



Ahlstrom-Munksjö

Q1 2018 Results

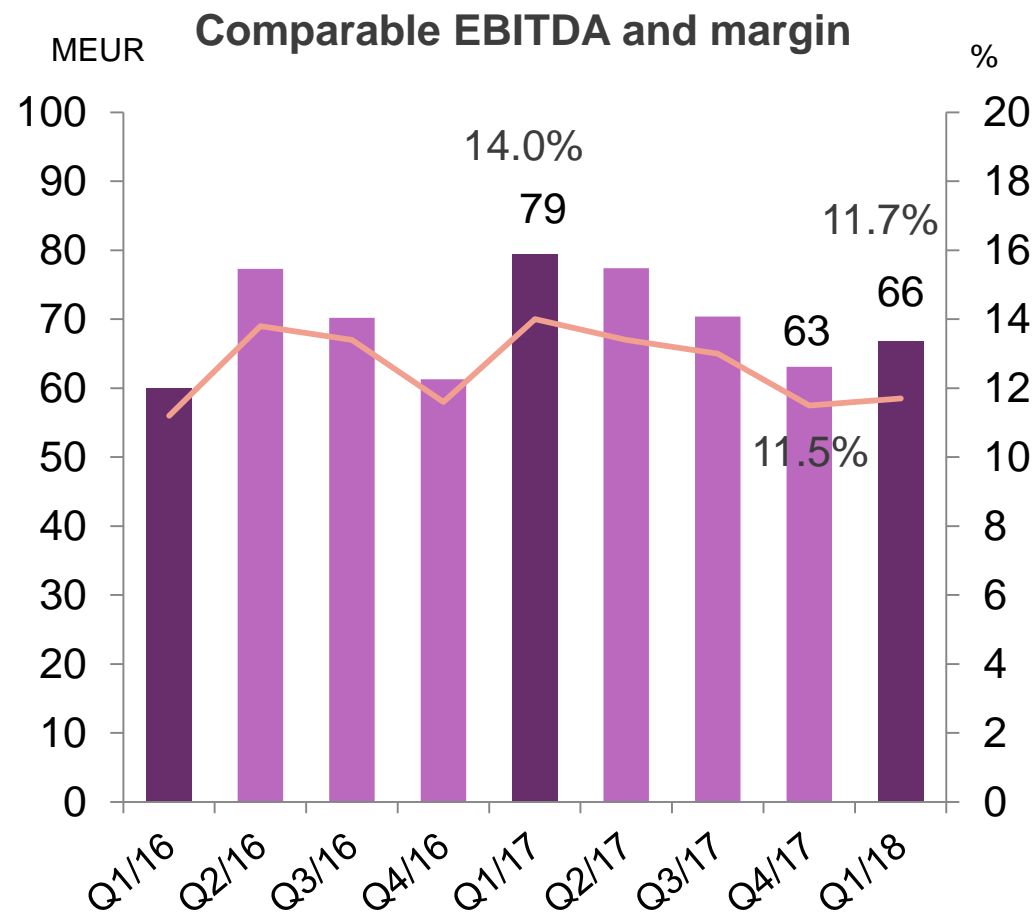
April 24, 2018

HANS SOHLSTRÖM, PRESIDENT AND CEO
PIA AALTONEN-FORSELL, CFO



Highlights Q1 2018

- EBITDA margin of 11.7% in an environment of significant raw material cost escalation
- Good demand across most markets and product segments globally
- Progressing in our strategic direction
 - New investments to improve financial and environmental performance
 - Three strategic growth investments proceeding
 - New synergy benefits and cost reduction initiatives identified
 - Agreement to acquire the Caieiras specialty paper mill



Good demand in most geographies and product segments

FILTRATION &
PERFORMANCE

Filtration



Nonwovens



Building & Wind



INDUSTRIAL
SOLUTIONS

Release Liners



Insulation



Abrasive



Coated Speciaties



DECOR

Decor



SPECIALTIES

Food packaging



Beverage and
Casings



Tape



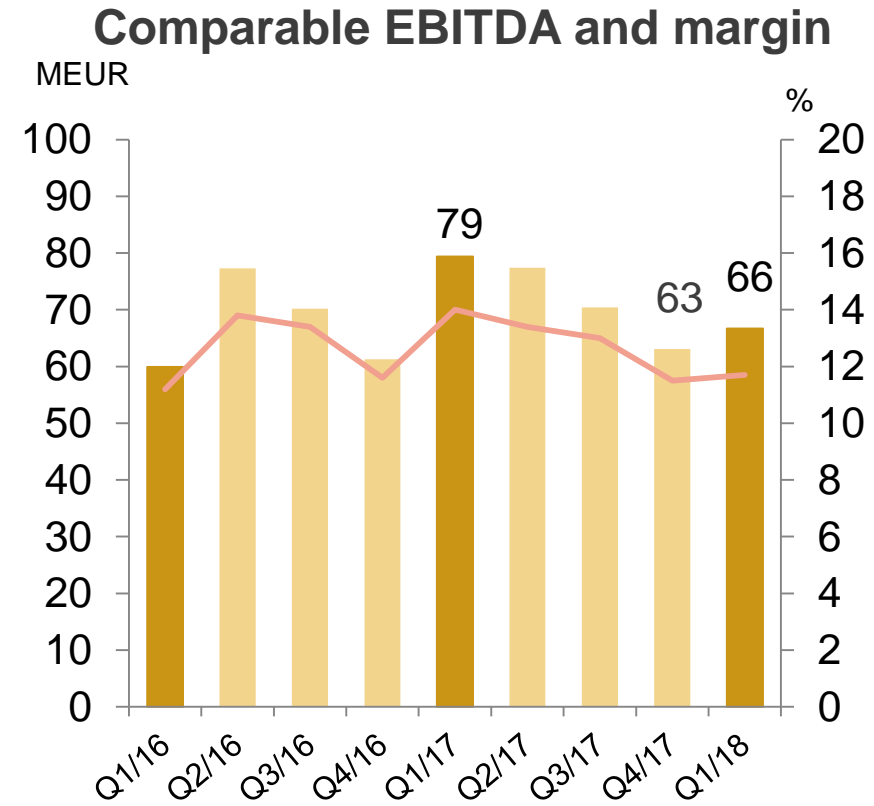
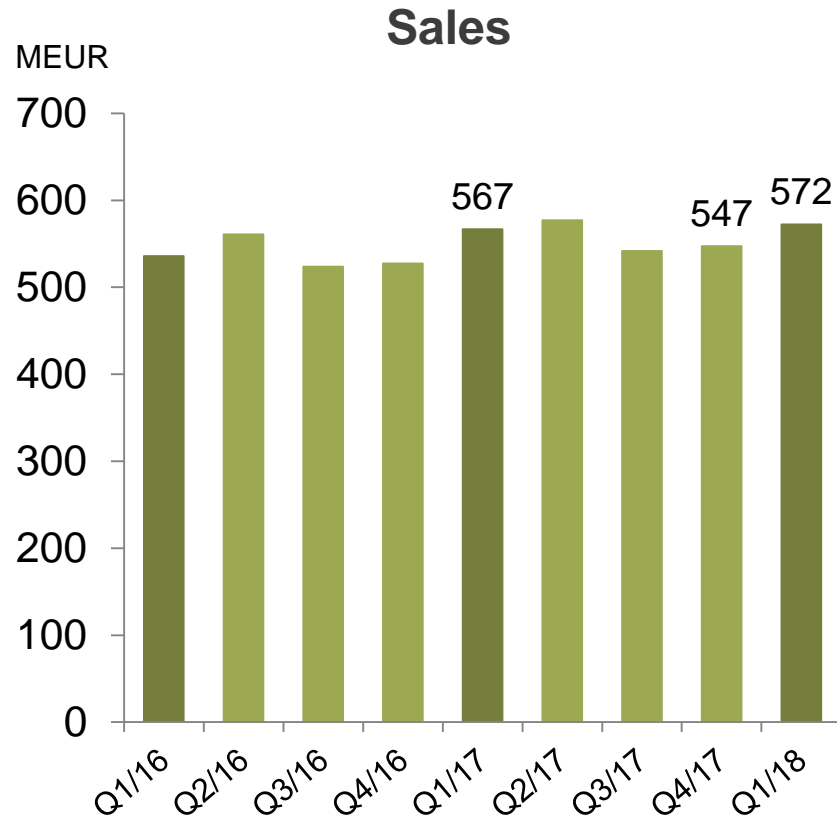
Medical



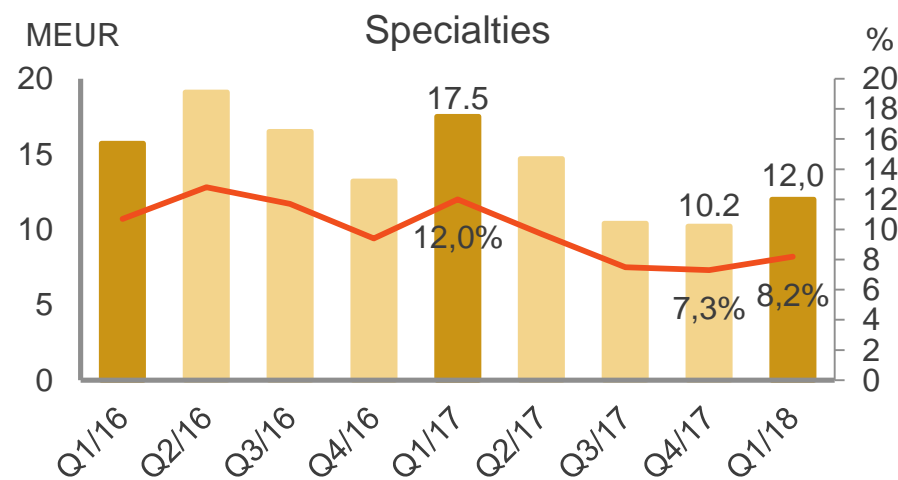
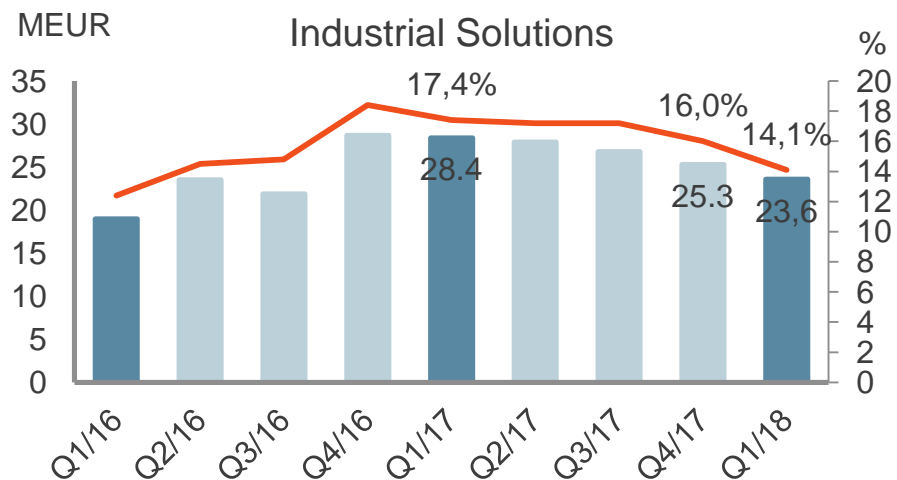
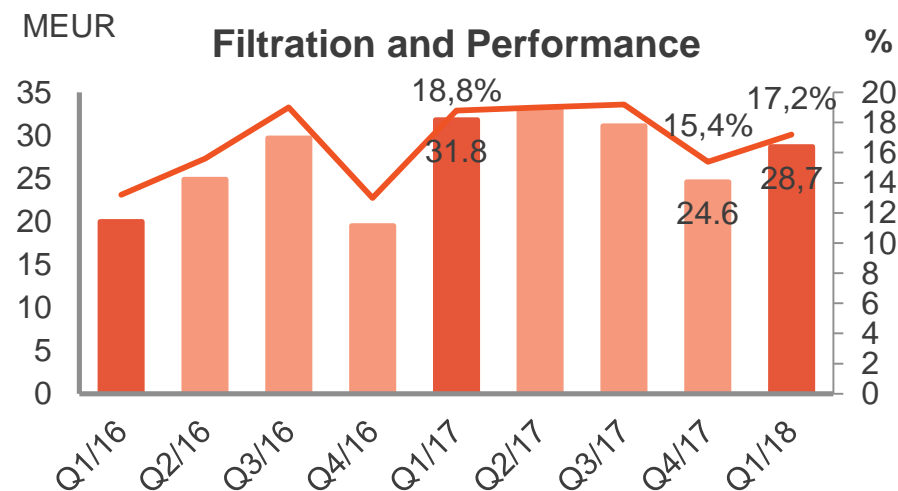
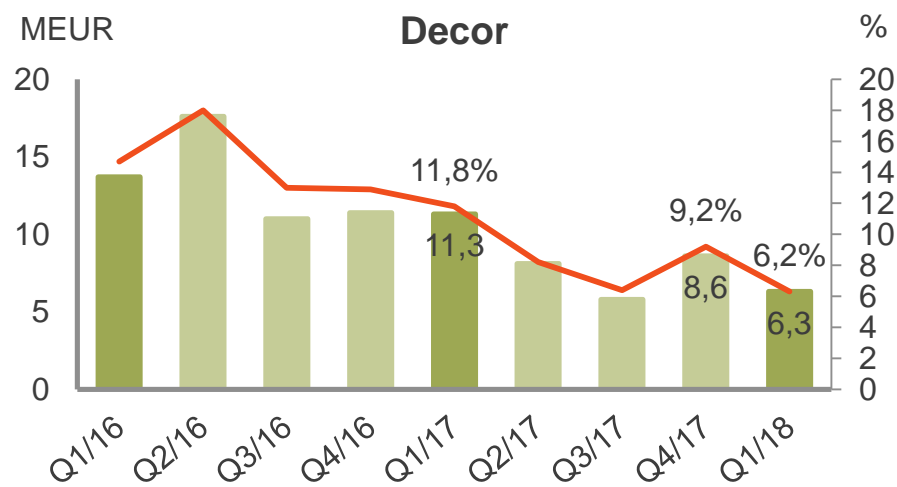
Advanced Liquid
Technologies



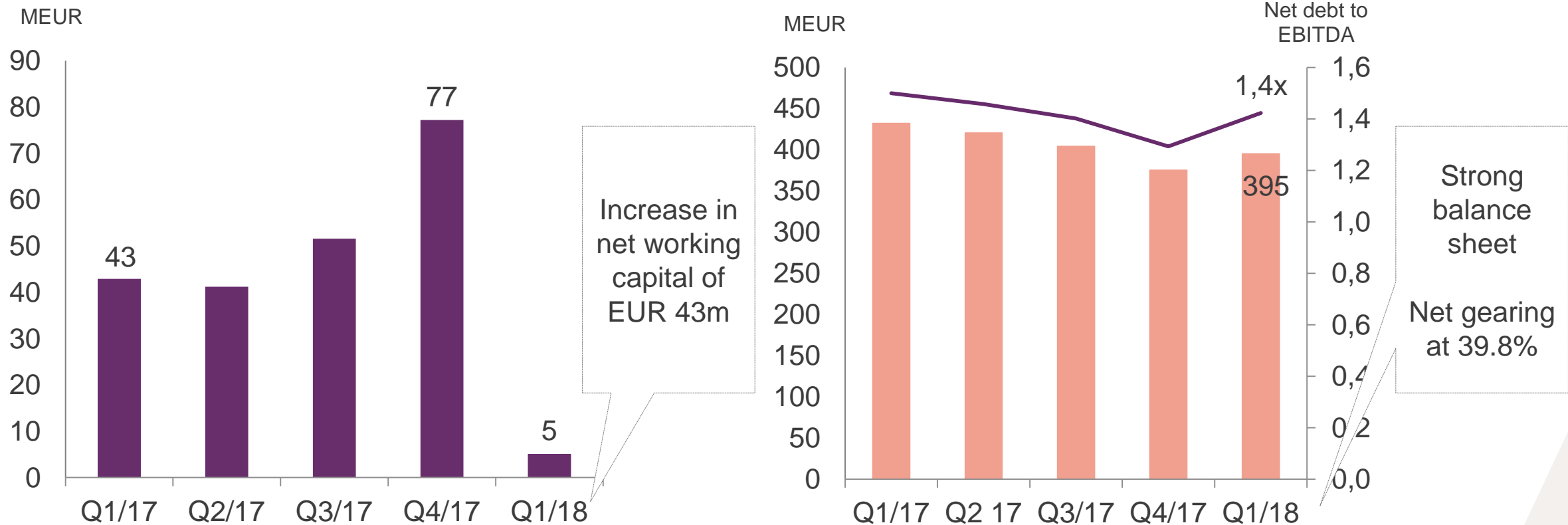
Good profitability in current market environment of significant input cost pressure



Comparable EBITDA and margin by business area



Operating cash flow negatively impacted by net working capital, balance sheet remains solid



Outlook^{*)}

Market Outlook

Demand 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. Selling price increases will continue to be implemented to mitigate cost inflation in raw materials.

EBITDA

Comparable EBITDA in 2018 is expected to be approximately at the previous year's level (pro forma EUR 290.4 million), or slightly below. In the first-half of 2018, comparable EBITDA is expected to be lower than in the comparison period and to gain momentum in the second half of the year.

^{*)} Outlook published on February 13, 2018 is reiterated. *Full-year 2018 capital expenditure estimate has been specified and is disclosed in Q1 2018 interim report.*



Strategic overview

MISSION

Sustainable and innovative
fiber-based solutions

DIRECTION

Local
accountability

Efficiency
and agility

Customer
value

Profitable
growth

TARGET

Global leader in
chosen growth segments

FILTRATION & PERFORMANCE



INDUSTRIAL SOLUTIONS



DECOR



SPECIALTIES



FINANCIAL TARGETS:

- EBITDA > 14% over a business cycle
- Net gearing < 100%
- Dividend: stable and annually increasing, paid bi-annually

VALUES

Long-term commitment ●

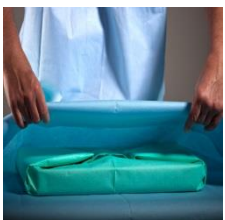
Act as one ●

Passion to innovate and improve



New investment decisions driving our strategic progress

STRATEGIC DIRECTION



Local
accountability

Efficiency
and agility

Customer
value

Profitable
growth

Billingsfors pulp line, Sweden

Rebuilding the recovery boiler and de-bottlenecking the pulp line

Aspa pulp plant, Sweden

Modernizing the bailing line at Aspa pulp plant

Dettingen plant, Germany

Upgrade of pre-impregnated decor paper production line

Pont Audemer, France

Rebuilding a converting line



New investment decisions driving our strategic progress

STRATEGIC DIRECTION

Local
accountability

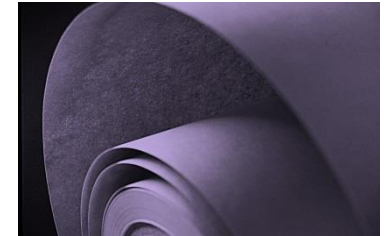
Efficiency
and agility

Customer
value

Profitable
growth



Abrasive backings, Arches plant
Paper machine rebuild, start-up Q1/18



Filtration, Madisonville plant
New saturation line, start-up H1/18

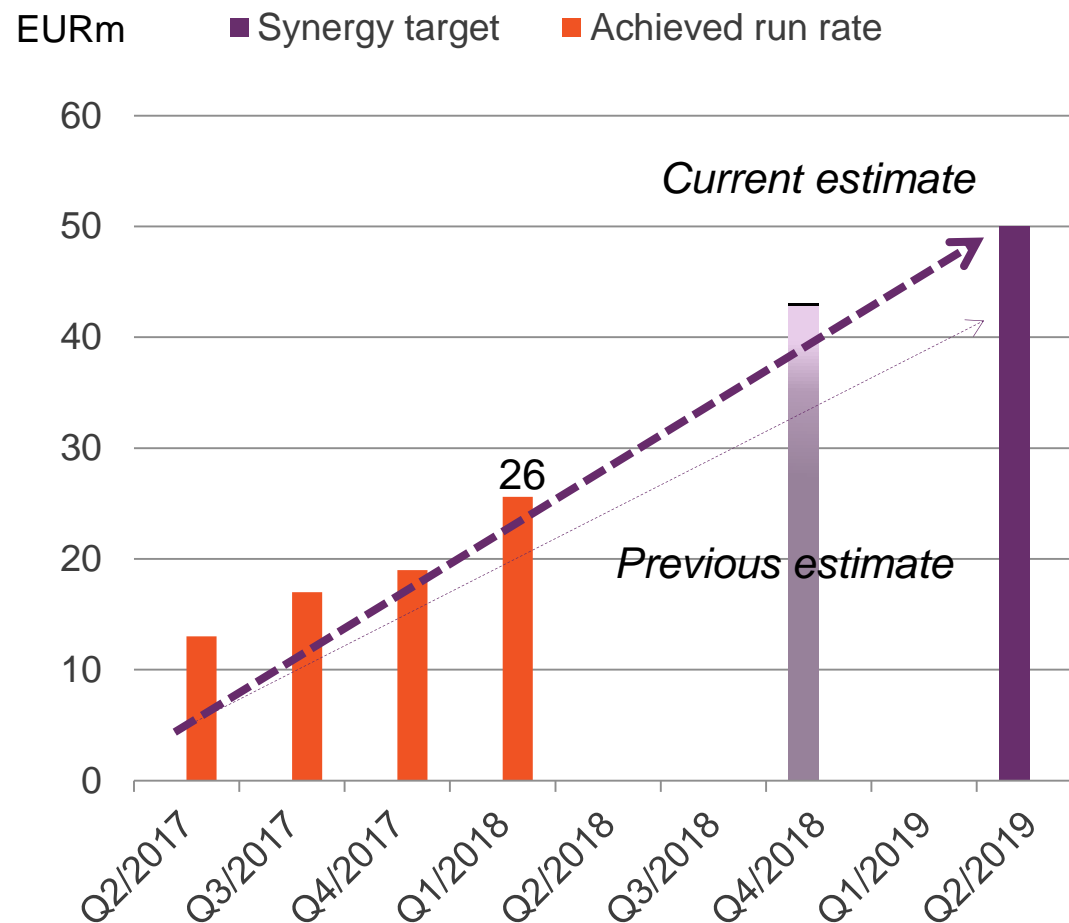


Vegetable parchment, Saint Severin plant
New line installation, start-up Q4/18



New synergy benefits and further cost reduction initiatives identified

- New cost reducing initiatives of EUR 10 million identified
- Total impact increased to EUR 50 million annually, fully implemented at the end of Q1/2019
 - Majority from SG&A and variable costs
 - Integration of the former Graphics and Packaging business area into Specialties to develop a combined product and service offering
 - Incremental sales
 - Production optimization
 - Product mix improvement
- New initiatives include also adjusting group structure to Ahlstrom-Munksjö's business unit based operating model with clear responsibilities that locally promotes accountability and enables flexibility and lean group functions.
 - The plan include to concentrate and relocate the company head office in Helsinki, Finland



Acquisition of Caieiras mill supports the strategic ambition to maintain a leading position

- Caieiras specialty paper mill highly complementary
 - Decor paper
 - Crepe, grease and oil resistant papers
 - Flexible packaging and self-adhesive papers
- Sales ~ EUR 80m in 2017
- Comparable EBITDA ~ EUR 13m in 2017
- Debt free price ~ EUR 100m
- Synergy benefits of up to EUR 6m arising from SG&A and overlapping operations
- The transaction is expected to be completed during Q3 2018 and is subject to customary completion terms, including merger clearance from the relevant competition authorities

Caieiras mill



5 product lines

4 specialty paper machines



The combined platform provides attractive opportunities

- Caieiras product offering is a good match for Ahlstrom-Munksjö with 80% of sales in line with Ahlstrom-Munksjö's current portfolio
- Caieiras and Ahlstrom-Munksjö:
 - strengthen position as a global leading decor paper manufacturer with local production in South America
 - strengthen global leading position in tapes
 - improve production and delivery capability in release liners
 - share best practices to enhance production and process technology
- South America offers long-term growth potential, and the platform provides Ahlstrom-Munksjö with several growth options, synergies and further production optimization opportunities for the longer term



Products fit well into the Ahlstrom-Munksjö portfolio

Decor papers



Release liner



Coffee filter paper



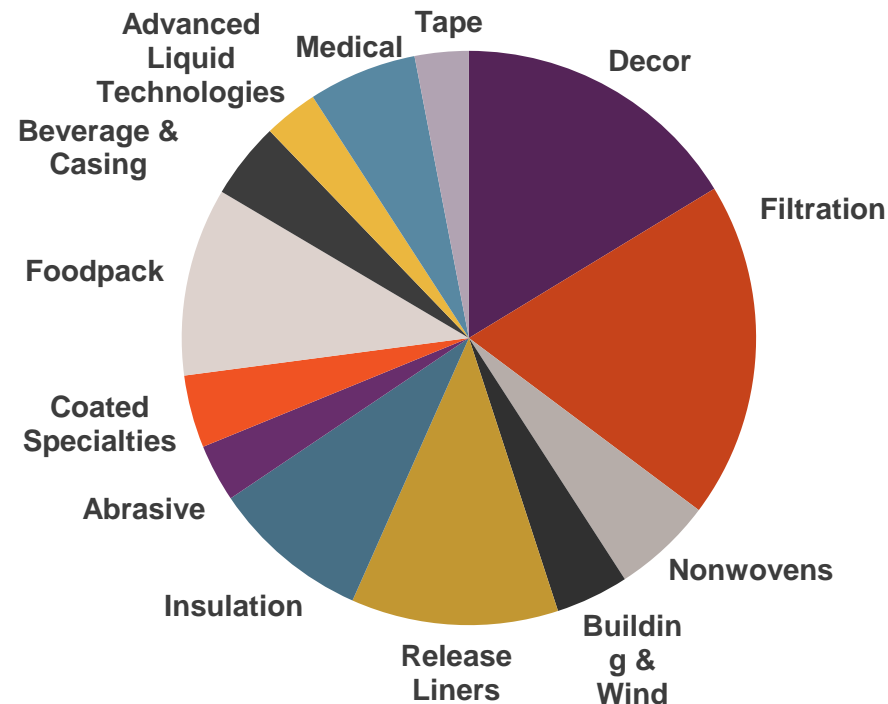
Tape and grease proof paper, crepe and flexible packaging



Ahlstrom-Munksjö has a leading position in many segments

Examples of leading segments

- Engine filtration
- Release liners in Europe
- Abrasive backings
- Insulation papers
- Decor papers
- Tea bag materials
- Vegetable parchment papers
- Masking tape
- Fine art papers
- Glass fiber tissue for vinyl flooring applications



Share of sales by business units

Voice of the customer

- Ahlstrom-Munksjö is considered the leading supplier in nearly all of its segments, in line with strategy to be #1 or #2 in each segment
- 90% likely to choose Ahlstrom-Munksjö again
- Over 80% have a positive attitude
- Main strengths are personal contact, service and product quality
- Product quality and service are the most important purchasing criteria, fitting well to our positioning as a solution provider

Source: Voice of the Customer survey by Opticom



Summary

- EBITDA margin of 11.7% in an environment of significant raw material cost escalation
- Financial position remains solid
- Good demand across most markets and product segments globally
- Determinedly progressing in our strategic direction
 - Several new investment decisions for improved financial and environmental performance
 - Strategic investments proceeding: Ramp-up of abrasive backings and decor paper production, completion of the new saturation line investment for filtration material and the new parchmentizer line investment by year end
 - New synergy benefits and cost reduction initiatives identified
 - Agreement to acquire the Caieiras specialty paper mill
- We have plentiful of opportunities to grow in our existing business segments, proceed with new product development and consider growth in adjacent segments.



Save the date for Ahlstrom-Munksjö's Capital Markets Day in Helsinki on September 7, 2018

- Ahlstrom-Munksjö will arrange a Capital Markets Day for investors and analysts in Helsinki on Friday, September 7, 2018
- Participants of the Capital Markets Day will meet the members of Ahlstrom-Munksjö's management team and have the opportunity to discuss strategy, growth ambitions, new fiber-based applications and performance
- A formal invitation will be sent out in May including venue, detailed program and registration



Ahlstrom-Munksjö IR team



UPCOMING EVENTS IN 2018

- Half-year report January-June 2018 to be published on July 26
- Capital Markets Day on September 7
- Interim report January-September 2018 to be published on October 30



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