

# Ahlstrom-Munksjö Holding Q2/2021 Results

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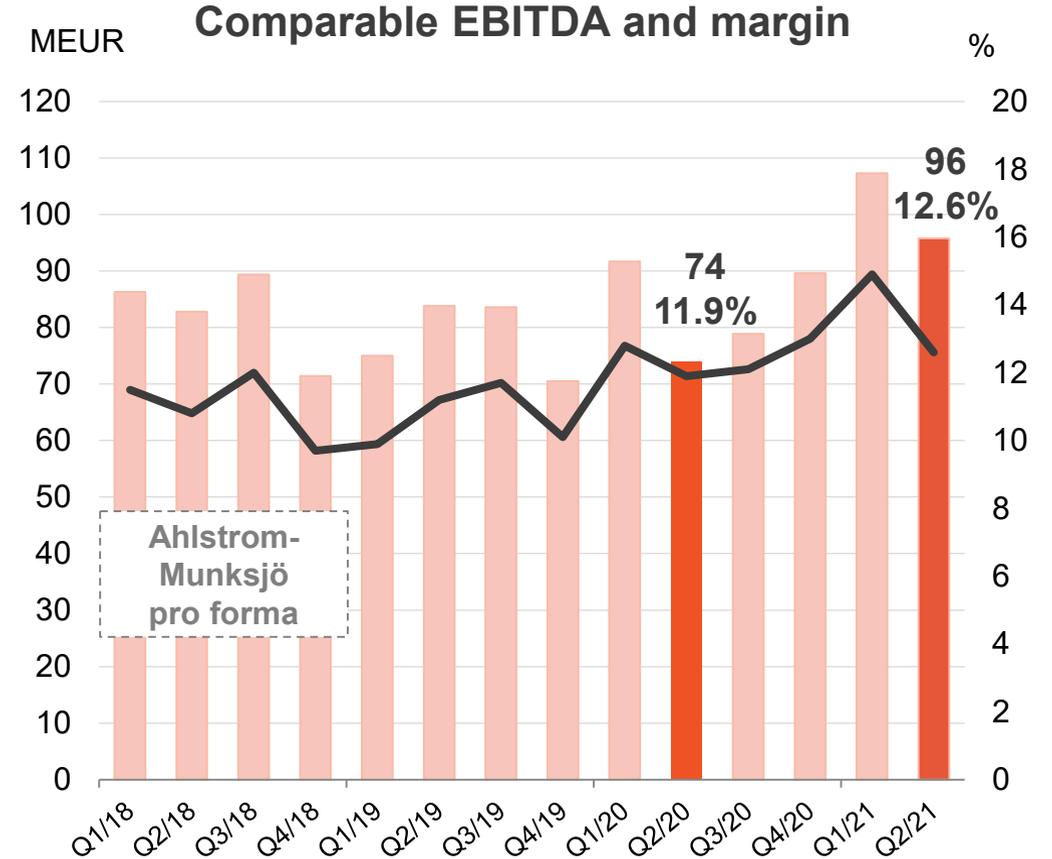
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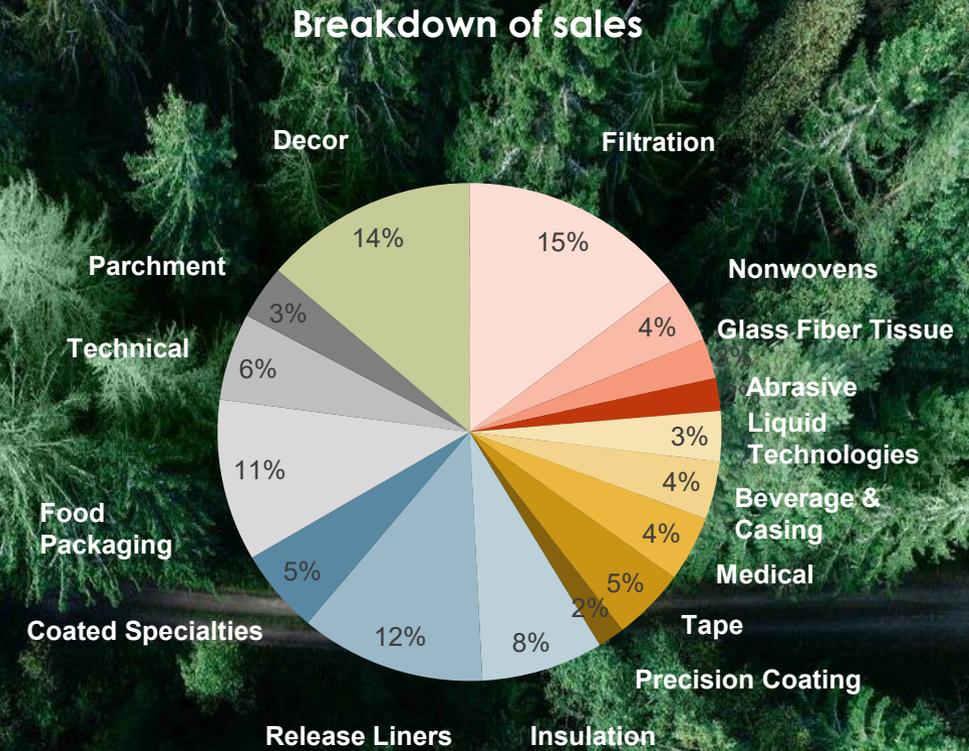
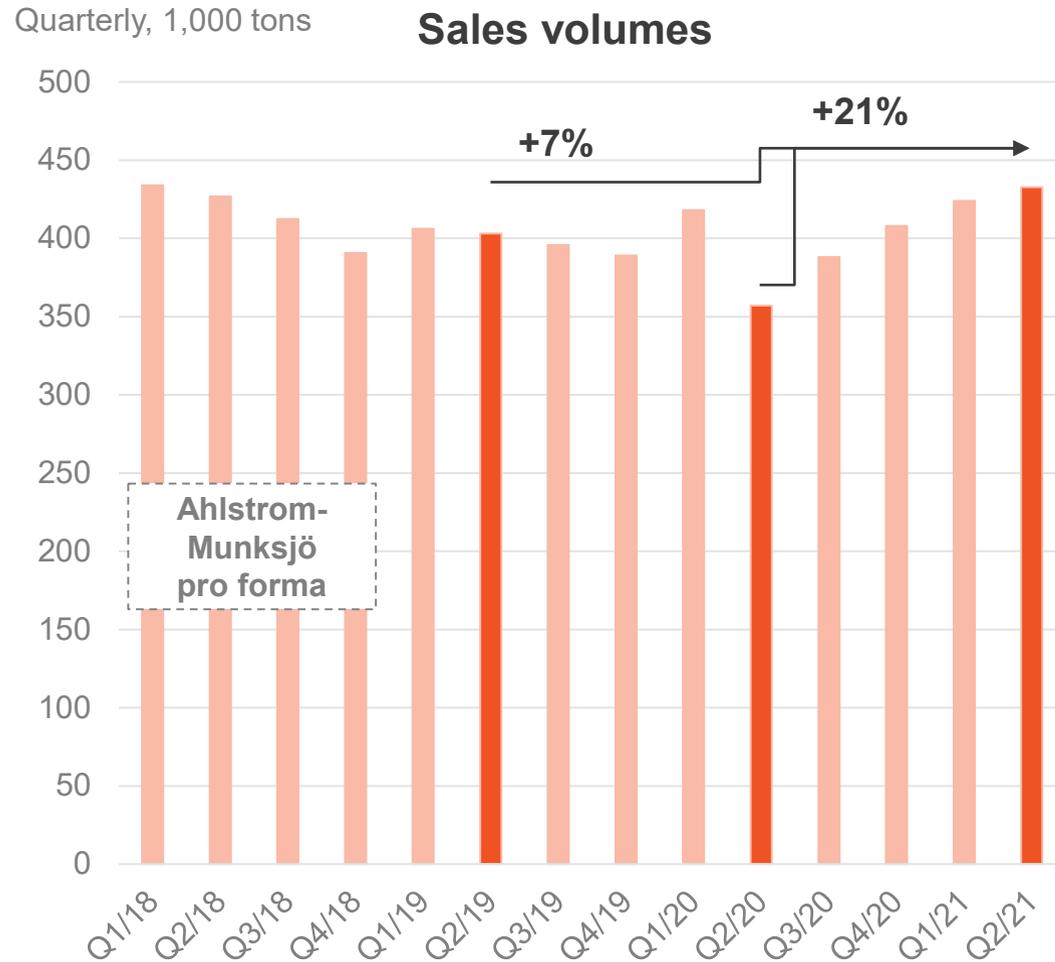
# Business highlights Q2/2021

- Improved comparable EBITDA and margin
- Sales volumes rose in nearly all businesses as customer activity continued to improve
- Sales prices were raised during the second quarter, offsetting a large part of the rapidly increased raw material costs
- EUR 58 million investment decision in a new glass fiber tissue production line in the U.S. to better serve the North American market
- Good progress in transformation initiatives



# Solid volumes in Q2

## – improvement from pre-pandemic levels



- Strong volumes in businesses such as Liquid Technologies, Filtration, Abrasive, Glass Fiber Tissue, Parchment, Food Packaging, Release Liners, and Decor

# Accelerating value creation through major investment in the Glass Fiber Tissue business

- New glass fiber tissue production line in Madisonville plant, the US, to further strengthen global leadership position
- Full range of high-quality and cost competitive glass fiber tissue with focus on Luxury Vinyl Tiles and Vinyl sheet materials
- Provides additional capacity and allows better service regionally for the flooring industry in North America
- Customer deliveries starting in mid-2023
- Based on state-of-the-art foam forming technology with low environmental footprint, consuming less water and energy
- Creates some 50 new job opportunities locally
- Accelerates value creation by strengthening our strongholds



## Glass Fiber Tissue

### Demand drivers

- Construction and renovation activity
- Growing popularity of luxury vinyl tile flooring solutions, especially in North America
- Substitution from other flooring reinforcements such as mineral felt, especially in North America

### Strengths

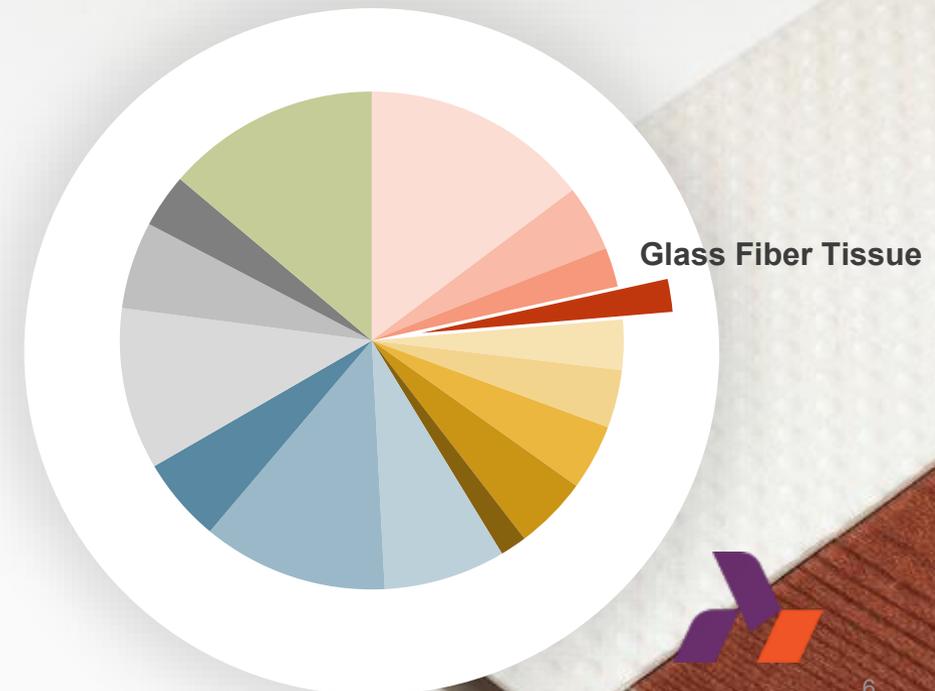
- Unique glass fiber tissue production technology
- Agile customer service and close customer relationships
- In-depth industry knowledge in flooring applications and in other glass veil application

### Going forward

- Further strengthen global leadership in glass fiber tissue for flooring applications and expand portfolio of applications for glass fiber tissue

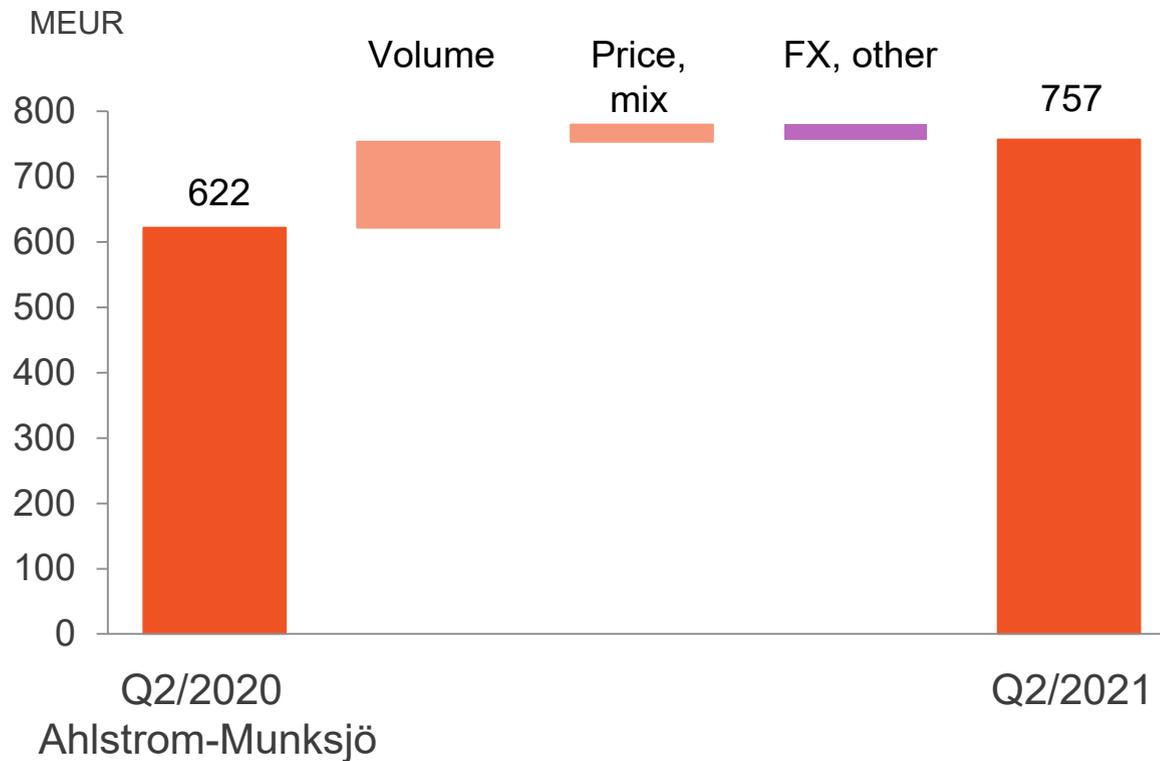
The **Glass Fiber Tissue** business produces glass fiber tissue, mainly for flooring applications, and a range of building and transportation related end-uses. In flooring applications, Ahlstrom-Munksjö targets global markets.

- **Market position #1** in flooring
- **Average market growth 3-8%** p.a.



# Higher sales volumes boosted net sales

Net sales Q2/21 vs Q2/20

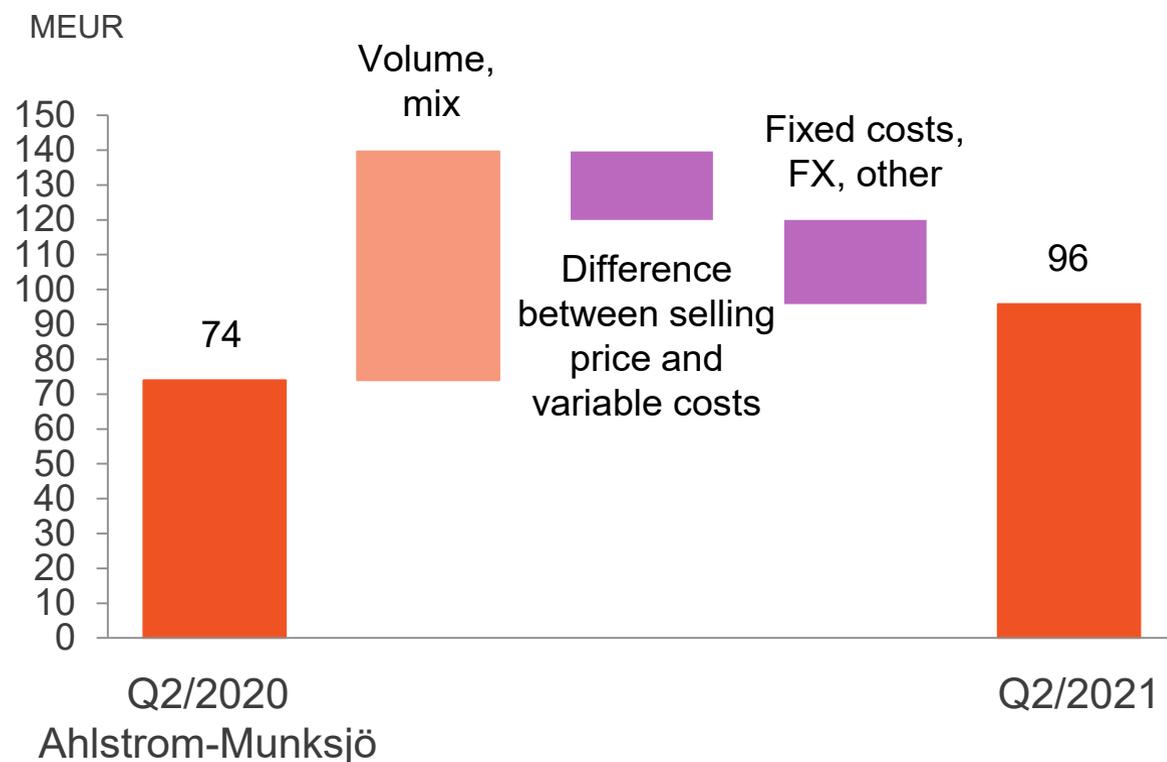


## Net sales impacted by:

- Higher sales volumes in nearly all businesses
- Mix improvement driven by filtration, glass fiber tissue, nonwovens, specialty release liners and life science related products
- Adverse FX mainly driven by weaker USD

# Comparable EBITDA improved due to increased volumes

## Comparable EBITDA Q2/21 vs Q2/20

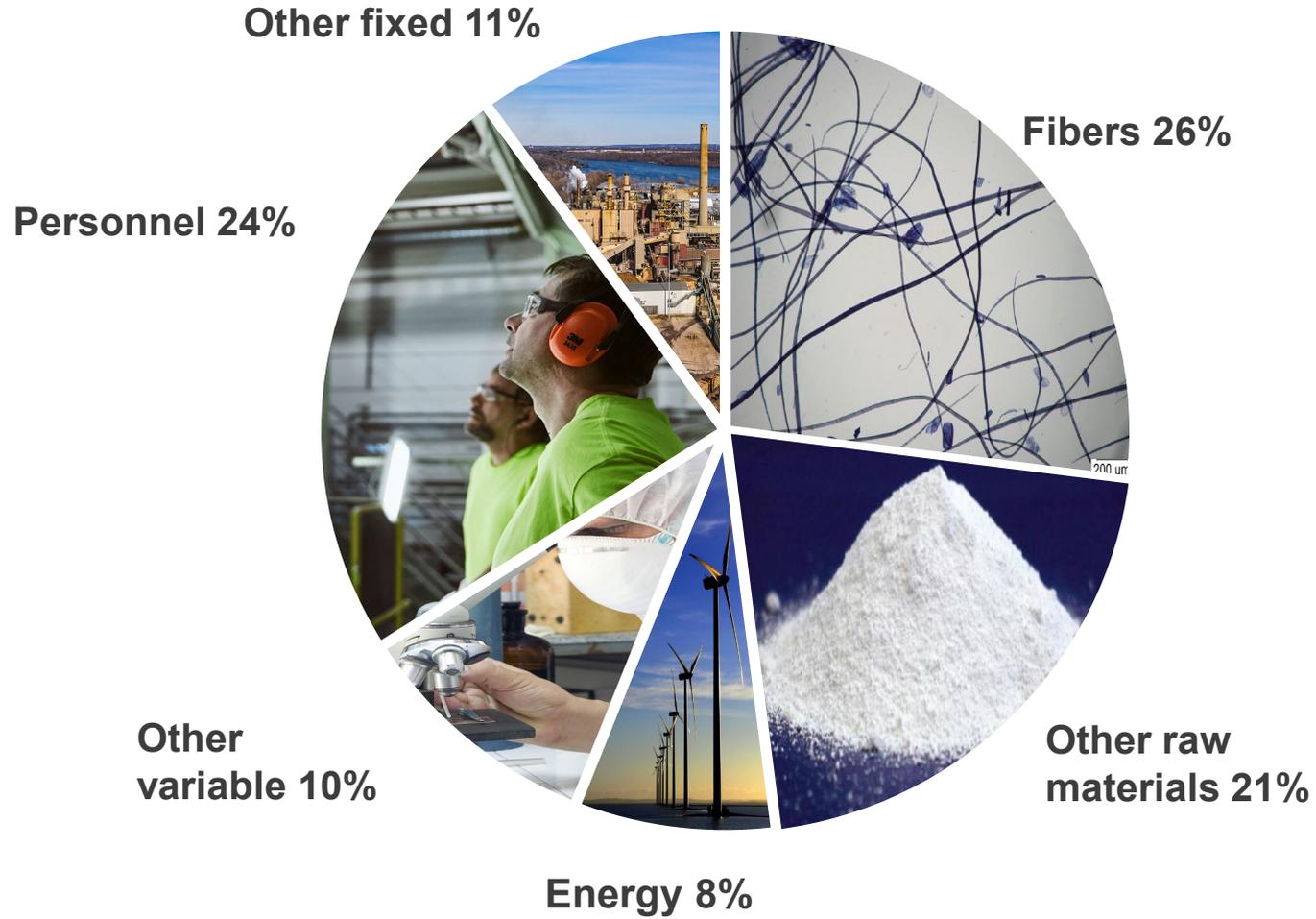


### EBITDA impacted by:

- Higher sales volumes
- Cost efficiency measures partly offsetting rapid increase in raw material costs
- Fixed costs increased from an exceptionally low level in the previous year and due to a high production level



# Breakdown of operating costs 2020



- Rapidly increasing raw material prices and costs during first half of 2021
- Cost saving initiatives to mitigate cost inflation



# Reconciliation of comparable EBITDA to adjusted EBITDA (last twelve months)

MEUR		
<b>Comparable EBITDA pro forma</b>		<b>372.0</b>
Proforma foreign exchange impact	-0.1	
<b>Comparable EBITDA</b>		<b>371.9</b>
One off and other adjustments	2.1	
COVID-19 normalization	2.4	
Full year estimate of 2020 initiatives	5.0	
Full year 2021 initiatives	54.1	
Full year 2022 initiatives	18.8	
<b>Adjusted EBITDA</b>		<b>454.3</b>

Adjusted EBITDA (LTM) remained on the same level as at the end of Q1/2021 and was impacted by:

- Higher comparable EBITDA
- Covid-19 normalization
- Realization of some of the expected savings from the FY 2021 initiatives



## Reported cash flow and financing in Q2/2021

MEUR	Q2/2021	H1/2021
EBITDA	77.6	101.2
Change in net operating working capital	11.2	-37.4
Interest paid	-32.2	-42.8
Taxes paid	-15.6	-18.0
Adjustments, other	-8.0	-11.1
<b>Net cash from operating activities</b>	<b>33.0</b>	<b>-8.1</b>
Acquisition of Ahlstrom-Munksjö	-	-1,577.4
Capital expenditure excluding acquisitions	-31.9	-47.9
Other	0.3	0.4
<b>Net cash from investing activities</b>	<b>-31.6</b>	<b>-1,624.9</b>
Equity contribution	-	1,084.6
Repayment of borrowings	-296.5	-920.8
Proceeds from borrowings	44.1	1,689.8
Other	-8.2	-69.9
<b>Net cash from financing activities</b>	<b>-260.6</b>	<b>1,783.5</b>
<b>Net change in cash and equivalents</b>	<b>-259.1</b>	<b>150.5</b>

Items affecting comparability (IAC) and other items totaled EUR -18.2 million in Q2/21 and EUR -65.6 million in H1/21

Seasonal increase in working capital mitigated by increased factoring in Q2/21

Free cash flow EUR 146.7 million and cash conversion 87% in Q2/21

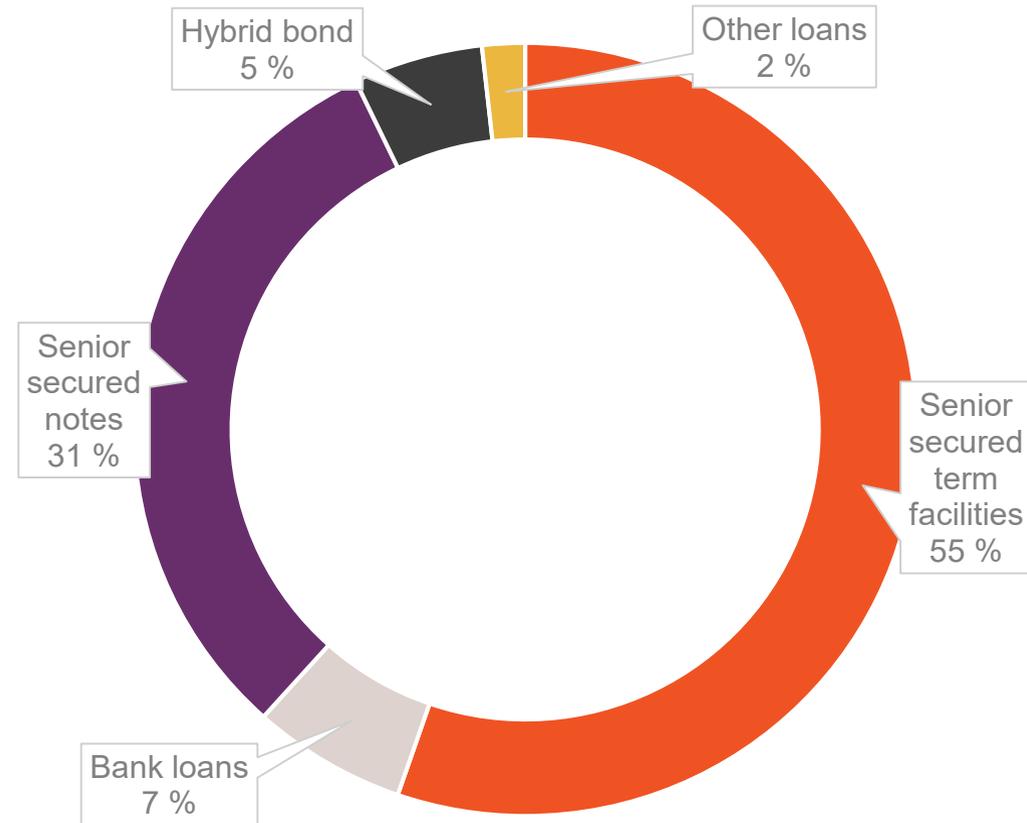
Stable net indebtedness of EUR 1,731 million and net indebtedness to adjusted EBITDA ratio 3.8



# Debt structure as of June 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 2021
  - EUR 250 million unsecured notes redeemed in April 2021
- Cash and cash equivalents EUR 182 million on June 30, 2021
- Interest expense (LTM) EUR 88 million
- No major refinancing needs until 2027-28
- Renegotiated factoring facility to EUR 300 million

Interest-bearing liabilities as of June 30, 2021



# Conclusions

- Comparable EBITDA and margin improved
- Sales prices were raised to offset rapidly increased raw material costs
- Investment decision to expand Glass Fiber Tissue business
- Good progress in transformation initiatives

