

# WE ARE ONE

Investor Day

Helsinki  
June 15, 2017



AHLSTROM  
MUNKSJÖ

# Ahlstrom-Munksjö Investor Day 2017

## Agenda

**09:30**      **Welcoming coffee**

**10:00**      **Strategic direction**

Jan Åström, President and CEO

**Customer presentation**

Gianluca Capra, Marketing & Sales Manager at BisioProgetti

**11:05**      **Break**

**11:15**      **Round table discussion – Business area leaders**

**Decor:** Norbert Mix, Executive Vice President

**Filtration and Performance:** Fulvio Capussotti, Executive Vice President

**Industrial Solutions:** Daniele Borlatto, Executive Vice President

**Specialties:** Omar Hoek, Executive Vice President

Moderator: Helena Nordman-Knutson, Partner at Halvarsson & Halvarsson

**Financials – strong balance sheet supporting growth**

Pia Aaltonen-Forsell, CFO

**Wrap-up and Q&A**

Jan Åström, President and CEO

**12:30**      **Lunch with management**



# Strategic direction

JAN ÅSTRÖM  
PRESIDENT & CEO

# Global leader in fiber-based solutions



## Ahlstrom-Munksjö quick facts

- Leading market position in several niches
- Approximately 6,000 employees
- 41 production and converting sites in 14 countries
- Pro forma net sales approx. EUR 2.15 billion in 2016
- Pro forma EBITDA approx. EUR 269 million in 2016



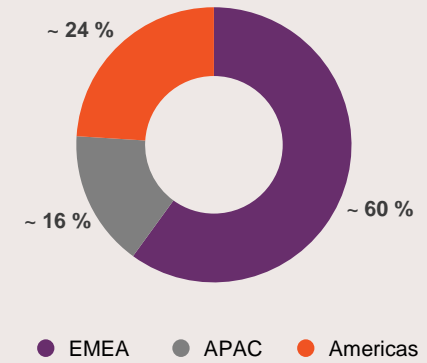
# Strong global growth platform

## WIDE GEOGRAPHICAL FOOTPRINT

- Manufacturing sites
- Sales offices



## NET SALES BY GEOGRAPHY, 2016



# Strategic direction

Ability to grow in selected niches of the fiber-based solutions market with a positive **growth** outlook

Continuing to deliver a clear **customer value-add** through a high quality offering supported by advanced technology, deep know-how and tailored services

Efficiently utilizing the **flexible and agile** production and service platform, which is well suited to develop the Combined Company's customer-specific solutions in a sustainable manner

Developing clear responsibilities by implementing a business unit based operating model that locally promotes **accountability**, enables quick and efficient response and is built on a shared global culture



## Strategic direction: Growth

- Strong and well established platform for profitable growth
  - Organic growth as well as acquisitions
  - Optimization of price and product mix
- A global leader with leading positions in a broad range of segments and niches
- An ambition to move up in the value chain through new and innovative offerings
  - Fast-moving consumer goods
  - Life science diagnostics

### Examples of markets where we have leading positions

- Engine filtration
- Release liners in Europe
- Abrasive backings
- Electrotechnical insulation
- Decor papers
- Tea bag materials
- Vegetable parchment papers
- Masking tape
- Fine art papers



## Strategic direction: **Customer value**

- Solutions provider - expanding the role of sustainable fiber-based solutions
- Broad product offering based on renewable fibers (90%) - serving a broad range of end-market segments
- Strong design capability as well as product and service innovation capacity – driven by a strong customer focus





## Strategic direction: Flexibility and agility

- Excellence - in how we do and what we deliver
- High operational and cost efficiency
- Flexible production capabilities
- Energy and raw material efficient production processes, while minimizing environmental effects



## Strategic direction: **Accountability**

- Decentralized organizational structure with P&L responsibility at business unit level
- Global reach enabling a diversified revenue and earnings base
- Experienced management team and lean group functions



# Cost synergies and integration progressing as planned

## Further benefits being identified

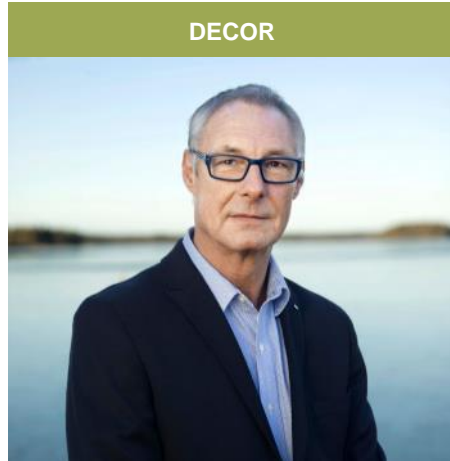
- Continuous focus on profitability and balance sheet
- Annual cost synergies of EUR 35 million gradually realized over two years
- Case Specialties - developing a combined innovative product and service offering
  - Integration of the former business area Graphics and Packaging into Specialties
  - Part of production diverted to further converting – moving up the value chain



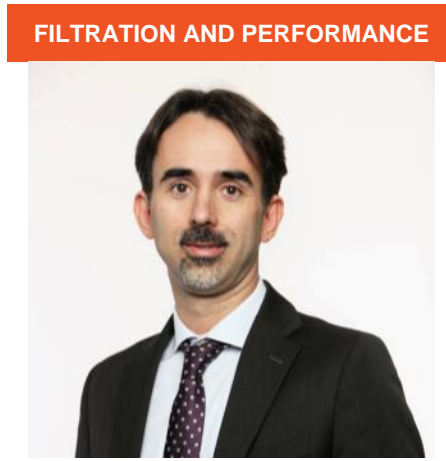
Q&A

# Meet our business area leaders

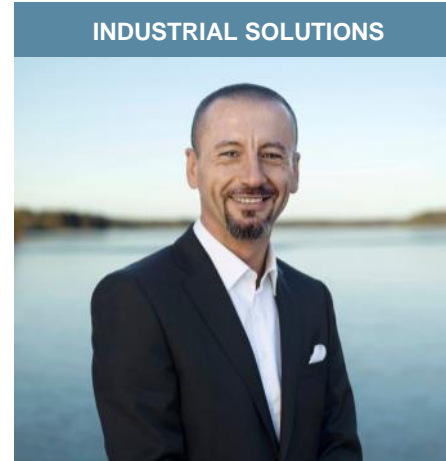
## Panel discussion



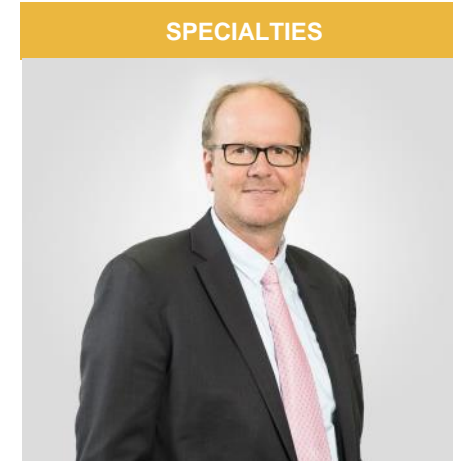
Executive Vice President,  
Decor  
**Norbert Mix**



Executive Vice President,  
Filtration and Performance  
**Fulvio Capussotti**



Executive Vice President,  
Industrial Solutions  
**Daniele Borlatto**





Executive Vice President,  
Specialties  
**Omar Hoek**



# Business areas



# Our business areas

PRODUCT AREA	DECOR	FILTRATION AND PERFORMANCE	INDUSTRIAL SOLUTIONS	SPECIALTIES								
KEY FINANCIALS 2016												
	<table border="1"> <tr> <td>Net sales</td> <td>365 MEUR (-2%)</td> </tr> </table>	Net sales	365 MEUR (-2%)	<table border="1"> <tr> <td>Net sales</td> <td>617 MEUR (+4%)</td> </tr> </table>	Net sales	617 MEUR (+4%)	<table border="1"> <tr> <td>Net sales</td> <td>627 MEUR (+2%)</td> </tr> </table>	Net sales	627 MEUR (+2%)	<table border="1"> <tr> <td>Net sales</td> <td>578 MEUR (-1%)</td> </tr> </table>	Net sales	578 MEUR (-1%)
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Capex	5 MEUR (-54%)											
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PRODUCTS	<ul style="list-style-type: none"> <li>Decor paper</li> <li>Thin print papers</li> </ul>	<ul style="list-style-type: none"> <li>Oil filters</li> <li>Fuel filters</li> <li>Air intake filters</li> <li>Gas turbine filters</li> <li>Industrial filters</li> <li>Glassfiber tissue for flooring and reinforcement for wind mill blades</li> <li>Wallcovers</li> <li>Specialty nonwovens</li> <li>Flushable wipes</li> </ul>	<ul style="list-style-type: none"> <li>Abrasive backings</li> <li>Electrotechnical insulation</li> <li>Release liners</li> <li>Thin papers</li> <li>Specialty pulp</li> <li>Balancing foils</li> <li>Fine art and printing papers</li> </ul>	<ul style="list-style-type: none"> <li>Food and beverage packaging</li> <li>Packaging papers</li> <li>Graphical papers</li> <li>Medical fabrics</li> <li>Metallized labels</li> <li>Tape</li> <li>Laboratory filters and life science diagnostics</li> <li>Water purification</li> <li>Printed and coated products</li> </ul>								

\* Comparable EBITDA



# Supportive megatrends drive long-term demand

	DEMOGRAPHY	GLOBALIZATION	SUSTAINABLE SOCIETY	DIGITALIZATION
DECOR	<ul style="list-style-type: none"> <li>• Growing population and urbanization increases demand for furniture and interior products made of laminates</li> <li>• With increased living standards there is a growing interest in innovative interior design solutions where laminate products are an excellent option</li> </ul>	<ul style="list-style-type: none"> <li>• Through globalization new trends are spread between countries/continents, e.g. the furniture trend is driving the geographical market growth for decor paper</li> </ul>	 <ul style="list-style-type: none"> <li>• Recyclable, renewable and biodegradable products are qualities that are demanded</li> <li>• Increasing waste heaps drives demand for renewable, recyclable and biodegradable fiber based materials</li> </ul>	<ul style="list-style-type: none"> <li>• High flexibility in print designs</li> <li>• Designs for small lot sizes</li> <li>• Enabling production optimization</li> </ul>
FILTRATION AND PERFORMANCE	<ul style="list-style-type: none"> <li>• Growing population driving demand in automotive and transportation</li> <li>• Growing air pollution control driving need for upgrade of filtration systems</li> <li>• Growing construction industry driving growth for eco friendly materials in wallcover, building and flooring</li> </ul>	<ul style="list-style-type: none"> <li>• Growing global trade driving demand for transportation of goods</li> <li>• Growing energy demand driving need for more efficient filter media in gas turbine applications</li> <li>• Demographical changes driving increased demand for high end construction material</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand of filtration media that enable reduced emissions, cleaner air and efficient energy production</li> <li>• Increased demand for renewable energy (Wind mills)</li> </ul>	<ul style="list-style-type: none"> <li>• Digitalization drives growth in wallcover materials</li> </ul>
INDUSTRIAL SOLUTIONS	<ul style="list-style-type: none"> <li>• Growing middle class drives demand for self adhesives and durable goods, where abrasive paper is needed for production</li> <li>• Demographical change drives demand for energy, and thus electro technical paper for insulation of power transmission equipment</li> </ul>	<ul style="list-style-type: none"> <li>• The increased flow of goods globally creating growing need for identification and tracking of goods which increase demand for product marking and labeling</li> <li>• New energy infrastructure needs as demand for energy transfer between continents (and regions) increases</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable solutions (energy efficient, raw material efficient, transportation efficient) drives demand for new and improved product and service solutions</li> <li>• Consumers increasingly environmentally conscious, paper/parchments an alternative for traditional non-ecological materials (plastic, foils)</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in consumer's buying behavior and the steep growth of e-commerce create new packaging and logistic process needs</li> <li>• Better process control of our products (inbuilt sensors in e.g. transformers)</li> </ul>
SPECIALTIES	<ul style="list-style-type: none"> <li>• Increasing emerging markets middle class drives demand for consumable goods</li> <li>• Changing eating habits, becoming mobile</li> <li>• Growing, aging population and new threats/treatments and longer complex surgeries</li> <li>• Emerging needs in healthcare will continue to migrate to single-use solutions with higher clinical standards</li> </ul>	<ul style="list-style-type: none"> <li>• Global business opportunities driven by increased awareness of sustainability, health issues and new regulation</li> <li>• Increasing product flows drives demand for flexible packaging materials</li> </ul>	 <ul style="list-style-type: none"> <li>• Stricter food safety and chemical regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Smart and intelligent packaging</li> <li>• Sustainable RFID needs</li> </ul>





# Decor

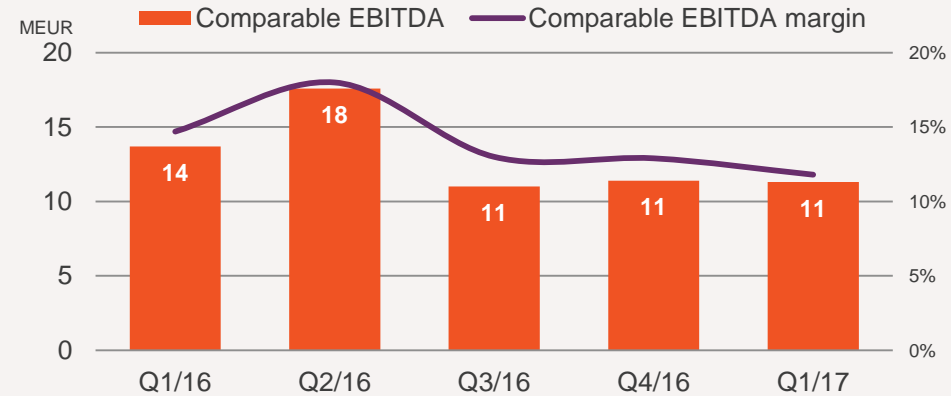
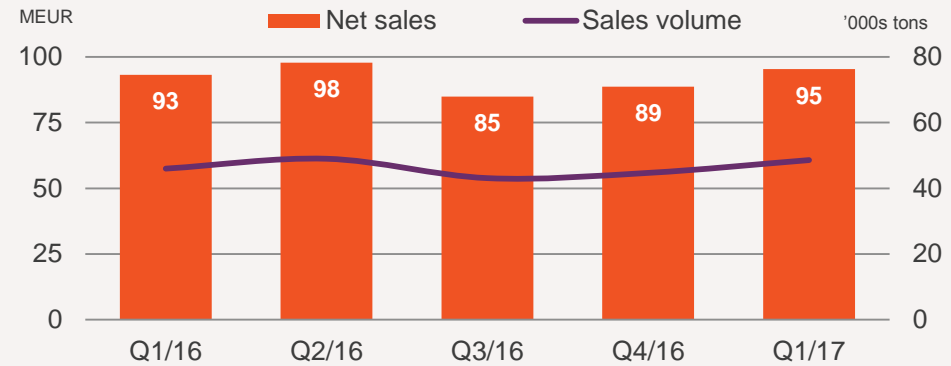
# Decor



## PRODUCTS

- Decor paper: base papers in all colors for:
  - Print applications
  - Direct lamination to wood based panels
  - High pressure lamination
  - Foil applications
- Thin print papers

## NET SALES AND EBITDA PERFORMANCE<sup>1</sup>



1) The pro forma information is presented for illustrative purposes only, and has been compiled assuming that the merger had been completed on January 1, 2015. In addition, the unaudited pro forma information reflects the impacts of the refinancing transactions that took place or have been announced in connection with the completion of the merger



# Business portfolio Decor

## CUSTOMER INDUSTRIES

### DECOR

- Printing companies specialized in decor paper
- Wood based panel producers, that laminate decor paper on a board, further processing of furniture production or laminate flooring

## DEMAND DRIVERS AND MARKET TRENDS

- Housing/construction development, urbanization
- Fashion trends and more single person households driving furniture demand
- Product efficiency throughout the entire value chain
- product versatility to enable great variety of designs and superior properties of final product surface

## MARKET GROWTH\*

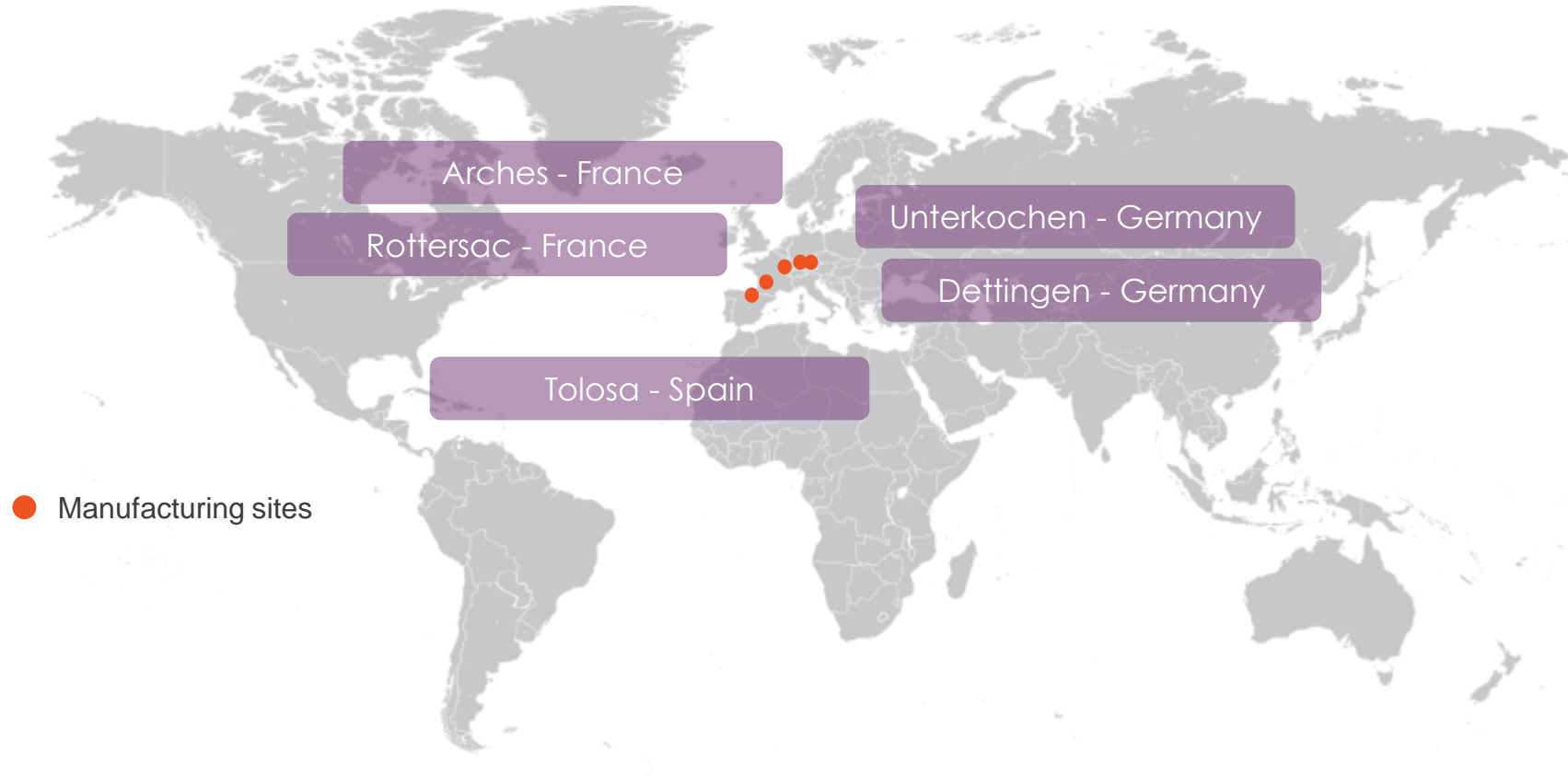
- CAGR: 2-3% since 2012 (excl. China)

## MAIN COMPETITORS

- Technocell (Germany)
- Malta Decor (Poland)
- Köhler (Germany)
- Cartiera di Guarcino (Italy)



# Geographical platform Decor



● Manufacturing sites



# Filtration and Performance

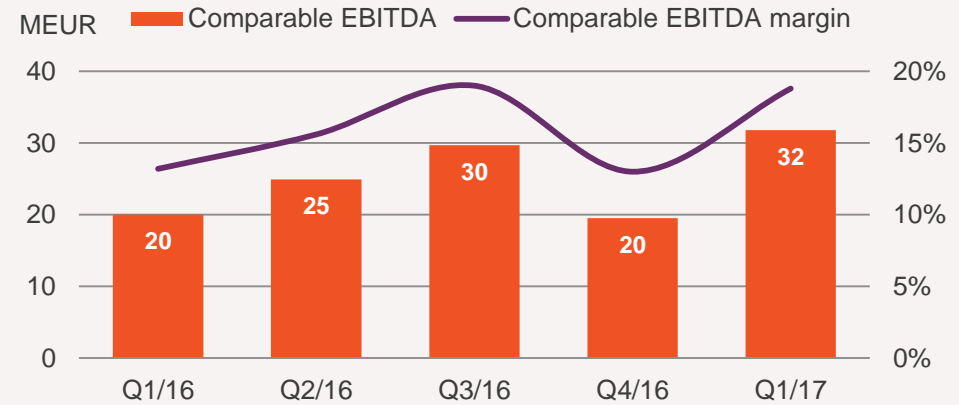
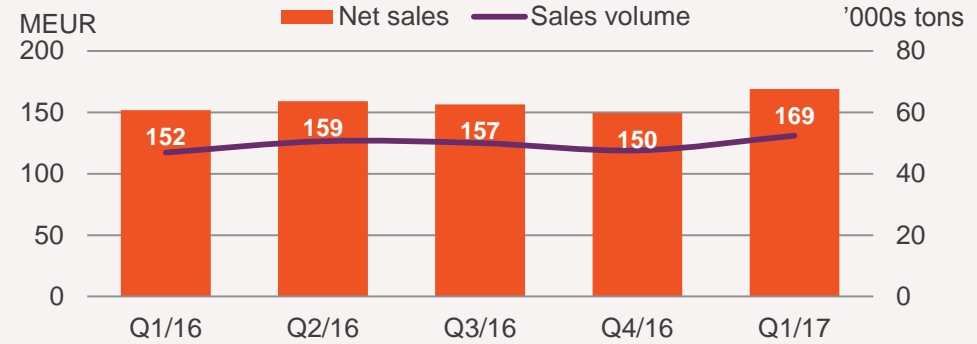
# Filtration and Performance



## PRODUCTS

- Oil filters
- Fuel filters
- Air intake filters
- Gas turbine filters
- Industrial filters
- Glassfiber tissue for flooring and reinforcement for windmill blades
- Wallcovers
- Specialty nonwovens
- Flushable wipes

## NET SALES AND EBITDA PERFORMANCE<sup>1</sup>



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# Business portfolio Filtration and Performance

	FILTRATION	BUILDING AND WIND	NONWOVENS
CUSTOMER INDUSTRIES	<ul style="list-style-type: none"> <li>• Transportation filtration: heavy duty and automotive tier 1 suppliers</li> <li>• Industrial filtration: gas turbine filter producers; indoor air quality filter makers</li> </ul>	<ul style="list-style-type: none"> <li>• Cushion vinyl flooring producers</li> <li>• Wind turbine manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>• Hygiene and wound care producers</li> <li>• Laundry care suppliers</li> <li>• Automotive and construction material suppliers</li> <li>• Wallcover printers</li> <li>• Flushable wipes producers</li> </ul>
DEMAND DRIVERS AND MARKET TRENDS	<ul style="list-style-type: none"> <li>• Increasing car and truck fleet globally</li> <li>• More stringent emission regulation</li> <li>• New filtration applications in electrical mobility</li> <li>• Increasing importance of air quality</li> <li>• Growing energy demand (gas turbine)</li> </ul>	<ul style="list-style-type: none"> <li>• Growing demand in luxury vinyl tile (Flooring)</li> <li>• Growing demand for renewable energy (Wind blades)</li> </ul>	<ul style="list-style-type: none"> <li>• Growing demand in wallcover in China</li> <li>• Tighter guidelines and labelling systems driving shift towards truly flushable products</li> <li>• Dry construction method driving increasing demand for wet resistant plasterboard</li> </ul>
MARKET GROWTH*	<ul style="list-style-type: none"> <li>• CAGR: 3–5%</li> </ul>	<ul style="list-style-type: none"> <li>• CAGR: 3–5%</li> </ul>	<ul style="list-style-type: none"> <li>• CAGR: 3–5%</li> </ul>
MAIN COMPETITORS	<ul style="list-style-type: none"> <li>• Neenah</li> <li>• Hollingsworth &amp; Vose</li> <li>• Lydall</li> </ul>	<ul style="list-style-type: none"> <li>• Owens Corning</li> <li>• Johns Manville</li> </ul>	<ul style="list-style-type: none"> <li>• NeuKallis</li> <li>• Glatfelter</li> <li>• Aralar</li> <li>• Qifeng</li> </ul>

\*Management estimates



# Geographical platform Filtration and Performance





# Industrial Solutions

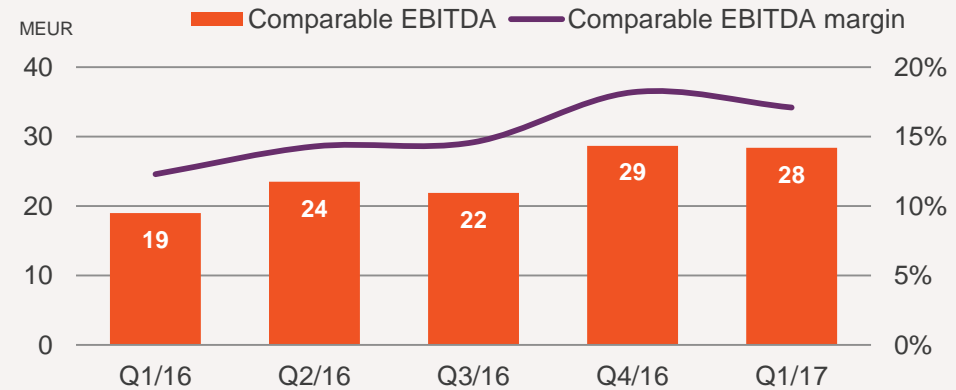
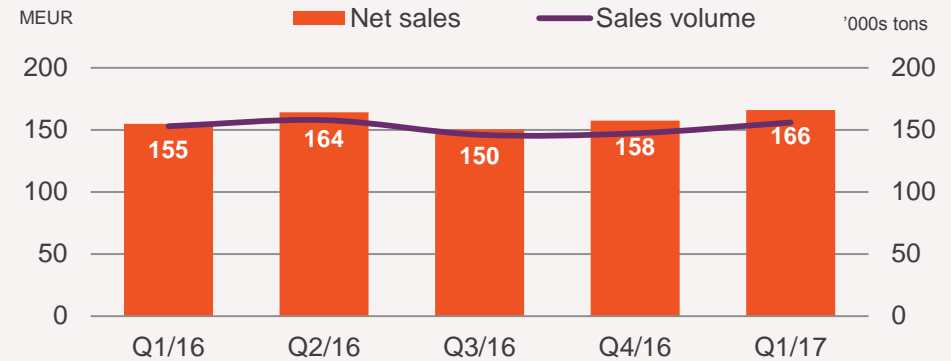
# Industrial Solutions



## PRODUCTS

- Abrasive backings
- Electrotechnical insulation
- Release liners
- Thin papers
- Specialty pulp
- Balancing foils
- Fine art and printing papers

## NET SALES AND EBITDA PERFORMANCE<sup>1</sup>



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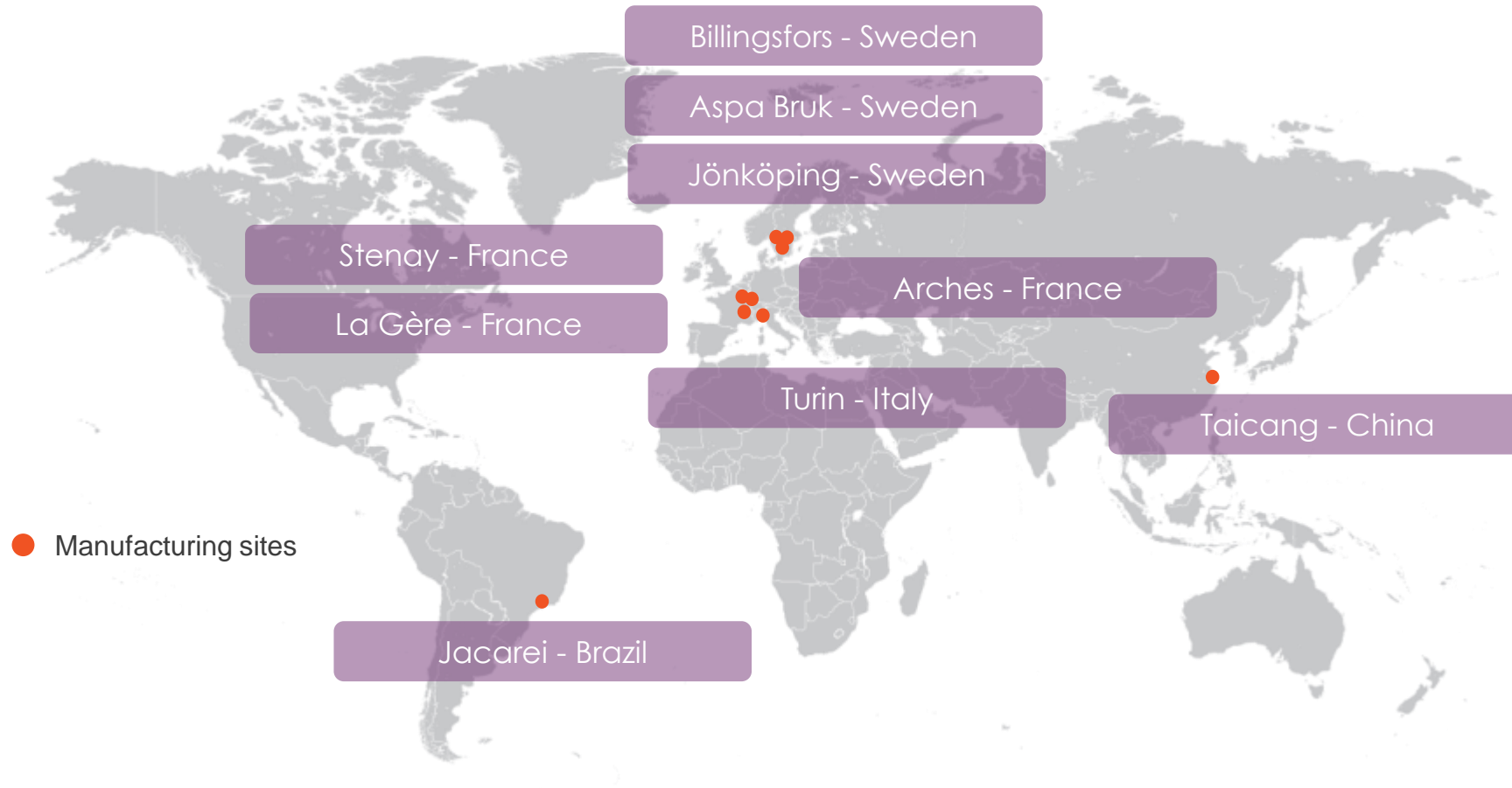
# Business portfolio Industrial Solutions

	ABRASIVE	COATED SPECIALTIES	INSULATION	RELEASE LINERS
CUSTOMER INDUSTRIES	<ul style="list-style-type: none"> <li>Manufacturers of abrasive papers for industrial and do-it-yourself applications (abrasive base)</li> <li>Artists, publishers, printers, galleries (fine art papers)</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturers of self-adhesive laminates for label, tape, graphics applications</li> <li>Flexible packaging convertors</li> <li>Printers, publishers and distributors</li> </ul>	<ul style="list-style-type: none"> <li>Transformer and high voltage cable manufacturers</li> <li>Furniture and flooring laminate producers</li> <li>Steel, aluminum, glass industries</li> <li>Hygiene and sanitary product manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturers of self-adhesive laminates for label, tape, graphics applications</li> <li>Producers of silicone coated release liners</li> </ul>
DEMAND DRIVERS AND MARKET TRENDS	<ul style="list-style-type: none"> <li>Demand is driven by the dynamics in the underlying industries, such as automotive, furniture or construction</li> <li>Latex abrasive large and growing segment, driven by automotive</li> <li>Fine art: growth in digital applications</li> </ul>	<ul style="list-style-type: none"> <li>Demography and purchasing power</li> <li>Consumer trends favor use of packed food and beverage</li> <li>Increasing need of packaging, tracking and identification in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Investments in extension and upgrade of energy distribution networks</li> <li>Demand of furniture materials, stainless steel, hygiene and sanitary products, mainly driven by demography and urbanization.</li> </ul>	<ul style="list-style-type: none"> <li>Demand directly connected with GDP</li> <li>Positively Influenced by development of internet sales and requirements of tracking and identification</li> <li>Growth in industrial segments driven by tapes, medical and composites</li> </ul>
MARKET GROWTH*	<ul style="list-style-type: none"> <li>CAGR ~3%</li> </ul>	<ul style="list-style-type: none"> <li>CAGR (South America) ~0-2%</li> </ul>	<ul style="list-style-type: none"> <li>CAGR ~2-3%</li> </ul>	<ul style="list-style-type: none"> <li>CAGR ~4% (EU ~2-3%)</li> </ul>
MAIN COMPETITORS	<ul style="list-style-type: none"> <li>Kammerer</li> <li>Neenah</li> <li>Tervakoski (Delfort)</li> <li>Hubei Haifeng</li> <li>Jiangxi Lemen</li> </ul>	<ul style="list-style-type: none"> <li>Fanapel</li> <li>Oji</li> <li>Papeles Bio bio</li> <li>International Papers</li> <li>Suzano</li> </ul>	<ul style="list-style-type: none"> <li>Expera</li> <li>Lenk</li> <li>Nordic Paper</li> <li>Stora Enso</li> <li>Tervakoski (Delfort)</li> <li>European UKP and ECF (primarily NBSK) pulp products</li> </ul>	<ul style="list-style-type: none"> <li>PCA - Boise</li> <li>Delfort</li> <li>Expera</li> <li>Hansol</li> <li>UPM</li> <li>YFY</li> </ul>

\*Management estimates



# Geographical platform Industrial Solutions



# Specialties

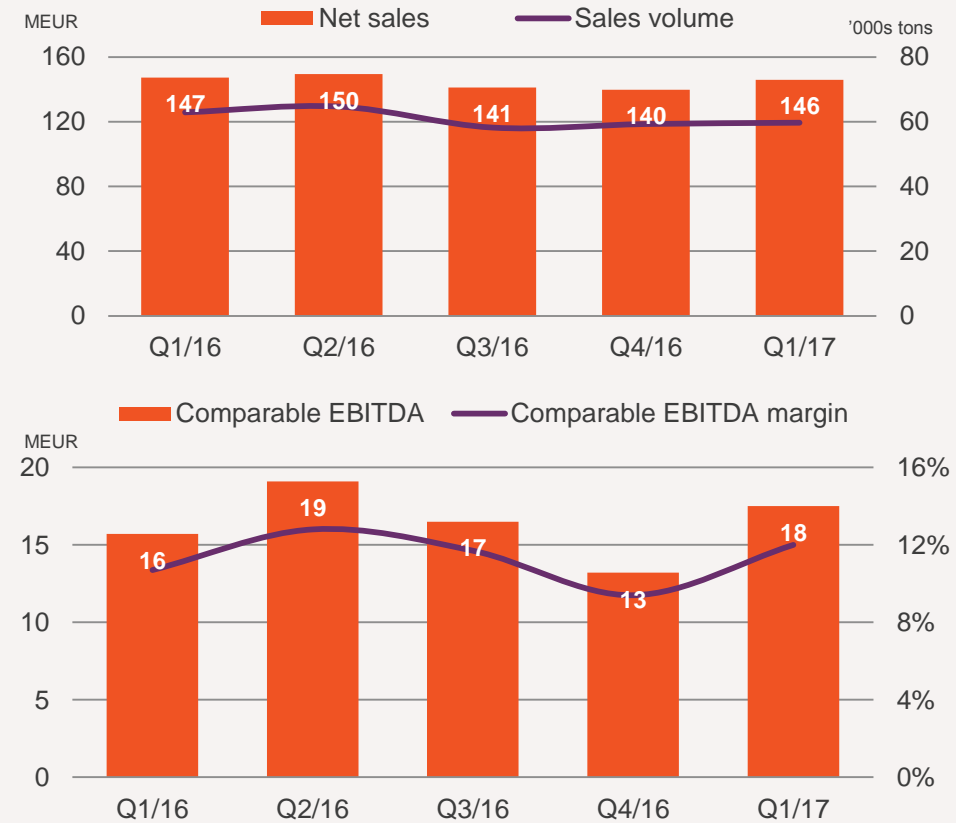
# Specialties



## PRODUCTS

- Food and beverage packaging
- Packaging papers
- Graphic papers
- Medical fabrics
- Base paper for metallized labels
- Base paper for specialty face stock labels
- Industrial process papers
- Tape backings
- Laboratory filters and life science diagnostics
- Water purification

## NET SALES AND EBITDA PERFORMANCE<sup>1</sup>



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# Business portfolio Specialties

CUSTOMER INDUSTRIES	FOODPACK & BEVERAGE	←	GRAPHICS & PACKAGING	ADVANCED LIQUID TECHNOLOGIES
DEMAND DRIVERS AND MARKET TRENDS	<ul style="list-style-type: none"> <li>Suppliers and brand owners in food packaging</li> <li>Food and ready-made meals packaging, baking and wrapping papers, tea bags and coffee capsules, meat casings</li> </ul>	<p>Part of production diverted to further converting</p>	<ul style="list-style-type: none"> <li>Packaging converters and brand owners in confectionary, baking, dairy, beverage, pet food, medical and pharmaceutical products</li> <li>Metallizing converters and label stock manufacturers</li> <li>Window envelope &amp; sticky notes</li> <li>Specialties &amp; industrial processing</li> </ul>	<ul style="list-style-type: none"> <li>Laboratory consumable and equipment suppliers, life science instrument and materials manufacturers</li> <li>Water purification equipment manufactures</li> </ul>
MARKET GROWTH*	<ul style="list-style-type: none"> <li>Consumer spending and preferences</li> <li>Substitution to more sustainable materials</li> </ul>		<ul style="list-style-type: none"> <li>Changing lifestyles and consumption habits: convenience, premium products, fast-food</li> <li>Substitution to more sustainable materials</li> </ul>	<ul style="list-style-type: none"> <li>Innovative and customized product development</li> <li>Water scarcity and reusability</li> </ul>
MAIN COMPETITORS	<ul style="list-style-type: none"> <li>CAGR:               <ul style="list-style-type: none"> <li>Foodpack ~3%</li> <li>Beverage ~5%</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>CAGR : ~3%</li> </ul>	<ul style="list-style-type: none"> <li>CAGR : ~7%</li> </ul>
	<ul style="list-style-type: none"> <li>Glatfelter</li> <li>Metsä Tissue</li> <li>Purico Group</li> <li>Terranova</li> </ul>		<ul style="list-style-type: none"> <li>Sappi, Cham Paper, Aralar, Delfort, Stora Enso, Sterimed, Billerud, Feldmuehle, Brigl &amp; Bergmeister, Pfleiderer, Mondi, Expera, New page</li> <li>Plastic film in general</li> </ul>	<ul style="list-style-type: none"> <li>GE Healthcare-Whatman</li> <li>Advantec</li> <li>Merck Millipore</li> <li>Macherey-Nagel</li> </ul>

\*Management estimates



# Business portfolio Specialties (cont.)

	MEDICAL	TAPE BACKINGS
CUSTOMER INDUSTRIES	<ul style="list-style-type: none"> <li>• Marketers and suppliers in the health care industry</li> <li>• Sterile barrier systems, drapes and gowns, facemasks</li> </ul>	<ul style="list-style-type: none"> <li>• Masking tape manufacturers</li> <li>• Masking tape for construction and automotive industries, specialty masking tape</li> </ul>
DEMAND DRIVERS AND MARKET TRENDS	<ul style="list-style-type: none"> <li>• Demographics</li> <li>• Liabilities around infections / contamination</li> <li>• Number of hospital beds</li> <li>• Substitution to single-use fabrics</li> </ul>	<ul style="list-style-type: none"> <li>• Building and construction activity</li> <li>• Automotive aftermarket</li> </ul>
MARKET GROWTH*	<ul style="list-style-type: none"> <li>• CAGR:               <ul style="list-style-type: none"> <li>• Drape &amp; Gown ~3%</li> <li>• Sterile Barrier Systems ~3%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• CAGR: ~3%</li> </ul>
MAIN COMPETITORS	<ul style="list-style-type: none"> <li>• Berry Plastics</li> <li>• SAAF</li> <li>• Halyard</li> </ul>	<ul style="list-style-type: none"> <li>• Expera</li> <li>• Swiss Quality Paper</li> <li>• YFY Group (Yuen Foong Yu)</li> <li>• Potsdam Specialty Paper Inc.</li> </ul>

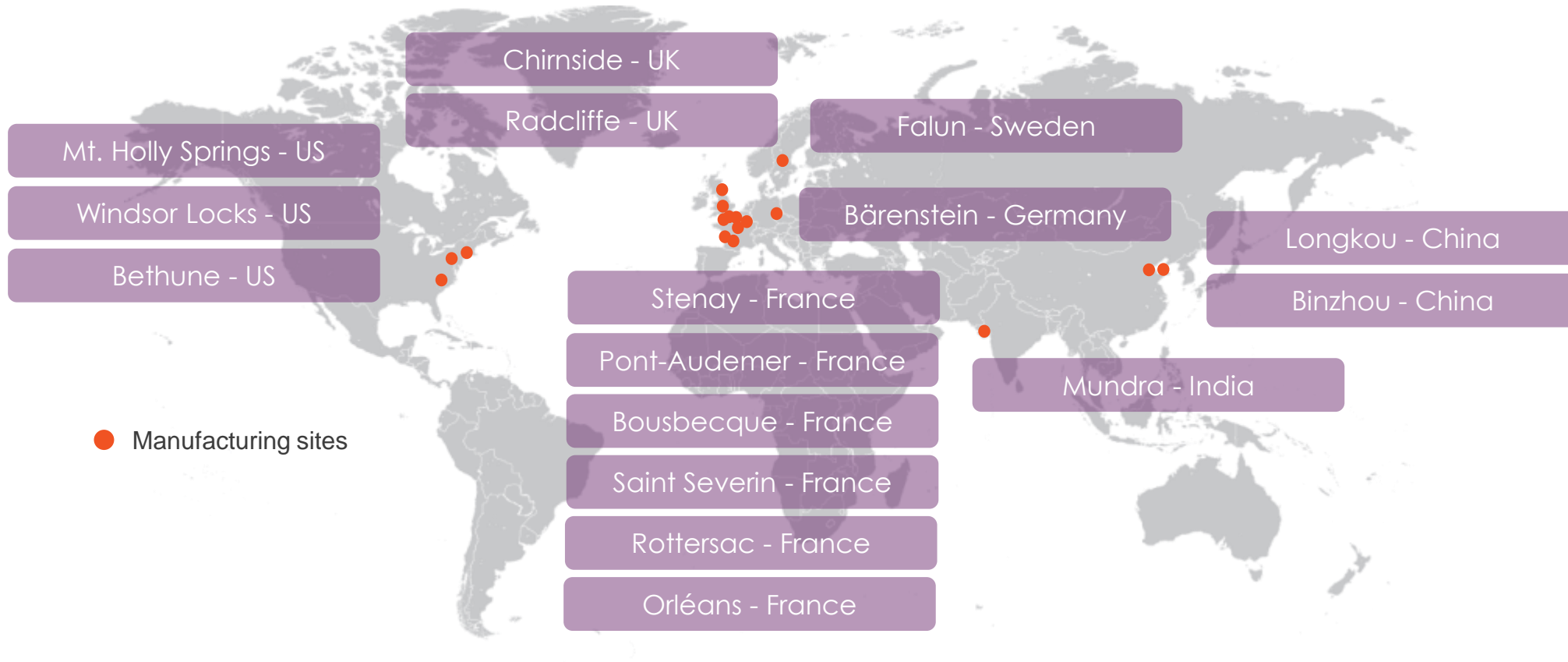


\*Management estimates





# Geographical platform Specialties



# Financials

PIA AALTONEN-FORSELL  
CFO

# Financial targets

**EBITDA margin above 14%  
over a business cycle**

**13.2%<sup>1</sup>**

**Net gearing below 100%**

**40.7%<sup>2</sup>**

**Dividend**

**A stable and annually increasing dividend,  
to be paid semi-annually**

1) PF 2017Q1 LTM

2) PF 2017Q1, Includes reclassification of hybrid bond as liability

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# Priorities on CFO's agenda

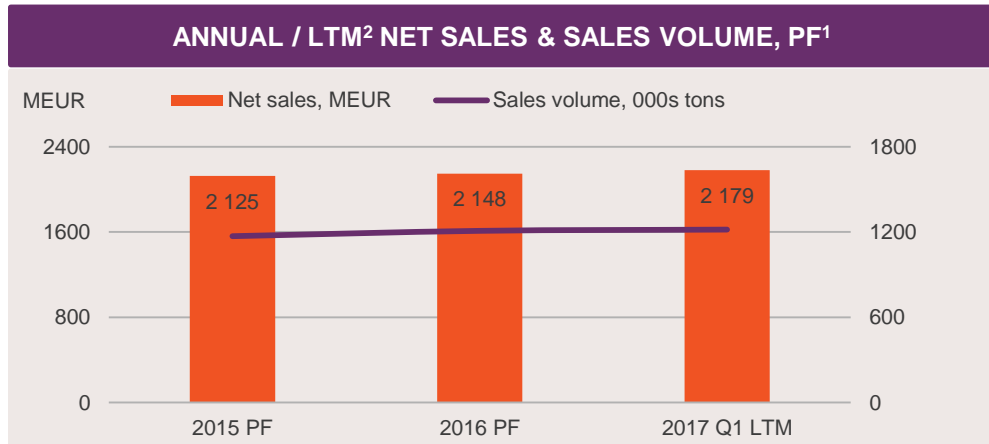
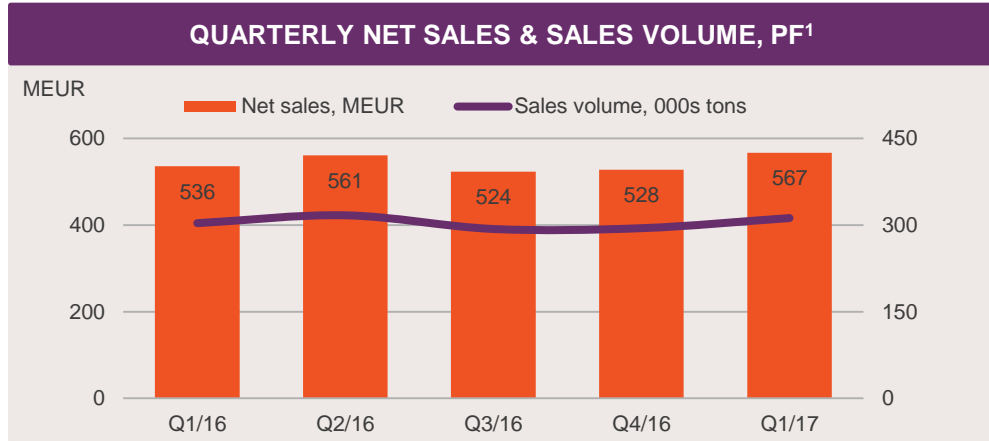
Delivering on synergies

Working Capital management

Ensuring financial strength



# Net sales and sales volume



## Sales development

- Focus on selected niche markets with underlying growth
- Higher sales volumes
- Leading positions in key segments
- Price increases in 2017 to fight raw material inflation
- Sales predominately in euro, other main currencies share is approx.:

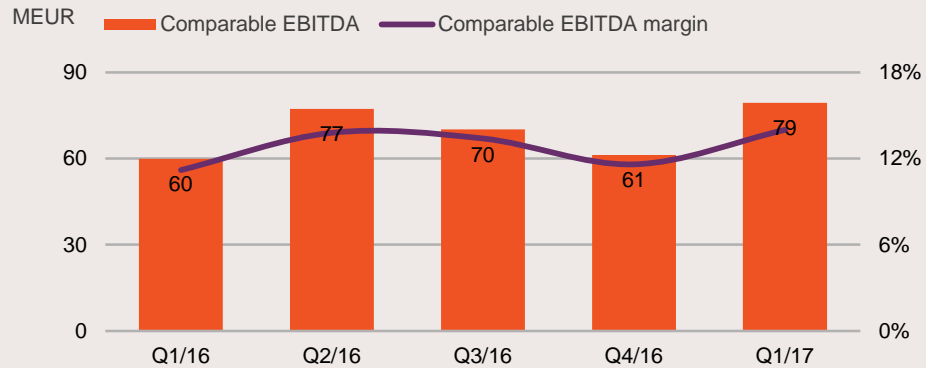
(MEUR)	USD	CNY	SEK
Sales	750	80	60

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 2) LTM, last twelve months including Q2 2016-Q1-2017

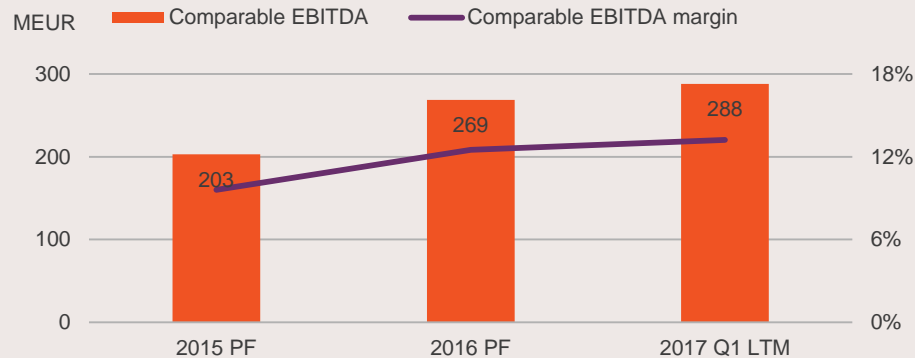


# EBITDA and EBITDA margin

## QUARTERLY COMPARABLE EBITDA & COMPARABLE EBITDA MARGIN, PF<sup>1</sup>



## ANNUAL / LTM<sup>2</sup> COMPARABLE EBITDA & COMPARABLE EBITDA MARGIN, PF<sup>1</sup>



### EBITDA development

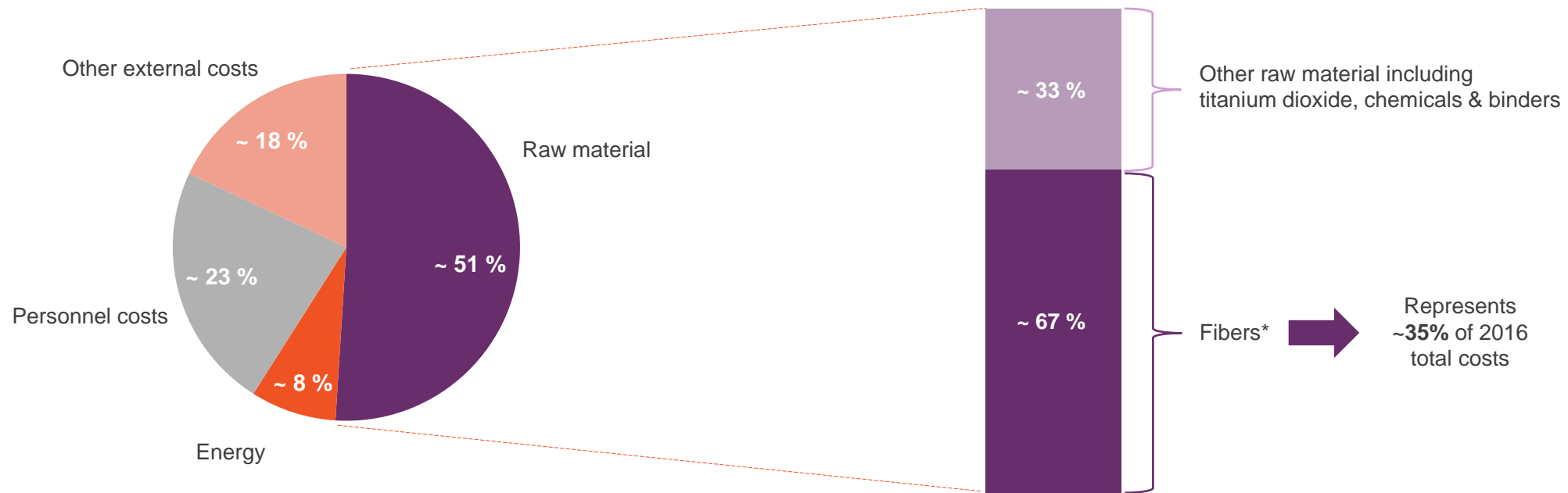
- EBITDA improvements driven by profitable growth, improved operational efficiency and in 2016 also lower variable cost base
- Cost synergies expected to be gradually realized over the following two years with a more profound impact from Q4/17
- Price increases to fight raw material inflation in 2017

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2) LTM, last twelve months including Q2 2016-Q1-2017



# Cost structure 2016



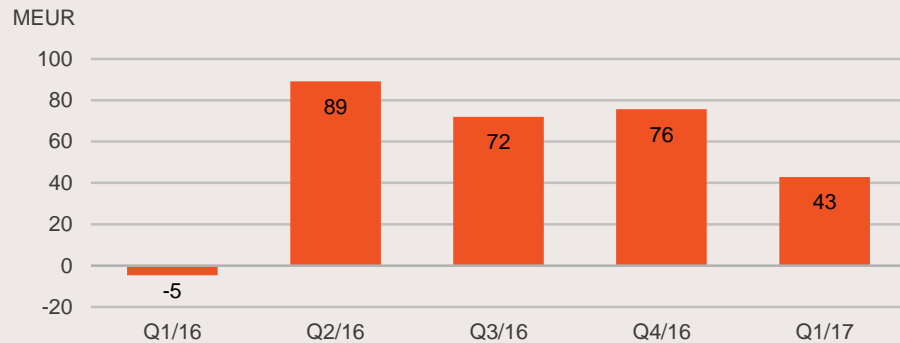
\* Including wood and all fiber based raw materials

**Largely variable cost structure with good ability to mitigate raw material increases through implementation of price increases in customer contracts as they expire**

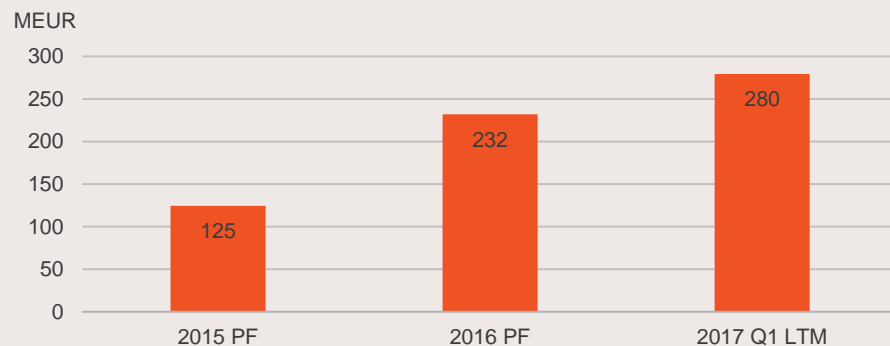


# Operating cash flow

## QUARTERLY CASH GENERATED FROM OPERATING ACTIVITIES, PF<sup>1</sup>



## ANNUAL / LTM<sup>2</sup> CASH GENERATED FROM OPERATING ACTIVITIES, PF<sup>1</sup>



### Cash flow

- Improved operational result and active working capital management driving cash flow compared with Q1/2016

### 2016 vs 2015 development

- Focus on working capital management had a positive impact on operating cash flow

### Other

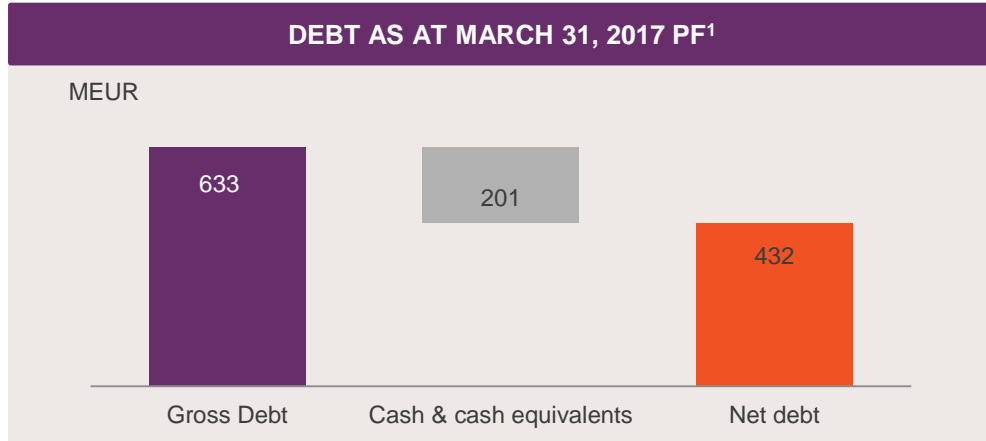
- One-off cash flow impact relating to the merger expected during 2017

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2) LTM, last twelve months including Q2 2016-Q1-2017





# Debt, gearing and leverage



**GEARING & LEVERAGE AS AT MARCH 31, 2017 PF<sup>1</sup>**

<b>Net gearing</b>	<ul style="list-style-type: none"> <li>Pro Forma gearing<sup>2</sup> was 40.7% as at March 31, 2017</li> <li>Target below 100%</li> </ul>
<b>Net leverage</b>	<ul style="list-style-type: none"> <li>Pro Forma net leverage<sup>3</sup> was 1.5x as at March 31, 2017</li> </ul>

- Strengthened balance sheet and deleveraging on the back of improved financial situation during 2016 driven by strong operating cash flow
- Cash position improved by sale of non-core assets
- New bond issue of EUR 250 million in June 2017 at a coupon of 1.875% to refinance EUR 100 million Hybrid bond, EUR 100 million 2019 notes and part of term loan
- Merger refinancing improving the structure and lowering financial costs

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2) Includes reclassification of hybrid bond as liability

3) Calculated as net debt / comparable EBITDA Q1 2017 LTM



# Outlook

## Market Outlook

The demand outlook for 2017 for Ahlstrom-Munksjö's fiber-based products is expected to remain stable at the current good level for most of the product segments and to reflect the seasonal pattern. Price increases are implemented as customer contracts expire to mitigate for raw material price increases in certain segments, particularly in the Decor and Release Paper Europe businesses. The price increases will take effect towards the end of the second quarter

## EBITDA

Comparable EBITDA in 2017 expected to be higher than in the previous year

## Shutdowns

The annual maintenance and vacation shutdowns in the second and third quarter as well as the seasonal shutdowns at the end of 2017 are expected to be carried out to about the same extent as in 2016. However the maintenance shutdown usually carried out in the third quarter in the Swedish plant Billingsfors, will be replaced by shorter stops in the second and fourth quarter, due to changes in the shift form. The next maintenance shut down at the pulp production facility in Aspa in Sweden will be carried out in the fourth quarter of 2017

## Capital Expenditure

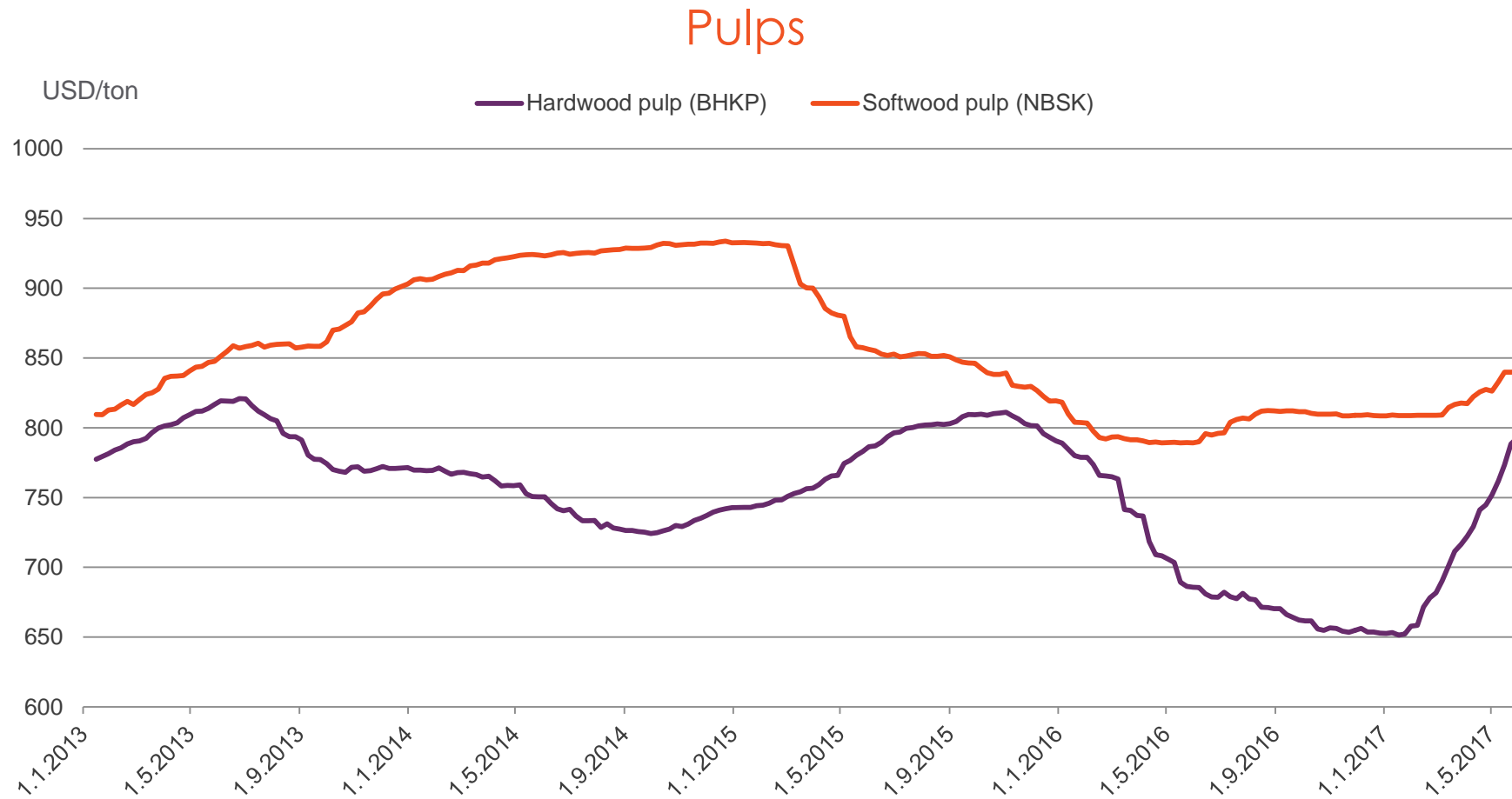
The cash flow effect of current capital expenditure for fixed assets in 2017 is expected to be approximately EUR 70 million. In addition, the cash flow impact of the strategic investments in the Arches mill and in Madisonville is expected to be approximately EUR 10 million and EUR 8 million respectively



Q&A

# Financials: Appendix

# Key raw material price trends

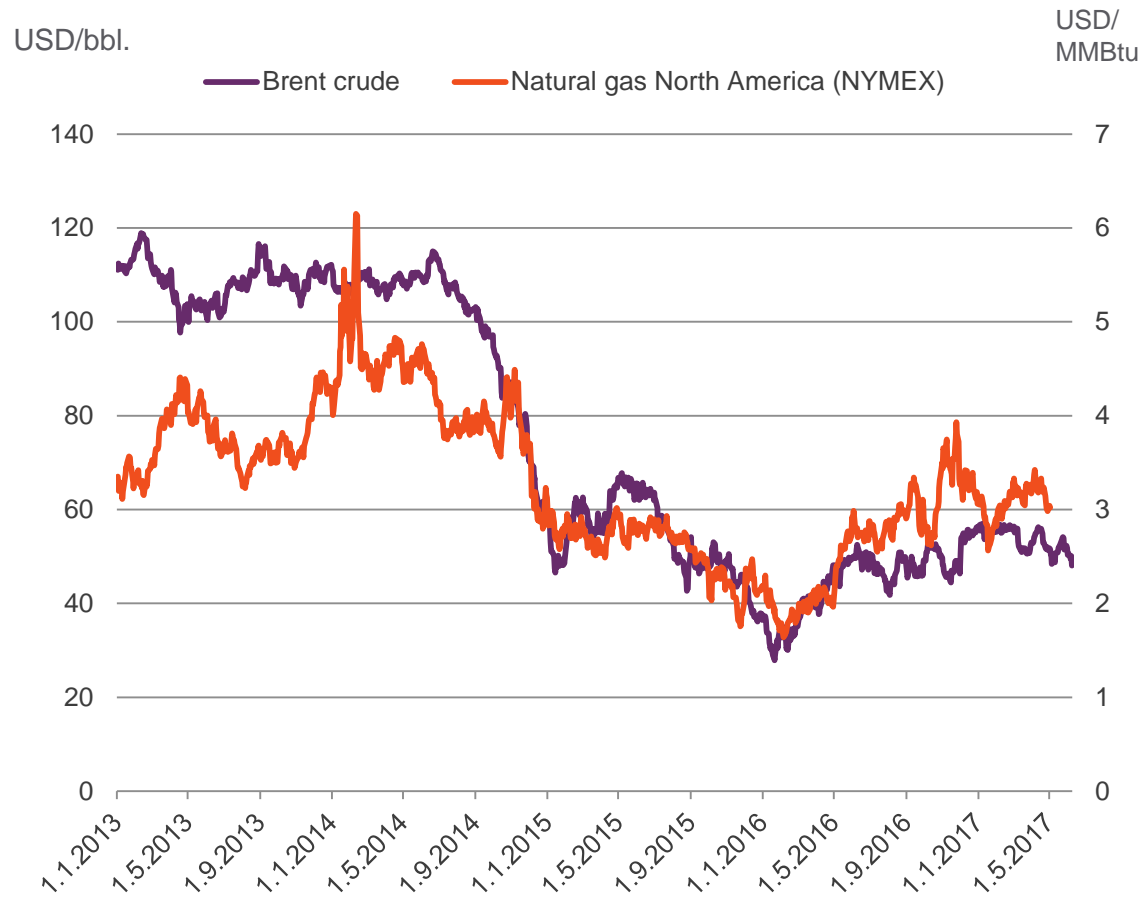


Source: Foex, Bloomberg



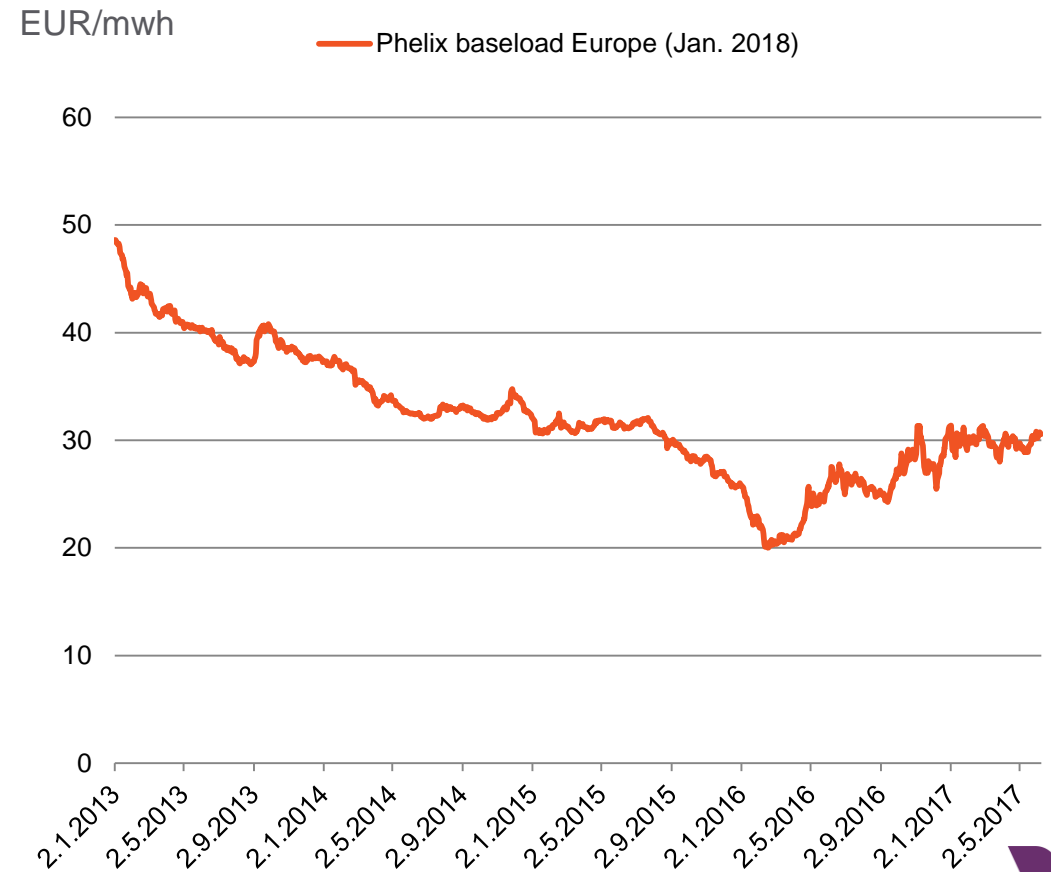
# Energy price trends

## Oil and natural gas



Source: Bloomberg

## Electricity in Europe



# Successful refinancing activity

## Capitalizing on the financial strength of the combined company

May 2017

- EUR 100 million hybrid bond redeemed

June 2017

- Five-year EUR 250 million bond issued with 1.875% coupon
  - To repay EUR 100 million bond with 4.125% coupon and refinance other borrowings



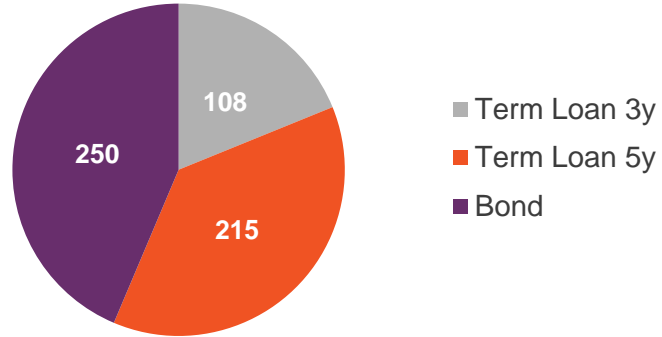
Lower financing costs



# Funding structure

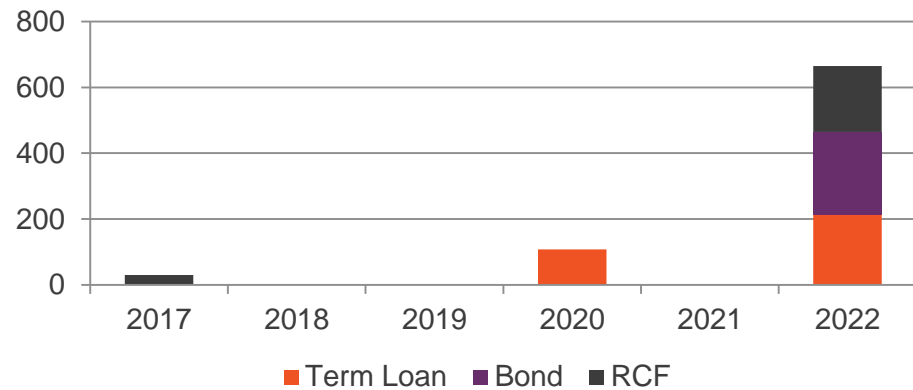
## DEBT FACILITY STRUCTURE, DRAWN<sup>1</sup>

MEUR



## DEBT FACILITY MATURITY PROFILE, INCL. UNDRAWN<sup>1</sup>

MEUR



## FUNDING STRUCTURE, AVAILABLE FACILITIES

- **Term Loans**
  - 3 year: EUR 108 m
  - 5 year: EUR 80m, EUR 40m, SEK 600m, USD 35m
- **Bond**
  - EUR 250 m bond with maturity 2022
- **RCF**
  - Dec 2017: EUR 30m (undrawn)
  - 5 year: EUR 200m (undrawn)
  - No active issuances in the CP market at the moment
- **Other**
  - Local facilities of approx. EUR 55m
  - Local WC facilities of approx. EUR 65m (undrawn)

1) Local facilities not represented





# Pro forma Income statement & Cash generated from operating activities on a pro forma basis

MEUR	2016	2015
Net sales	2147.9	2124.6
Other operating income	19.0	14.1
<b>Total income</b>	<b>2166.9</b>	<b>2138.8</b>
Changes in inventories	-11.9	6.4
Materials and suppliers	-983.3	-1020.8
Other external costs	-500.4	-523.5
Personnel costs	-431.4	-411.8
Share of profit in equity accounted investments	-	0
<b>EBITDA</b>	<b>239.9</b>	<b>189</b>
Depreciation and amortization	-135.2	-149.5
<b>Operating result</b>	<b>104.7</b>	<b>39.6</b>
Financial income	4.8	10.9
Financial costs	-35.3	-12.6
Net financial items	-30.6	-1.7
<b>Result before tax</b>	<b>74.1</b>	<b>37.9</b>
Taxes	-24.3	-10.2
<b>Net result</b>	<b>49.8</b>	<b>27.7</b>
<b>Net result attributable to:</b>		
Parent company's shareholders	49.5	28.0
Non-controlling interests	0.3	-0.3
<b>EPS (attributable to parent company's shareholders), EUR</b>		
Basic	0.51	0.29
Basic, excluding merger related items	0.71	0.29
<b>Average number of shares</b>		
Basic	96,376,128	96,432,807

MEUR	2016	2015
Net result	49.8	27.7
Adjustments, total	182.4	154.2
Changes in working capital	40.8	-4.5
Changes in provisions	-11.7	-2.6
Financial items	-24.1	-34.7
Income tax paid and received	-5.1	-15.4
<b>Cash generated from operating activities</b>	<b>232.1</b>	<b>124.7</b>

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# Pro forma Balance sheet

MEUR	March 31, 2017
<b>ASSETS</b>	
<b>Non-current assets</b>	
Tangible assets	882.3
Goodwill	442.4
Other intangible assets	332.9
Equity accounted investments	2.2
Other non-current assets	13.4
Deferred tax assets	78.1
<b>Total non-current assets</b>	<b>1751.3</b>
<b>Current assets</b>	
Inventory	281.6
Accounts receivable	233.9
Other current assets	57.4
Current tax assets	3.1
Cash and cash equivalents	200.6
<b>Total current assets</b>	<b>776.6</b>
<b>TOTAL ASSETS</b>	<b>2527.9</b>

MEUR	March 31, 2017
<b>EQUITY AND LIABILITIES</b>	
<b>Attributable to parent company's shareholders</b>	
Share capital	85.0
Reserve for unrestricted equity	543.1
Other reserves	374.0
Retained earnings	52.1
Hybrid bond	-
Total equity attributable to parent company's shareholders	1054.1
Non-controlling interests	8.5
<b>Total equity</b>	<b>1062.6</b>
<b>Non-current liabilities</b>	
Non-current borrowings	466.6
Other non-current liabilities	0.9
Pension obligations	109.6
Deferred tax liabilities	190.3
Provisions	18.5
<b>Total non-current liabilities</b>	<b>785.9</b>
<b>Current liabilities</b>	
Current borrowings	166.5
Accounts payable	304.4
Liabilities to equity accounted investments	6.8
Accrued expenses and deferred income	147.5
Current tax liabilities	19.3
Other current liabilities	34.8
<b>Total current liabilities</b>	<b>679.3</b>
<b>Total liabilities</b>	<b>1465.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2527.9</b>

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# Wrap-up & Q&A

JAN ÅSTRÖM  
PRESIDENT & CEO

# Key investment takeaways

Leading global positions in several segments

Global reach and strong position in the value chain with an ambition to move up

Diversified revenue and earnings base through wide geographic footprint and product offering

Strong financial position and cash flow

Experienced management team with strong track-record

Fully committed to achieve EUR 35 million in cost synergies with further benefits being looked at



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