

Ahlstrom-Munksjö to acquire U.S. specialty paper producer Expera Specialty Solutions

Hans Sohlström
President and CEO

Pia Aaltonen-Forsell
CFO

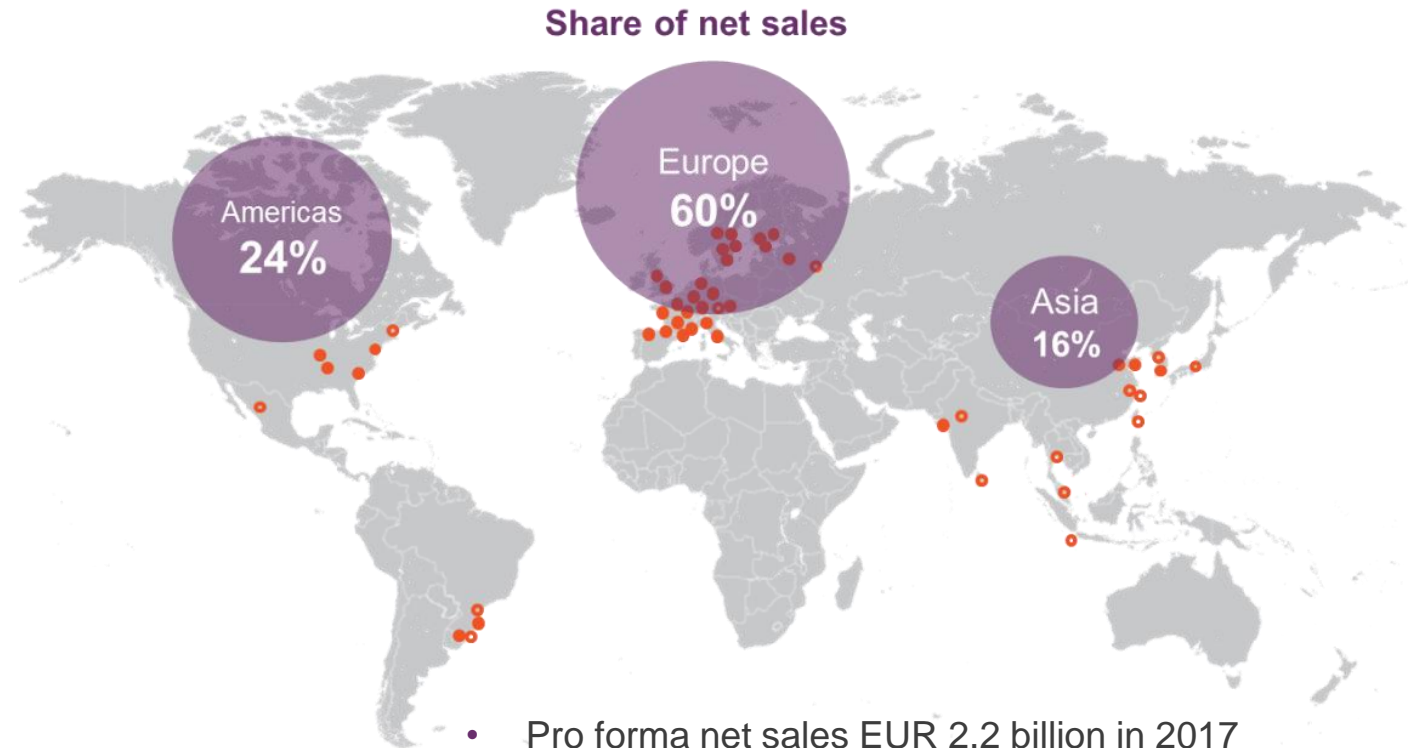
July 24, 2018



AHLSTRÖM
MUNKSJÖ

Ahlstrom-Munksjö - Global leader in fiber-based materials

- Fibers are the core in what we do, the common denominator to our products and solutions
- We offer custom made specialized fiber based materials
- Our value proposition is based on quality and service
- Our offering contributes to a more sustainable everyday life



- Pro forma net sales EUR 2.2 billion in 2017
- More than 7,000 customers in over 100 countries
- 40 plants and converting facilities in 14 countries
- Some 6,000 employees
- Market capitalization EUR 1.4 billion



Strategy 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



Acquisition of the U.S. specialty paper producer Expera for USD 615 million

Transformative acquisition:

- Significant expansion of North American presence, including new product segments
- Strong platform in the U.S., attractive growth opportunities and additional production capacity
- Pure specialty paper producer in high quality product categories
- Four paper mills with two integrated pulp mills
- Experienced management with a profit improvement track-record
- The acquisition will be earnings enhancing

Rhineland Mill, Wisconsin



De Pere Mill, Wisconsin



Mosinee Mill, Wisconsin



Kaukauna Mill, Wisconsin



Expera - Among the leading North American suppliers in attractive high growth specialty paper segments



- A-M's manufacturing site
- A-M's sales office
- Expera sites

Expera key facts (2017)

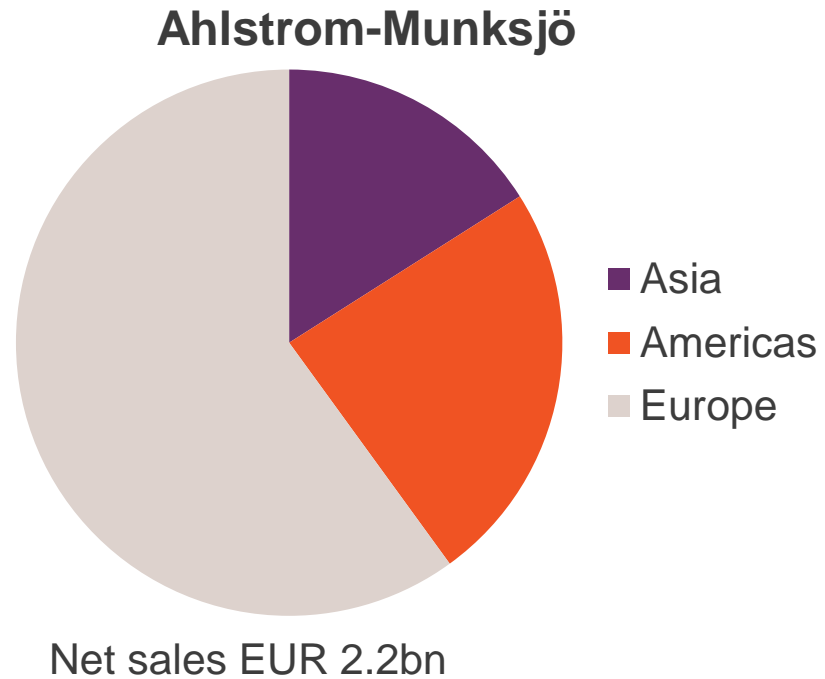
- Approx. USD 721 million net sales, 86% in the US
- Product portfolio is less impacted by economic cycles given exposure to growing cycle-resistant end markets
- More than 400 customers
- About 1,870 employees
- Four paper mills with two integrated pulp mills

Ahlstrom-Munksjö key facts in the US

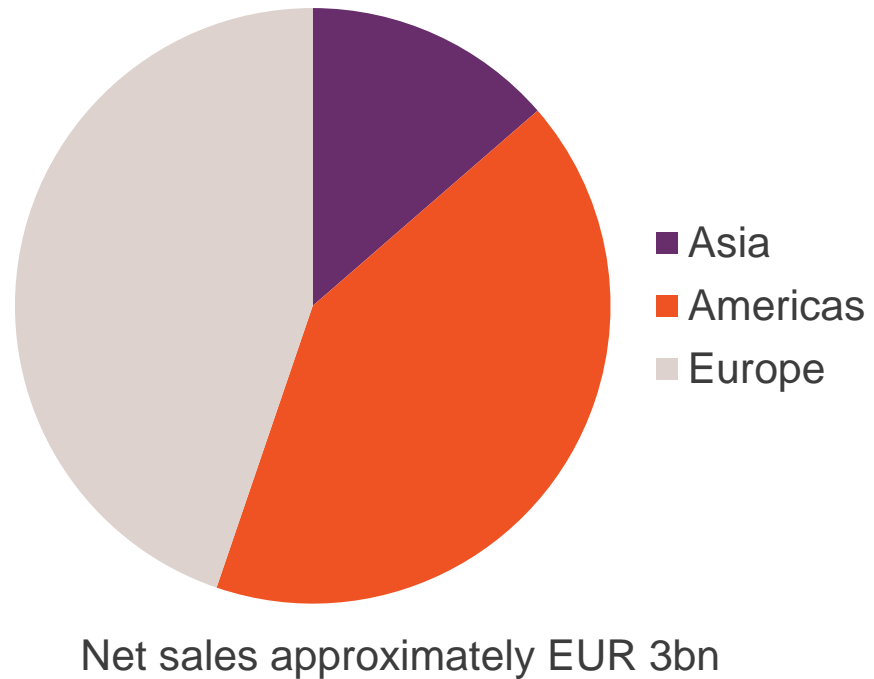
- Approx. USD 380 million net sales in the US (pro forma 2017)
- Five plants, one sales office
- Filtration, Medical, Beverage & Casing, Advanced Liquid Technology
- About 700 employees



Achieving a more balanced geographical sales mix

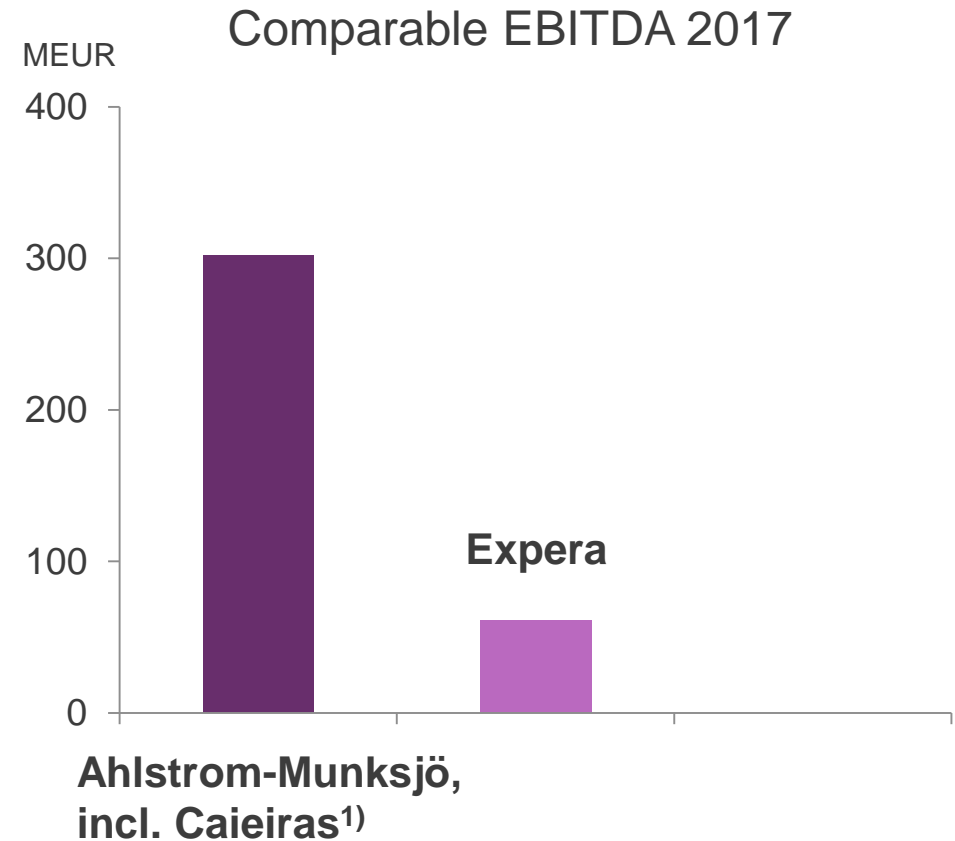
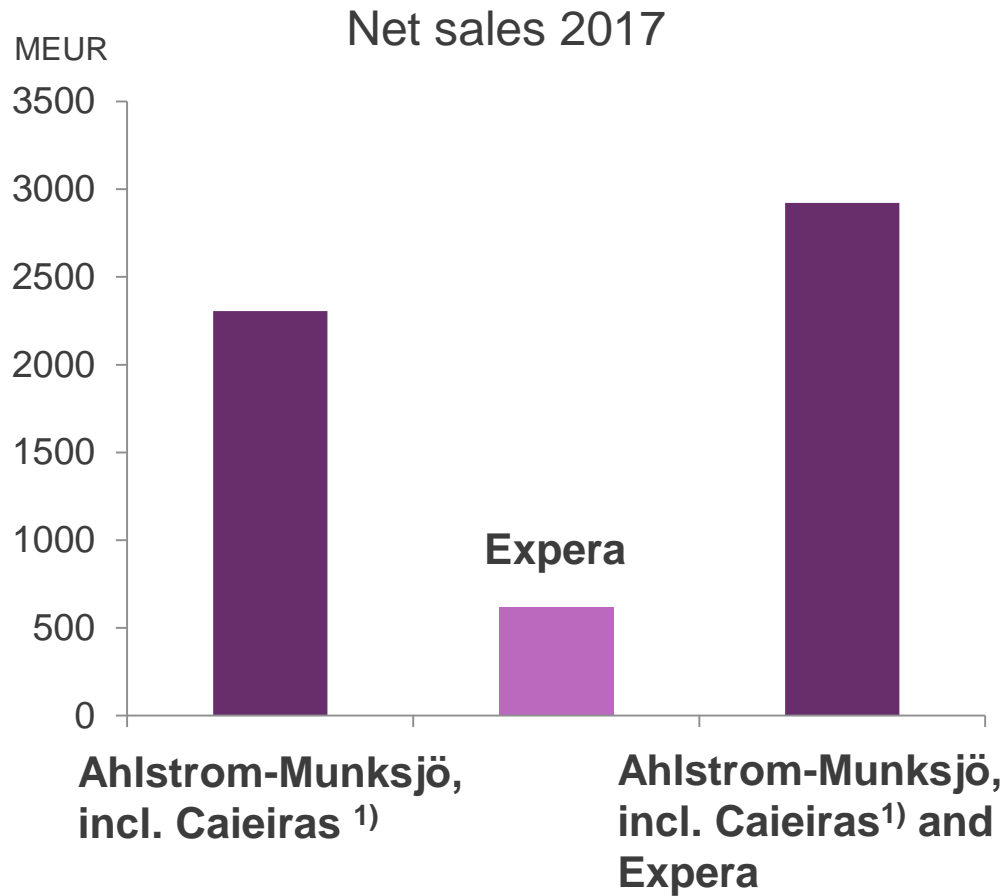


Ahlstrom-Munksjö, including Caieiras and Expera



Reaching nearly EUR 3 billion in sales

Illustrative combined figures after the acquisition



¹⁾ Acquisition of Caieiras announced in April 2018, estimated closing during Q3 in 2018



Expera's offering for a diverse range of industrial and consumer applications strengthens Ahlstrom-Munksjö

INDUSTRIAL & TECHNICAL



FOOD PROCESSING & PACKAGING



PRESSURE SENSITIVE RELEASE LINER



Innovation power: Mission-critical applications for end customers providing high value at a low cost



Innovating to meet health and regulatory trends:

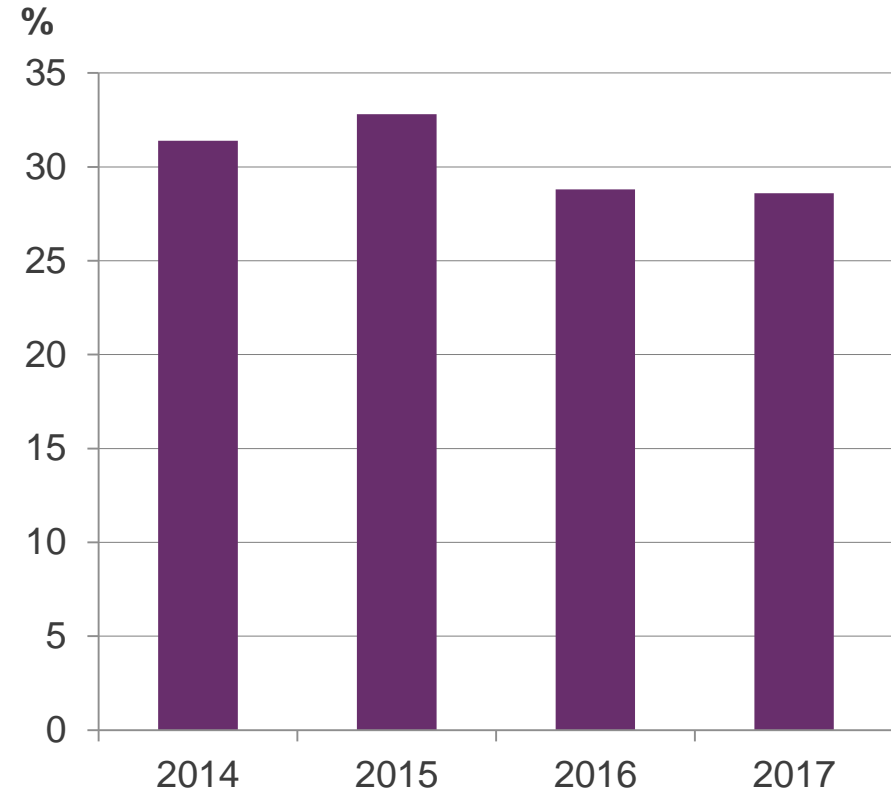
Microwave popcorn packaging, providing a fluoro-chemical free grease barrier



Investing in the future - development of coater:

One of only two Boeing-qualified manufacturer globally to have certified fiber composite release liners.

Sales from new products developed

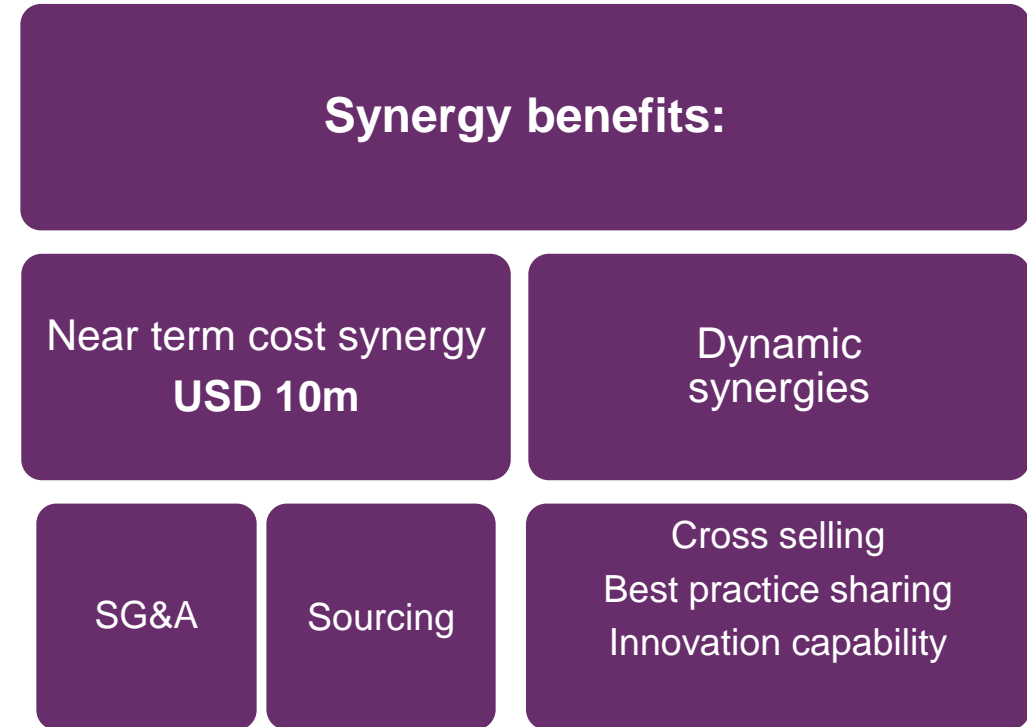


Products developed within the past five years



Together we will reach the critical size and utilize synergies

- Purchasing power in sourcing
- Fixed costs leverage
- Platform for further growth and cross selling
- Strong competence in R&D
- Best practice sharing
- Production optimization



SG&A = Selling, General and Administrative expenses

+ Ramp-up up of new silicon coater, providing incremental capacity and EBITDA upside of an estimated USD 11 million



Expera - an earnings enhancing transaction

USD million		
Enterprise value		615
Comparable EBITDA	71	
Items not having a continuous impact on EBITDA	3	
Near term synergies	10	
EBITDA run rate of recently finalized investment	11	



Illustrative financial impact of planned transactions

EUR million	Ahlstrom-Munksjö	Caieiras	Expera	Illustrative, incl. acquisitions
Net sales 2017	2,233	73	616	2,921
Comparable EBITDA 2017	290	12	61	
Debt free price		100	526	
Planned rights offering				150
Net debt	395 (Q1/18)			870 ¹⁾
Net debt to EBITDA	1.4x (Q1/18)			
Equity	994 (Q1/18)			
Net gearing %	40% (Q1/18)			

¹⁾ The actual net debt impact of these acquisitions will depend on the final purchase considerations taking into account purchase price adjustments at closing and prevailing exchange rates, and accordingly may differ from this estimate

BRL 4.49
USD 1.17



Key steps of the transaction

- Fully secured financing for the transaction
- A rights offering of approximately EUR 150 million planned, expected to be launched in Q4 2018
- A plan to convene an extraordinary general meeting of shareholders (EGM) to authorize the Board of Directors to resolve on a share issue
- Shareholders holding in aggregate approximately 35.9% of the shares and votes in the Company, AC Invest Five BV, a company belonging to Ahlström Capital group, Viknum Ab, Belgrano Inversiones Oy, Ilmarinen Mutual Pension Insurance Company, Varma Mutual Pension Insurance Company and Baltiska Handels have irrevocably undertaken to attend the EGM and vote in favor of the share issue authorization.
- Ahlström Capital, Viknum, Belgrano Inversiones, and Baltiska Handels have further expressed their support and intention to subscribe for their respective pro rata allocation in the rights offering. The remainder of the rights offering will be underwritten by Nordea and SEB, subject to customary terms and conditions.
- The closing of the acquisition is subject to regulatory approvals and other customary closing conditions
- Closing of the acquisition is expected during the second half of 2018



Summary: Transformative acquisition

- Significant expansion of Ahlstrom-Munksjö's North American presence
- Strategic entry to highly technical and specialized markets with high value products
- Strong platform in the U.S. that provides attractive growth opportunities and additional U.S. production capacity
- Experienced management
- The transaction provides potential for earnings growth both in the near and for the long term
- As a larger company the transaction paves the way for further profitable growth
- Q2 2018 results published on Thursday July 26



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

- Capital Markets Day for investors and analysts in Helsinki on Friday, 7 September, 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
- More information on Ahlstrom-Munksjö's website <https://www.ahlstrom-munksjo.com/Investors/>



Ahlstrom-Munksjö IR Team



