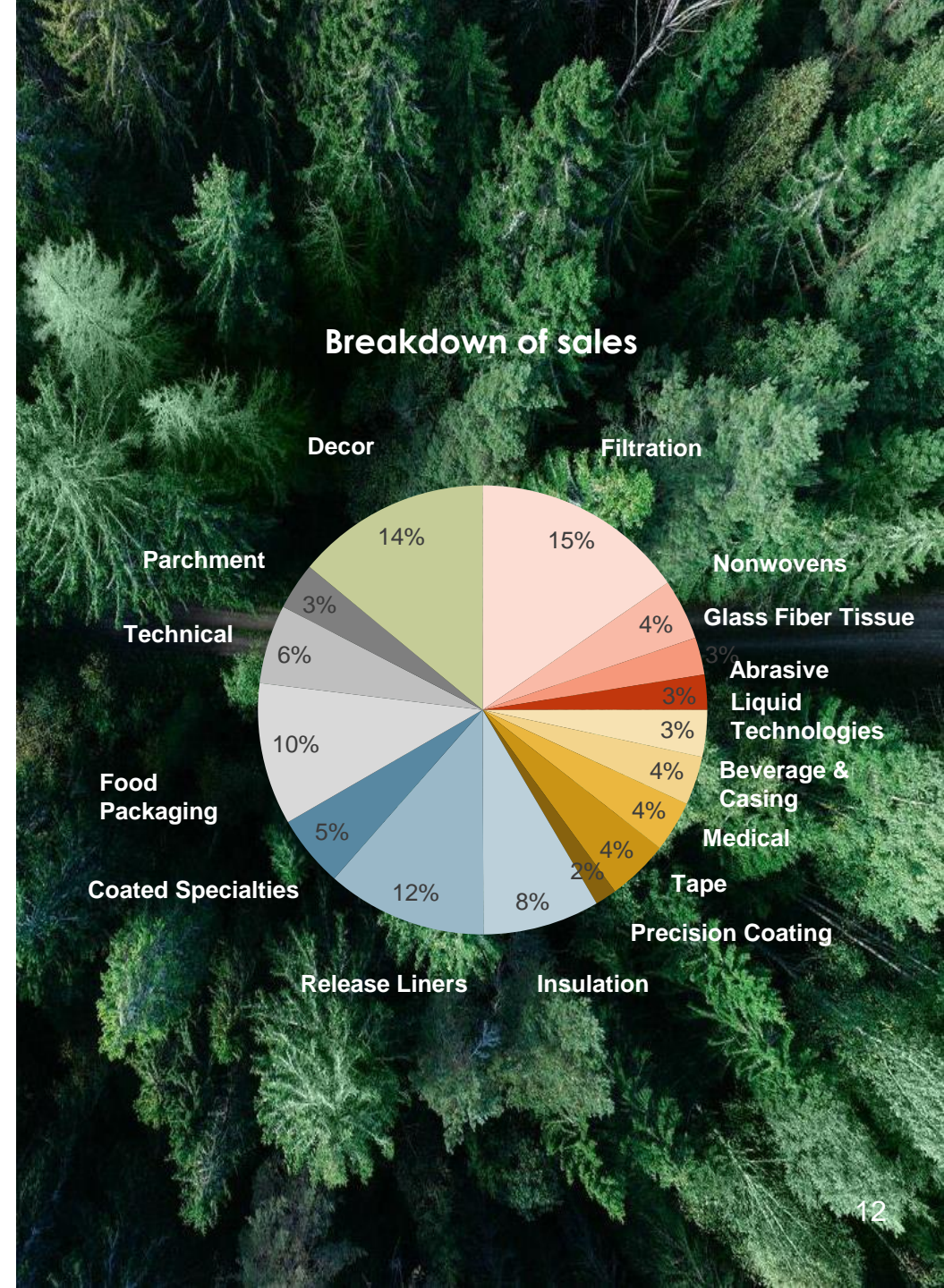
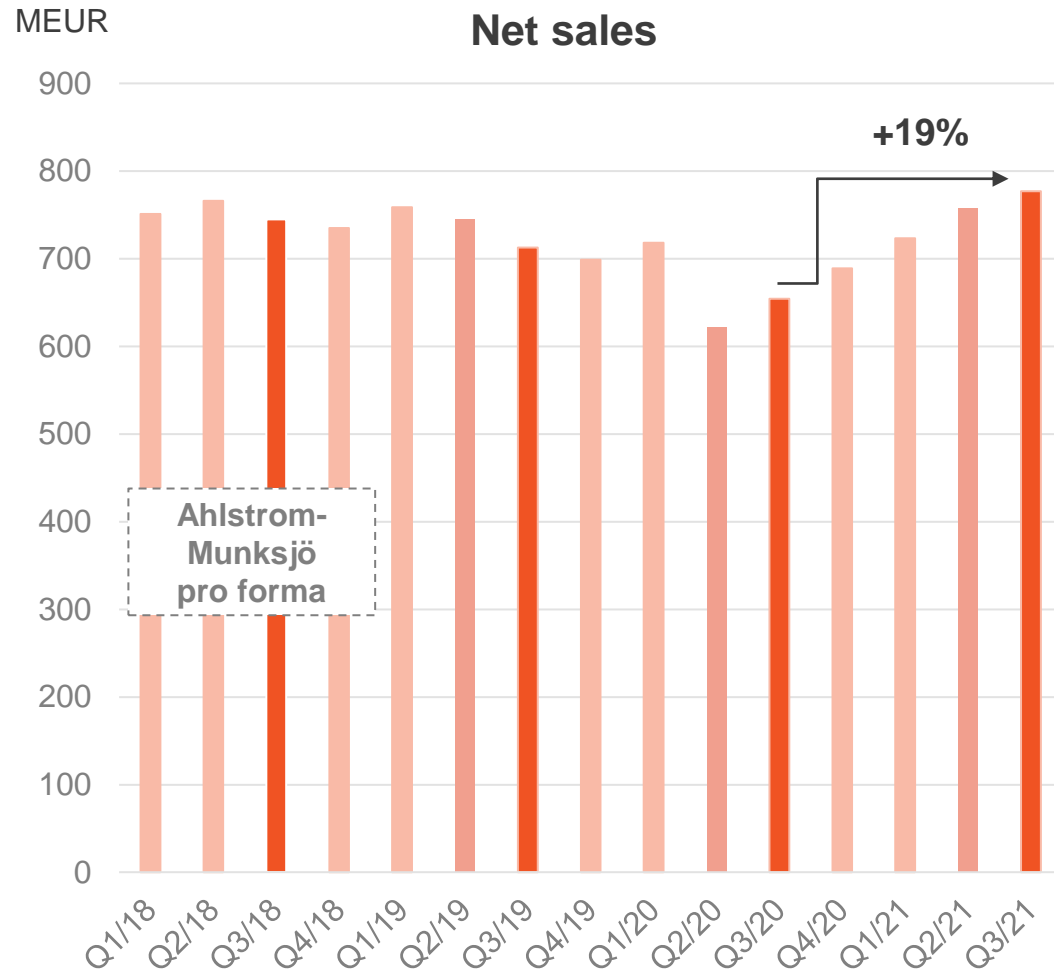


Business highlights Q3/2021

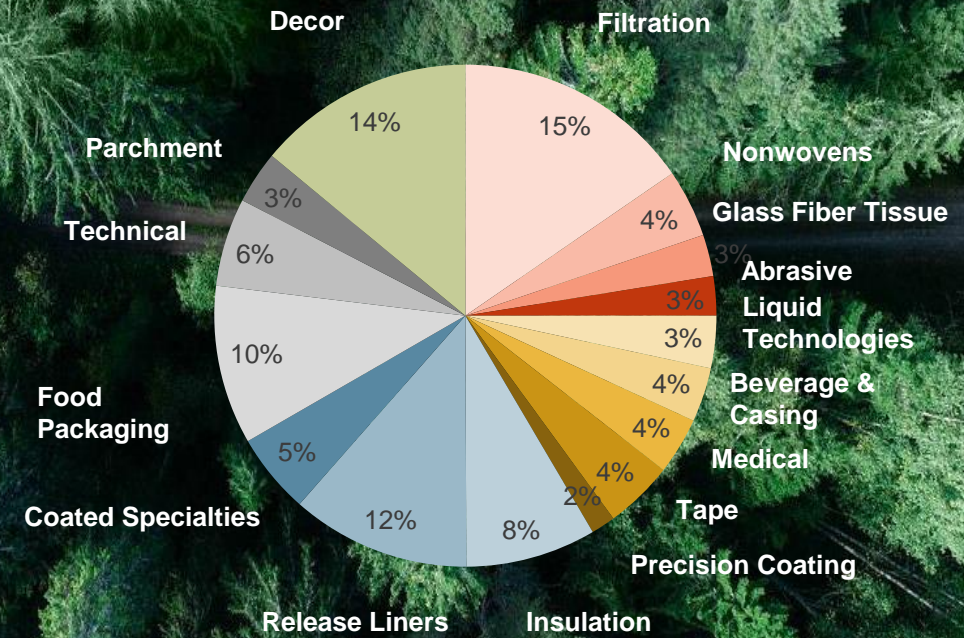
- Improved comparable EBITDA and stable margin
- Sales prices were raised to offset increased raw material costs
- Demand continued on a high level
- Good progress in transformation related development projects
- Additional profit improvement opportunities identified, raising the total opportunities 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

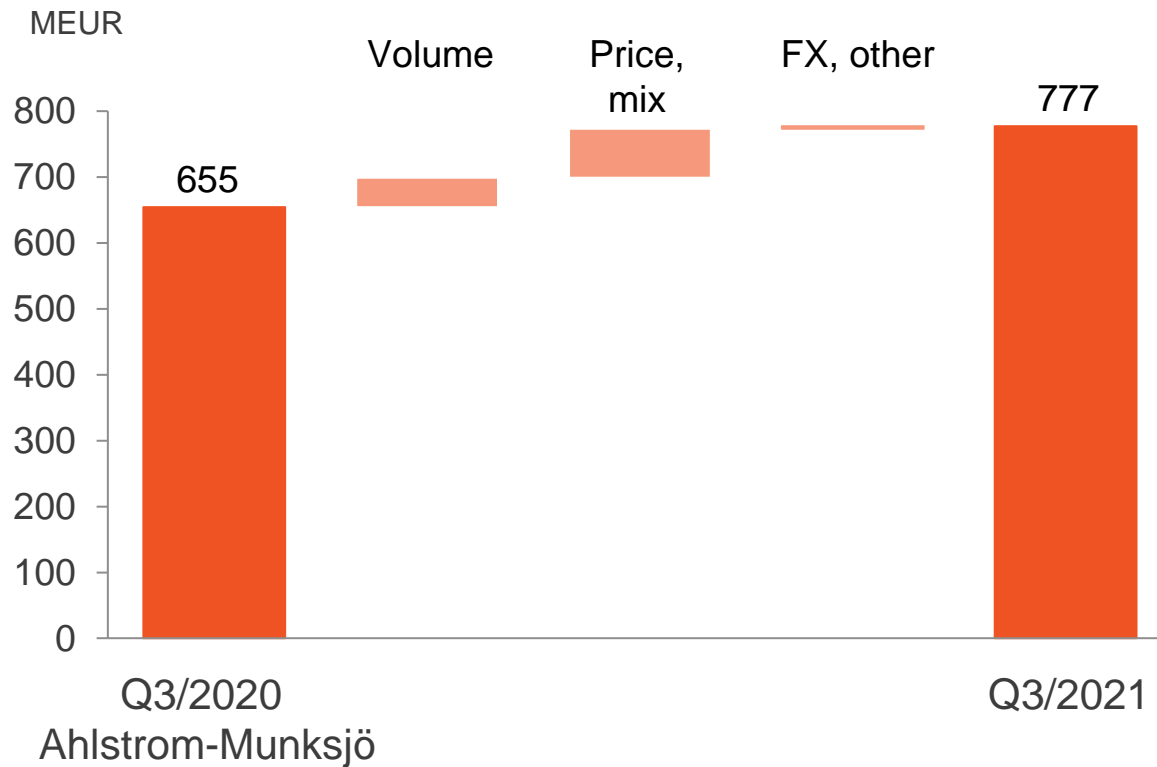


Breakdown of sales



Higher sales prices and volumes boosted net sales

Net sales Q3/21 vs Q3/20

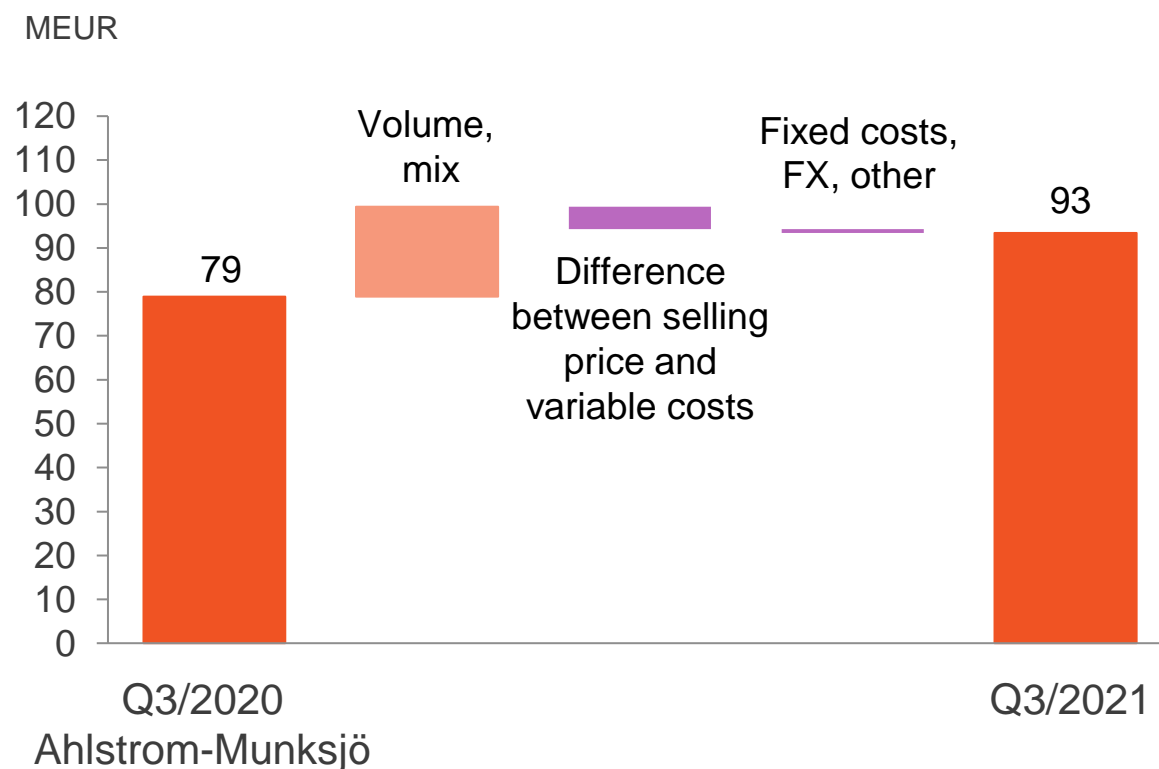


Net sales impacted by:

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

Comparable EBITDA improved on higher volumes

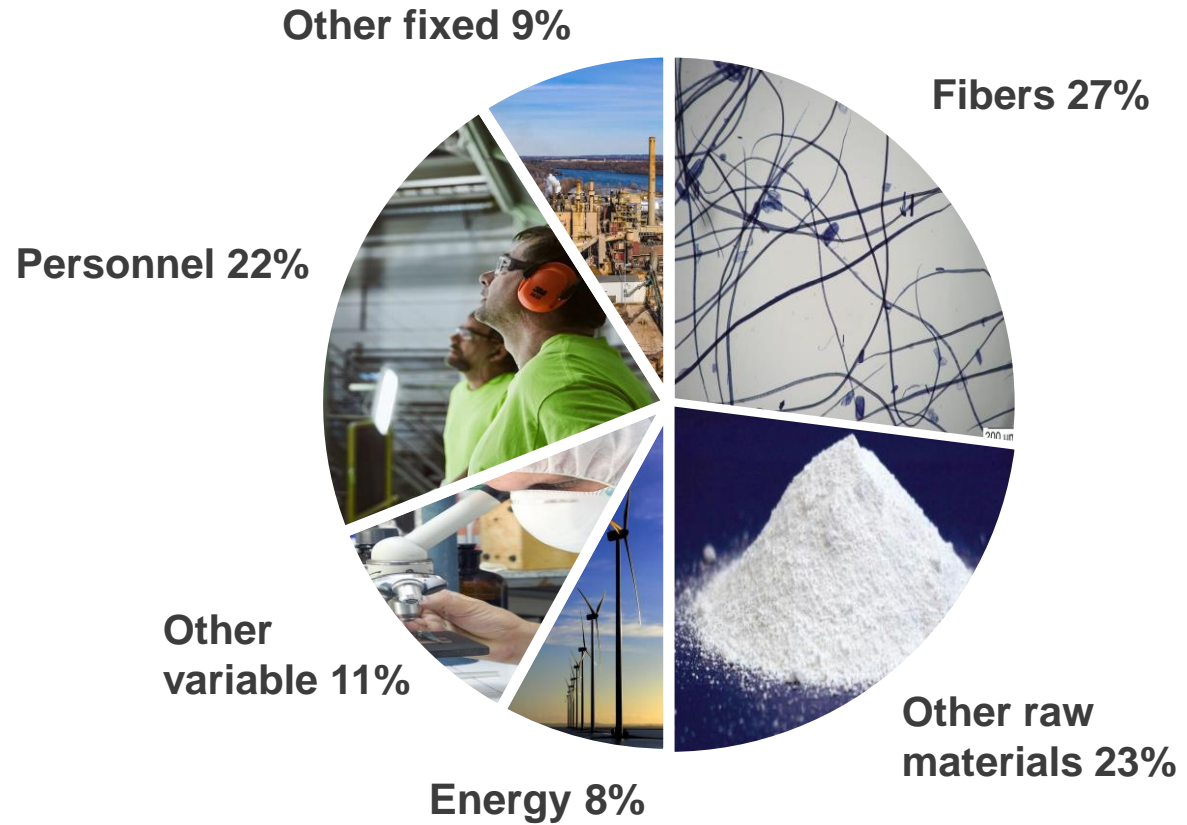
Comparable EBITDA Q3/21 vs Q3/20



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

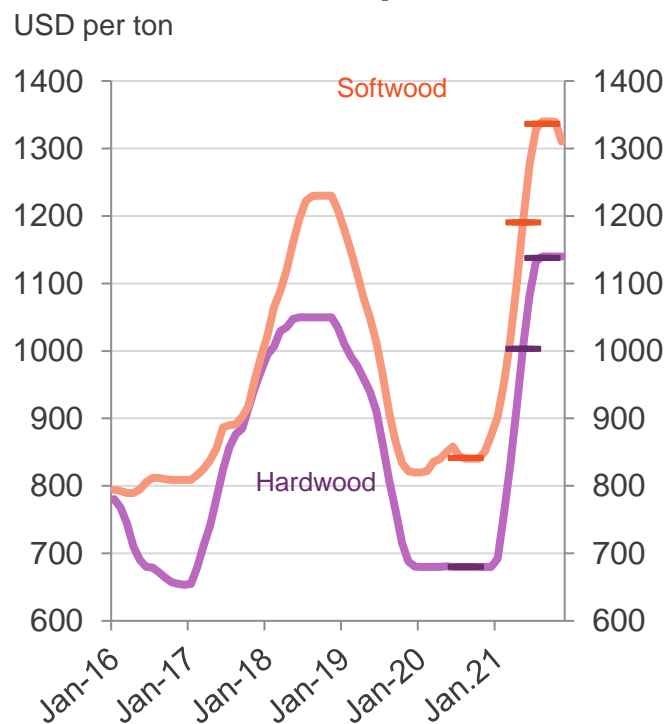


- Significant increase in variable costs partly offset by cost efficiency measures
- Limited operational disruption from difficult supply situation of certain raw materials and availability of transport



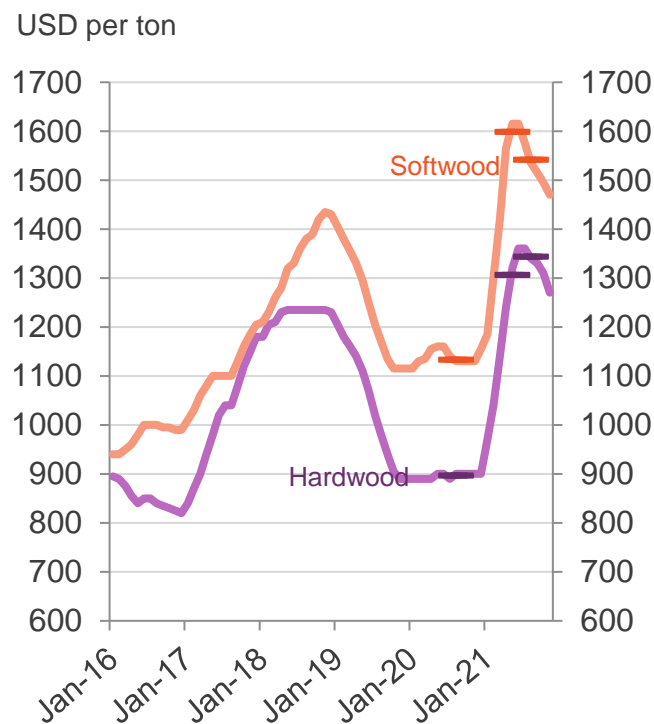
Market pulp price development

Europe



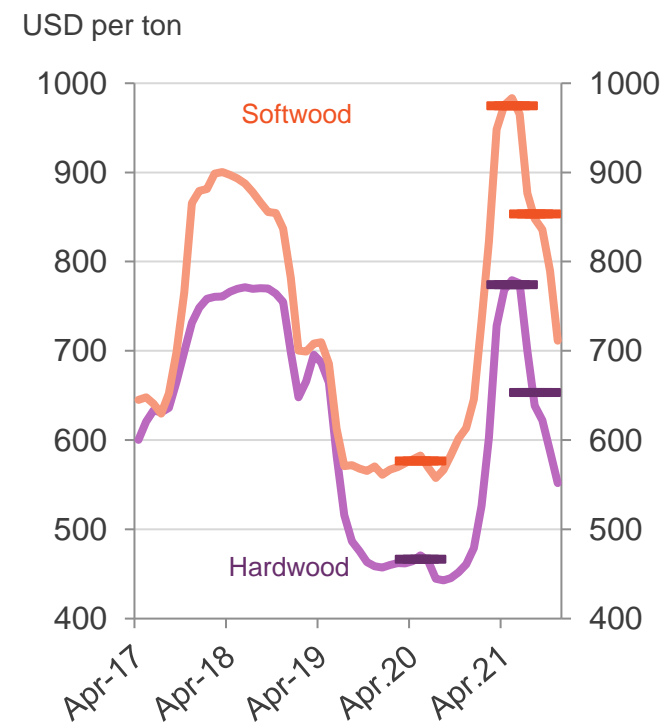
	Q3/Q3 (%)	Q3/Q2 (%)
Softwood	59	13
Hardwood	68	14

North America



	Q3/Q3 (%)	Q3/Q2 (%)
Softwood	36	-4
Hardwood	50	3

China

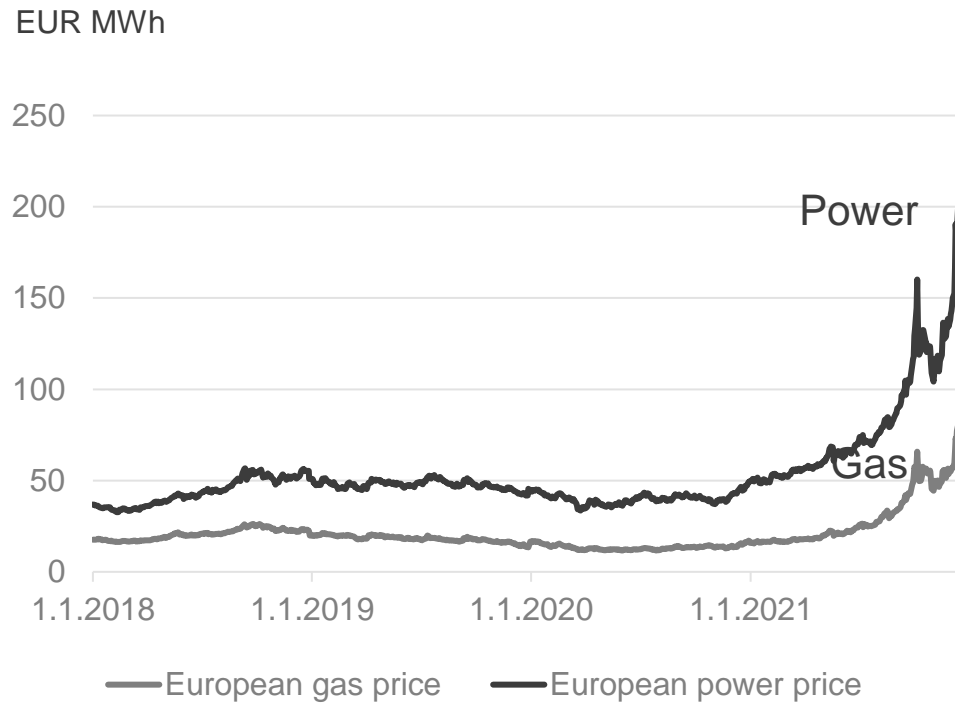


	Q3/Q3 (%)	Q3/Q2 (%)
Softwood	50	-12
Hardwood	47	-16



Energy and ocean freight market prices

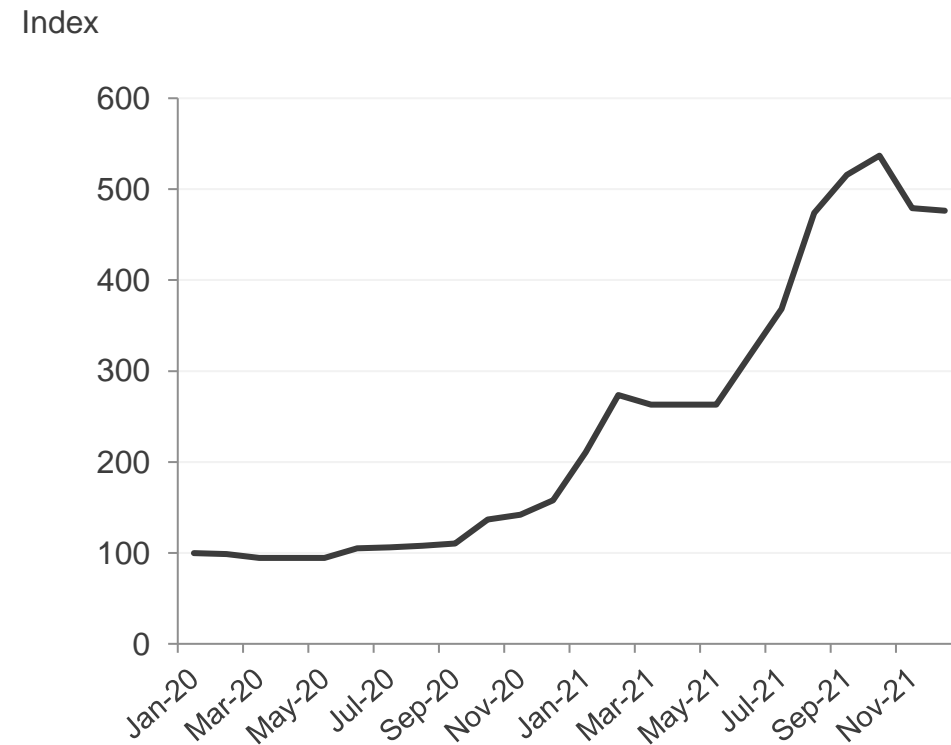
European forward power and gas prices



	Q3/Q3 (%)	Q3/Q2 (%)
Power	109	35
Gas	147	58

Source: E&C consultants

Ocean freight

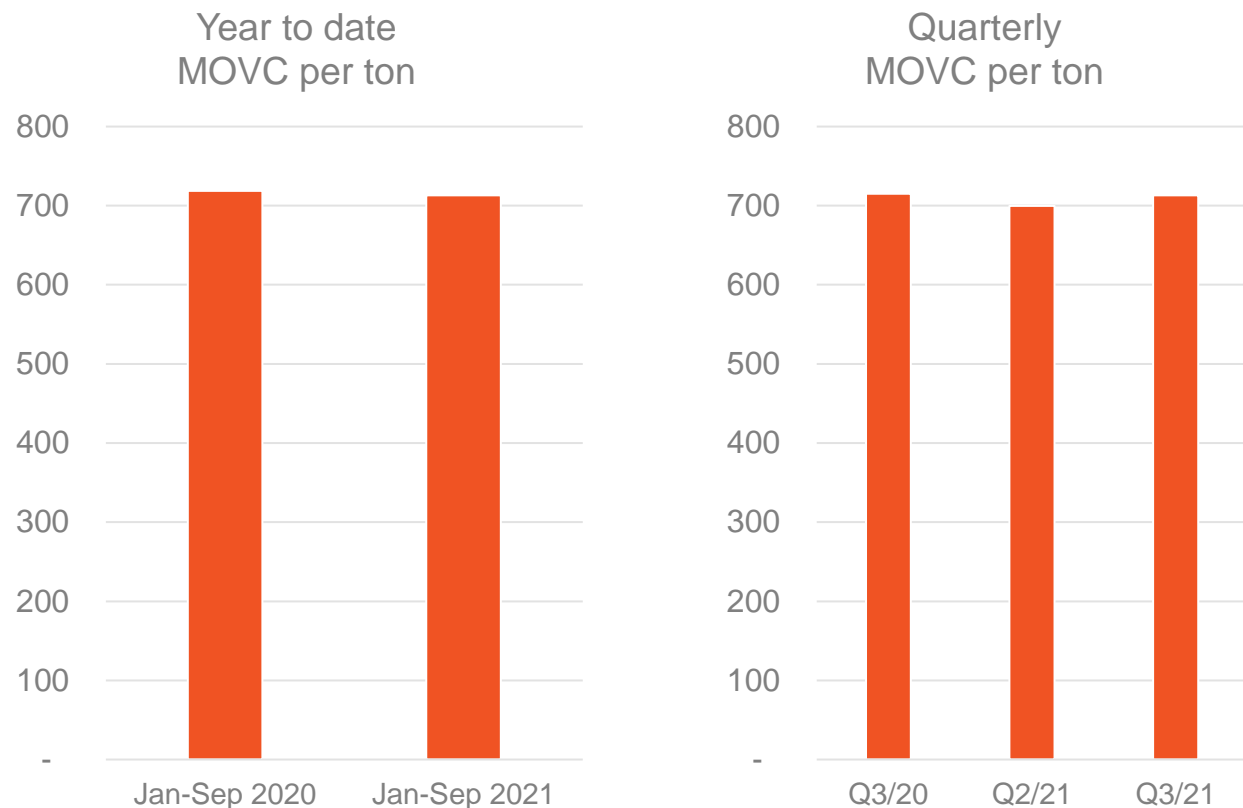


	Q3/Q3 (%)	Q3/Q2 (%)
Freight	318	61

Source: Drewry



Input cost increases offset by efficiency measures and selling price increases¹



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

¹ MOV C (margin on variable costs, calculated as sales minus variable costs) 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 estimate of 2021 initiatives	46,2	54,1
FY estimate of 2022 initiatives	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
Reported 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

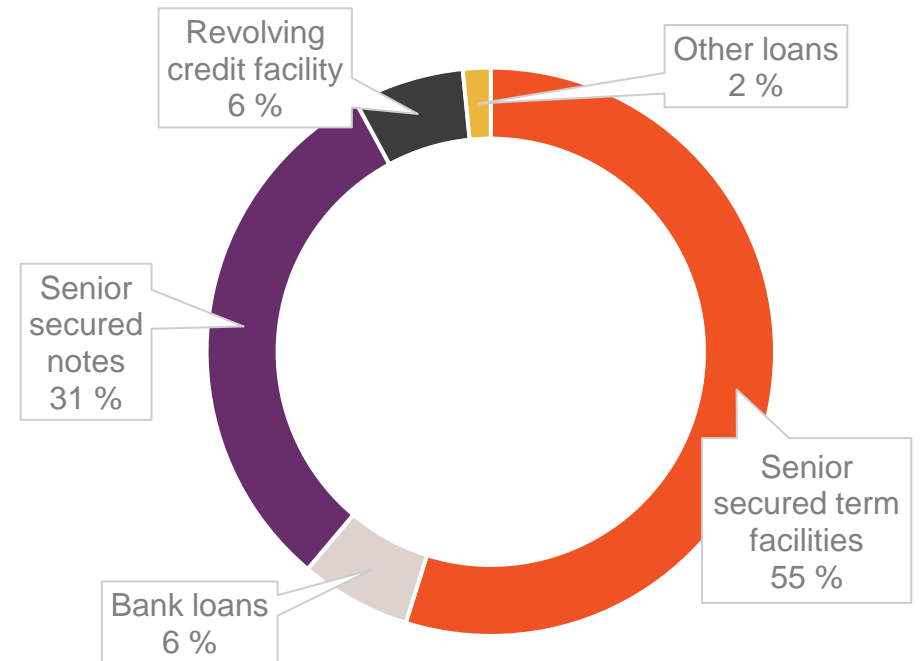
Unchanged net indebtedness of EUR 1,744m compared to end of June

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

Interest-bearing liabilities as of September 30, 2021



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