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Munksjö Oyj Interim report January-September 2015

Helsinki, 3 November 2015
Jan Åström, President and CEO



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1 Key financials for Q3/2015 and Q1-Q3/2015

2 Business Area performance

3 Outlook

4 Q&A



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Key figures

MEUR	Q3/2015		Q3/2014	Q1-Q3/2015		Q1-Q3/2014	FY 2014
Net sales	269.3	↓	275.9	840.7	↓	856.3	1,137.3
EBITDA (adj.*)	20.0	↓	23.2	71.5	↓	76.6	105.0
EBITDA margin, (adj.*)	7.4%	↓	8.4%	8.5%	↓	8.9%	9.2%
EBITDA	15.1	↓	22.9	64.2	↓	74.7	99.4
EBITDA margin	5.6%	↓	8.3%	7.6%	↓	8.7%	8.7%
Operating result (adj.*)	6.8	↓	9.5	31.5	↓	36.6	51.0
Operating result	1.9	↓	9.2	24.2	↓	34.7	45.4
Net result	3.2	↑	-3.4	15.6	↑	5.0	7.7
EPS (EUR)	0.07	↑	-0.07	0.30	↑	0.09	0.14

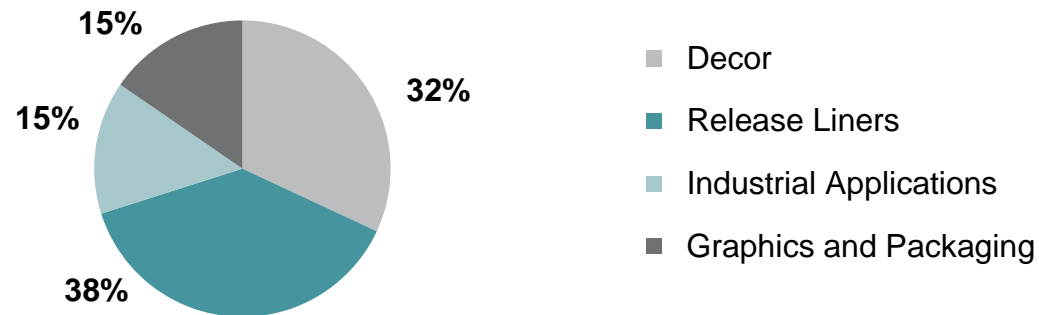
* Adjusted for non-recurring items



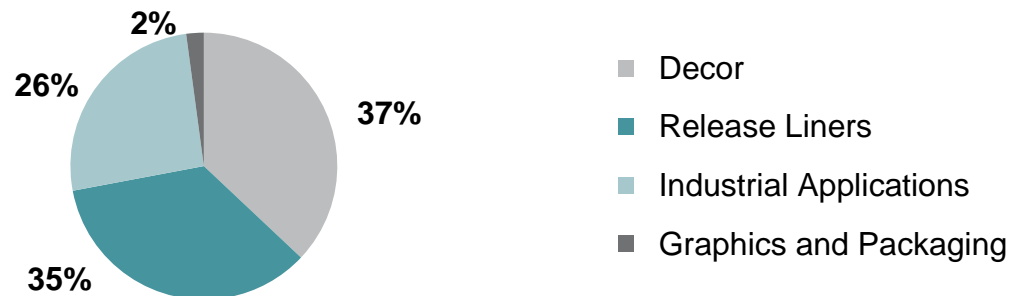
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Business Area overview for January-September 2015

Share of net sales for Q1-Q3/2015*



Share of EBITDA (adj.**) for Q1-Q3/2015*



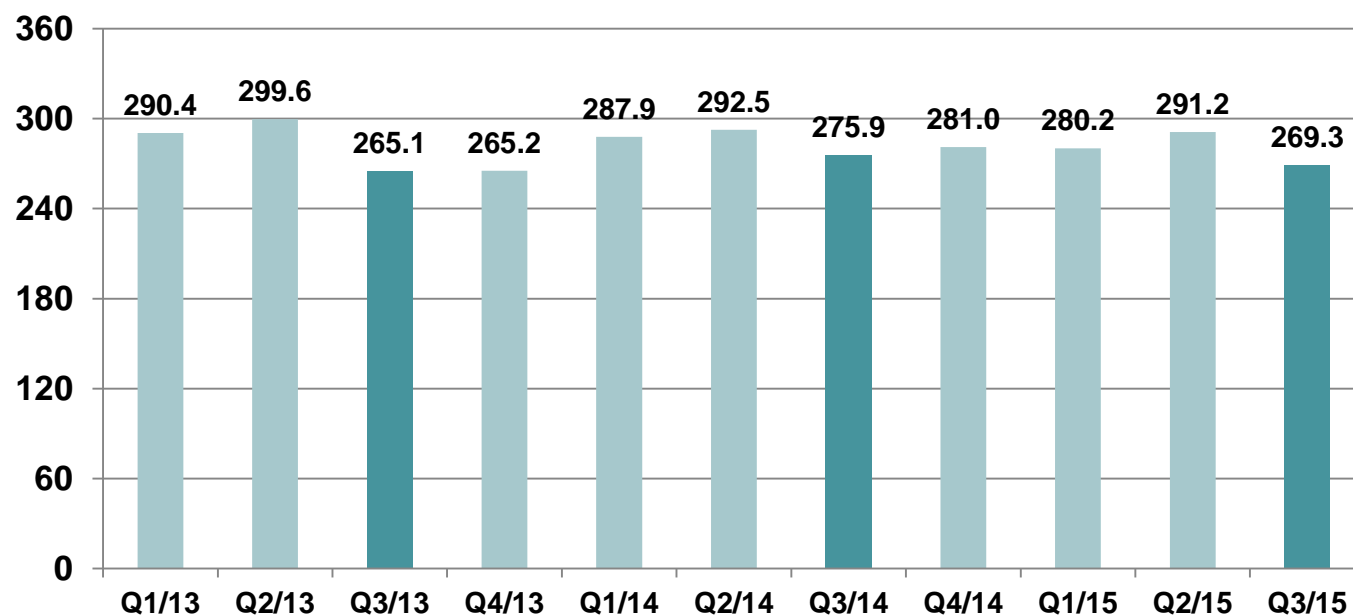
* Excluding segment Others and internal eliminations ** Adjusted for non-recurring items



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Net sales development

MEUR



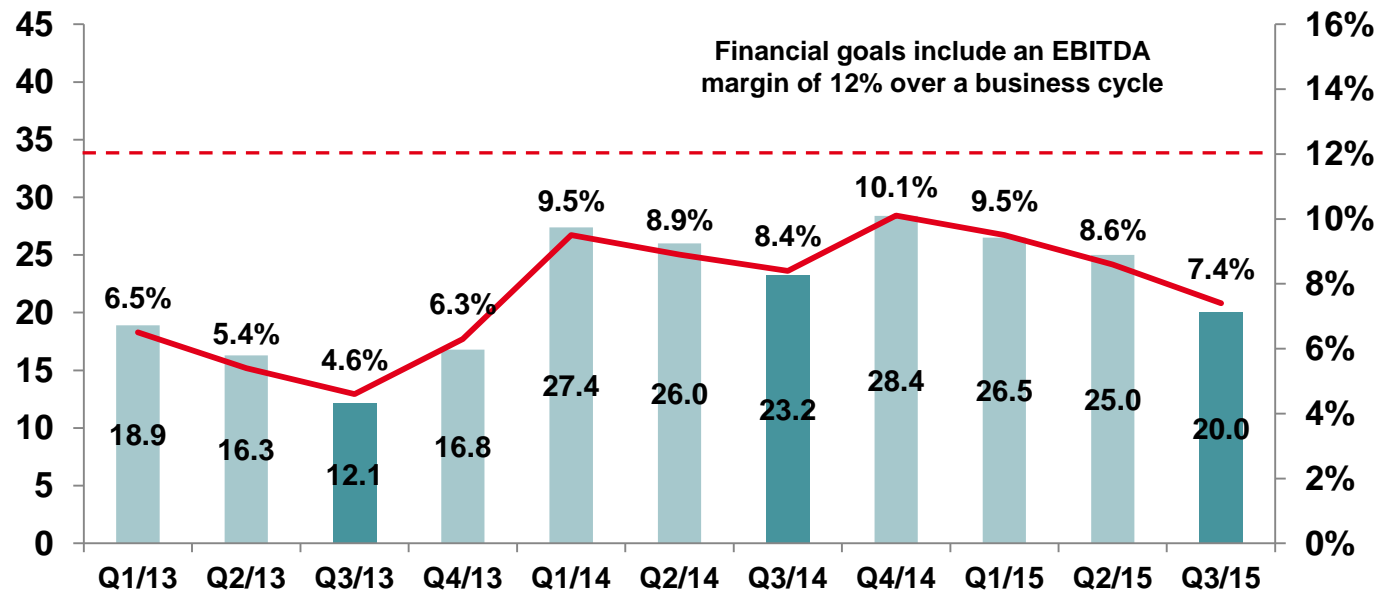
Pro forma figures for the period Q1-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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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.

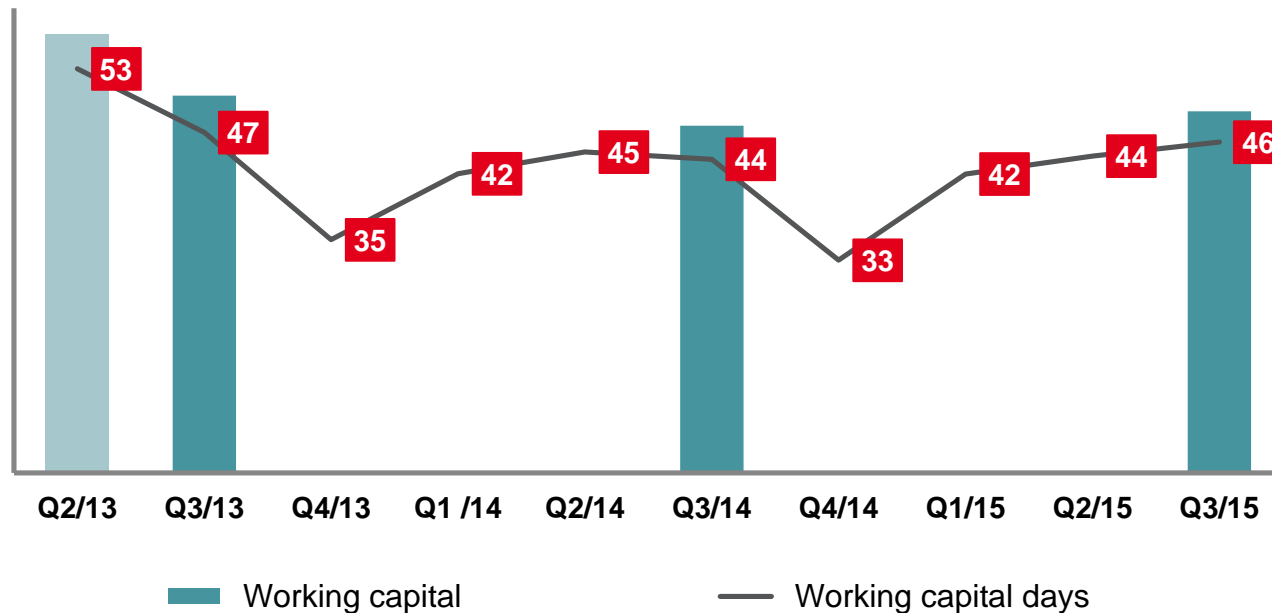


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Focus on Working Capital management continues

Prolonged shutdowns planned to reduce inventory levels in Q4/2015

MEUR



Working capital: Inventory + Accounts receivable - Accounts payable

Working capital days: DIO + DSO - DPO

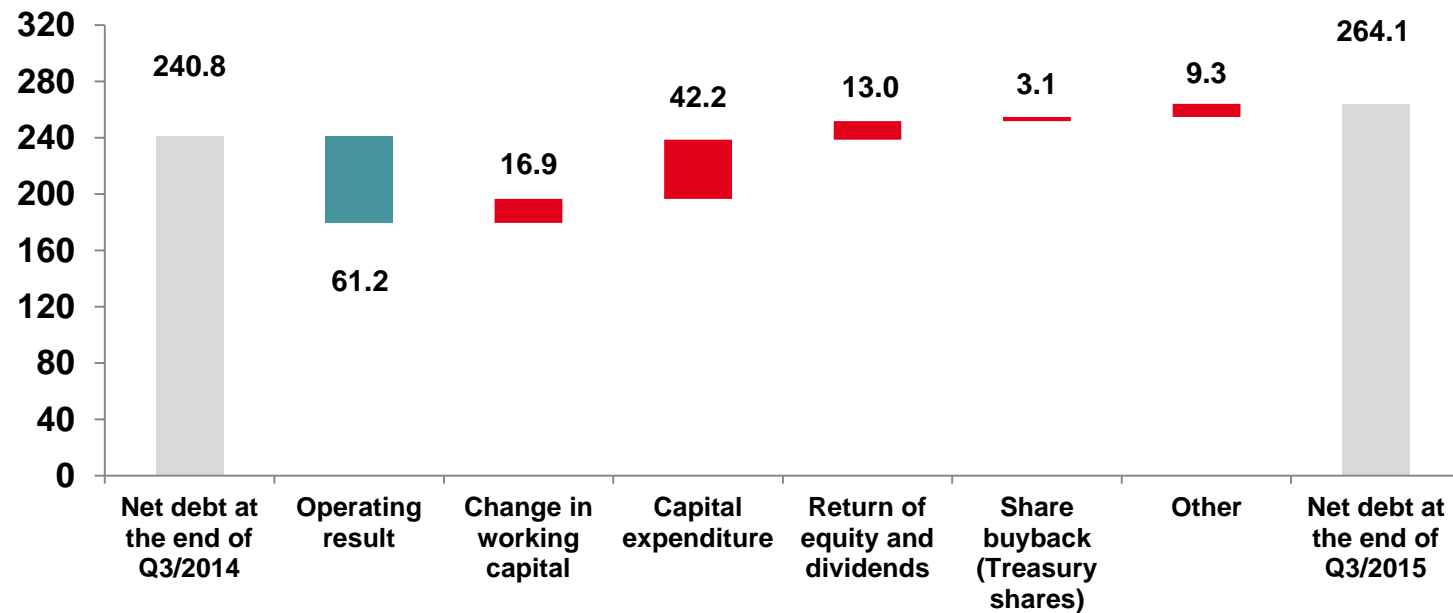
Figures include LP Europe and Coated Specialties from 1 January 2012. From the first quarter 2014, the reported figure is used.



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Net debt development

MEUR

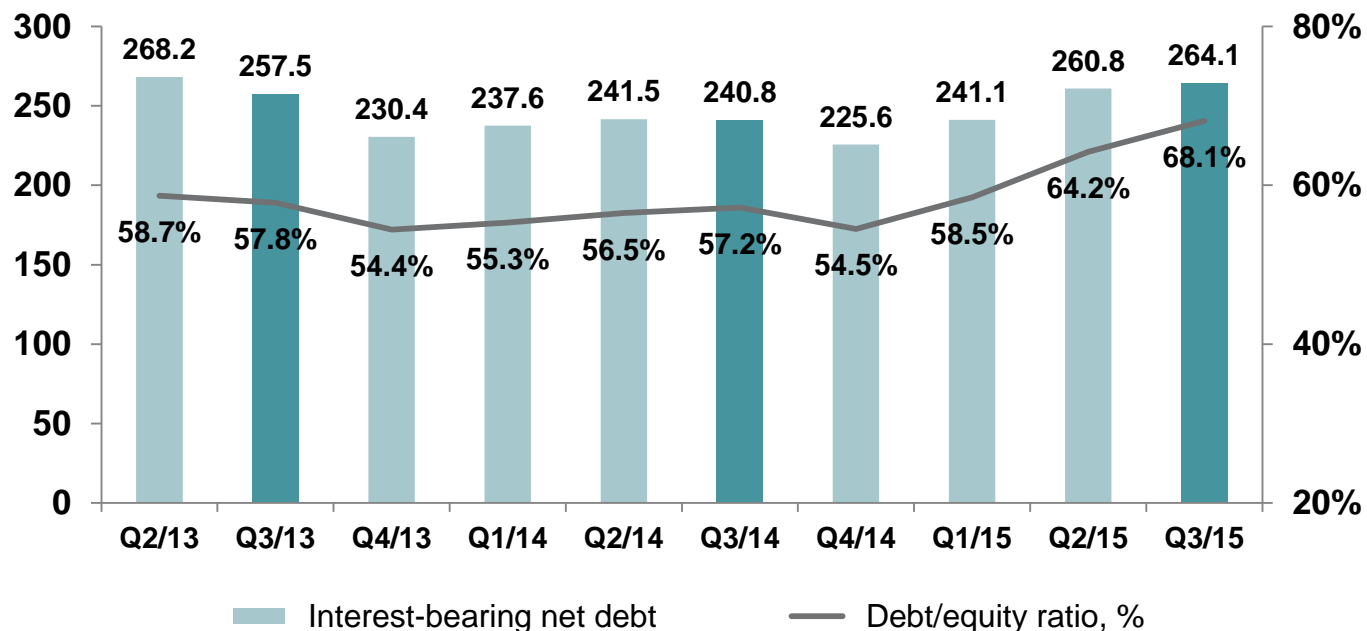




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Net debt and gearing development

MEUR



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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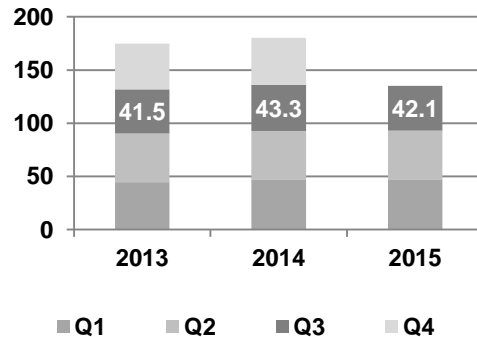
4 Q&A



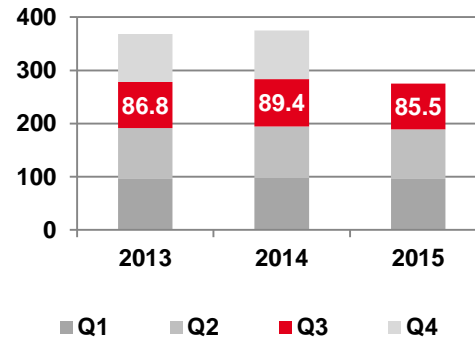
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Business Area Decor

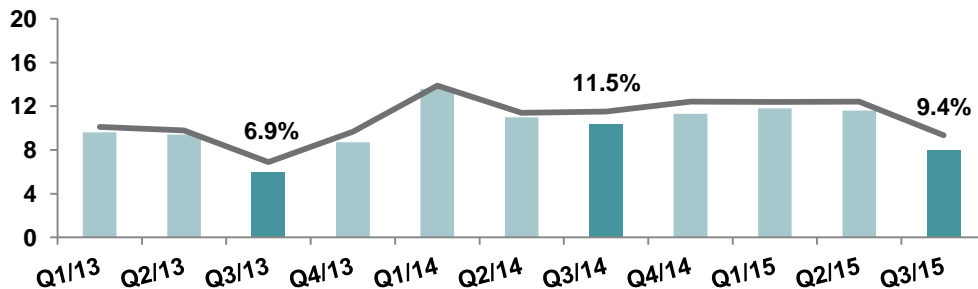
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q3/2015

- Delivery volumes were lower and net sales decreased.
- Price increases had a positive effect on the average price in the main markets in Europe, but average price decreased due to a less favourable geographical mix and selective price adjustments made in Q4/2014.
- Profitability negatively affected mainly by lower volumes and lower average price. Raw material costs remained on the same level.

Q1-Q3/2015

- Demand and total delivery volumes were stable and net sales decreased.
- Average price lower mainly due to a less favourable geographical and product mix and selective price adjustments made in Q4/2014.
- EBITDA affected by lower volumes and lower average price, which was not fully compensated for by lower raw material costs, driven by lower price of titanium dioxide.
- Annual maintenance and vacation shutdowns in Q2 and Q3 were carried out to the same extent as in 2014.

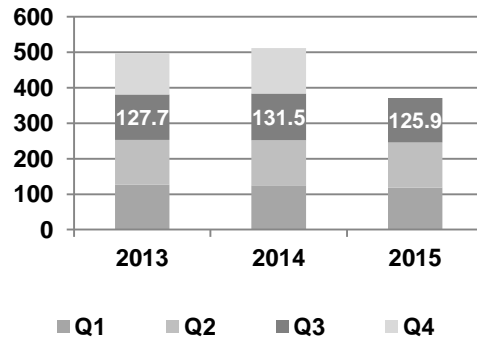
The business combination has not impacted the business area and therefore no pro forma information is presented



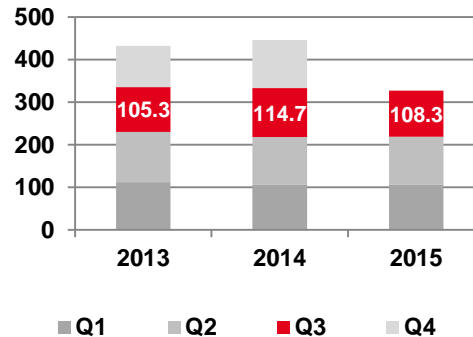
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Business Area Release Liners

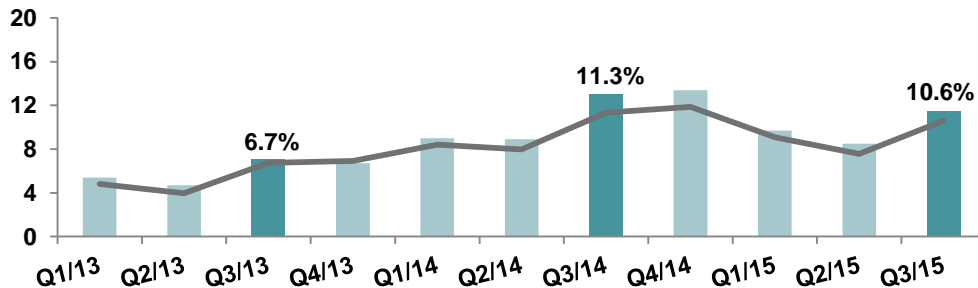
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



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.

Q3/2015

- Delivery volumes decreased. Demand in South America affected by economic slowdown in Brazil.
- Net sales were lower and average price in local currencies higher for all three business units. The increase was mainly a result of a more favourable product mix in the pulp business, a favourable currency development and the price increases in the European paper business.
- The positive contribution of the pulp business and the higher average prices did not compensate for the increased short fibre pulp costs in the paper business units and the lower volumes.
- Plan to further adjust cost structure and improve operational efficiency announced.

Q1-Q3/2015

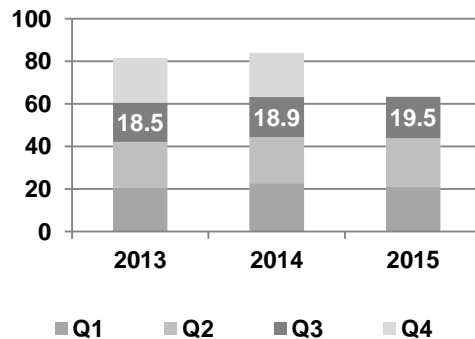
- Delivery volumes decreased, mainly as a result of lower volumes in Brazil.
- Net sales were lower and average price measured in local currencies higher for all three business units.
- Profitability development mainly a result of a less favourable price difference between short and long fibre pulp and the lower volumes, not compensated for by the higher average prices.
- Annual maintenance and vacation shutdowns in Q2 and Q3 were carried out to the same extent as in 2014.



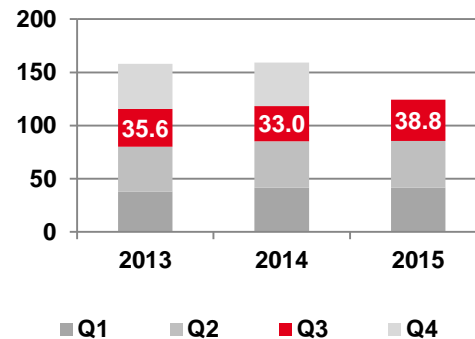
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Business Area Industrial Applications

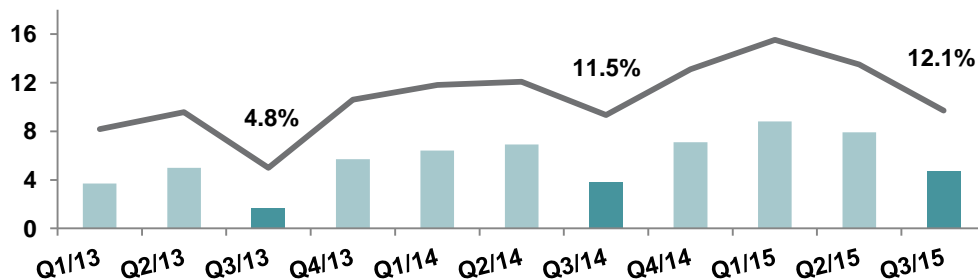
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q3/2015

- Delivery volumes higher with growth in most of product segments.
- Net sales were higher and average price increased mainly as a result the favourable currency development and a more favourable product mix.
- Positive profitability development mainly a result of higher delivery volumes and higher average price, which more than compensated for the higher raw material costs.

Q1-Q3/2015

- Delivery volumes were stable.
- Net sales were higher and average price increased mainly as a result of the favourable currency development and a more favourable product mix.
- The positive profitability development a result of higher average price, which more than compensated for higher raw material costs.
- Annual maintenance and vacation shutdowns in Q2 and Q3 were carried out to the same extent as in 2014.

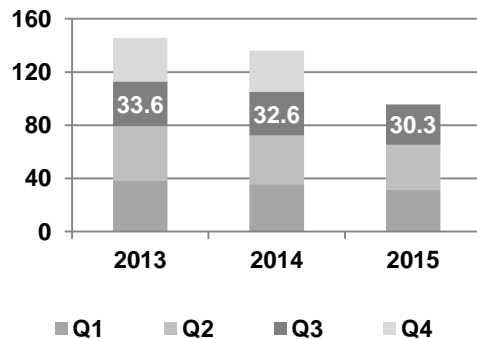
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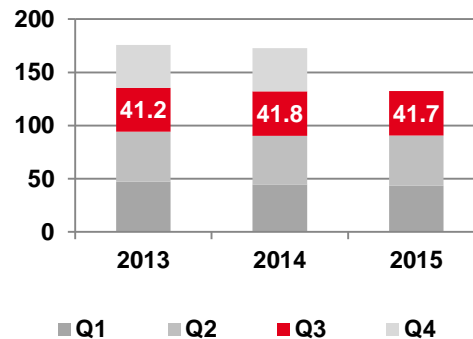
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Business Area Graphics and Packaging

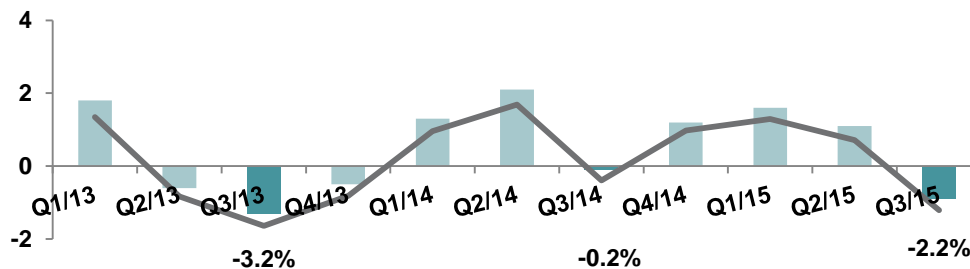
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q3/2015

- Delivery volumes decreased due to changes in product mix and increased competition in certain product segments.
- Net sales were stable and average price increased mainly as a result the favourable currency development, continued adjustment of product mix and price increases made during 2014.
- The increased average price did not compensate for lower volumes and increased raw material costs.

Q1-Q3/2015

- Delivery volumes decreased due to changes in product mix and increased competition in certain product segments.
- Net sales were stable and average price increased mainly as a result the favourable currency development, continued adjustment of the product mix and price increases made during 2014.
- Increased average price and improved operational efficiency did not compensate for lower volumes and increased raw material costs.
- Annual maintenance and vacation shutdowns in Q2 and Q3 carried out to about the same extent as in 2014.

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 fourth quarter of 2015 is stable and is expected to reflect the seasonal pattern, with the exception of the paper business in Brazil, which is affected by the continued weakened macro-economic environment.
- The price increases announced in the second quarter of 2015 for business areas Decor and Release Liners have been gradually implemented and the full effect is expected at the beginning of the fourth quarter.
- The seasonal shutdowns at the end of 2015 are expected to be carried out to about the same extent as in 2014, with the exception of Business Area Graphics and Packaging and the paper business unit in Brazil of Business Area Release Liners, where the shutdowns are prolonged in order to reduce inventory levels. The reduction of inventory levels is expected to reduce the financial result and improve the cash flow. The cash flow from operations is expected to reflect the seasonal pattern and hence be strongest in the fourth quarter of 2015.
- The cash flow effect from capital expenditure for fixed assets for 2015 is expected to amount to slightly above two thirds of the depreciation level, and amount to EUR 35-40 million.



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Q&A

➤ **Capital Markets Day 2015**

An update for the capital market will be held on **26 November 2015 in Stockholm**. Further information available at www.munksjo.com/cmd. The event will be broadcasted live.

➤ Munksjö's Financial Statements Bulletin for 2015 will be published on Thursday, 11 February 2016

Additional information:

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