Munksjö Oyj
Interim report
January-March 2014

Helsinki, 8 May 2014

Jan Åström, President and CEO

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1 Synergy benefits and integration

2 Key financials for Q1/2014

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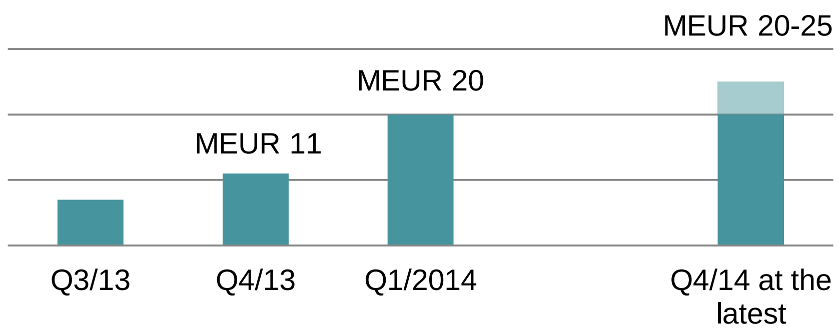
Update on synergies

Annual synergy savings of MEUR 20-25

- Annual synergy savings run-rate at the end of Q1/14 at approx. MEUR 20
- Synergies realised and recorded in the financial results:
  - Q1/2014 › MEUR 5
  - FY 2013 › MEUR 5
- Annual synergy savings run-rate within the communicated range expected to be reached already during 2014



Approximately MEUR 10-15 of annual stand-alone net cost savings

- Annual level is MEUR 11

Update on synergies (contd.)

Synergies achieved primarily within procurement and improved efficiency

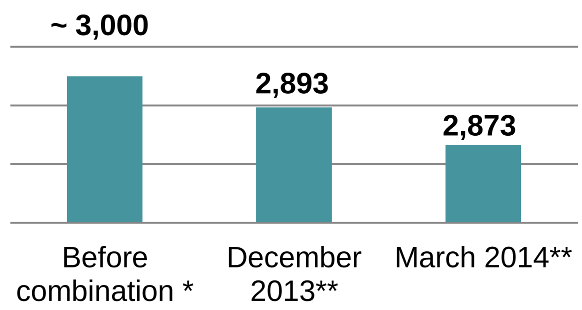
Procurement

- Further impact during Q1/2014, as already negotiated terms were implemented

Organisational efficiency

- Optimisation of sales organisation continues
- Trade union consultations within Graphics and Packaging brought to a conclusion as planned during Q1/2014

Personnel development



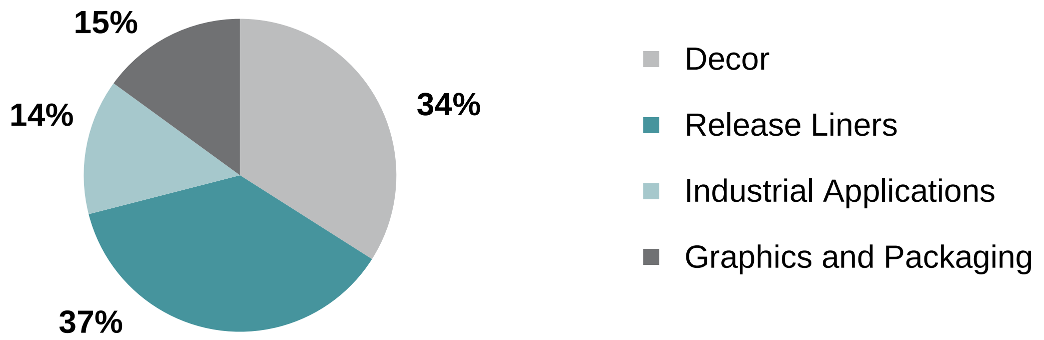
* Munksjö AB and ALP ** Headcount

Total cost to achieve synergies estimated to be MEUR 10-15

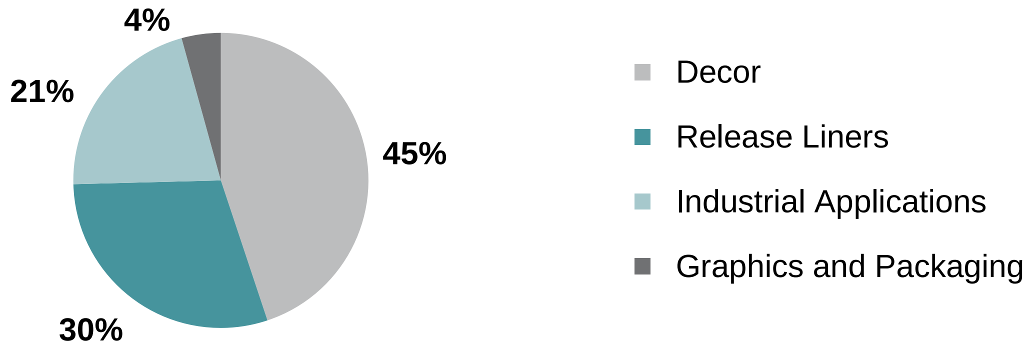
- One-off items recorded in the financial results:
  - FY 2013 › MEUR 11 › Cash flow effect of MEUR 4
  - Q1/2014 › MEUR 0.5 › Cash flow effect of MEUR 1.5

Business Area performance

Share of net sales for Q1/2014*



Share of EBITDA (adj.**) for Q1/2014*



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

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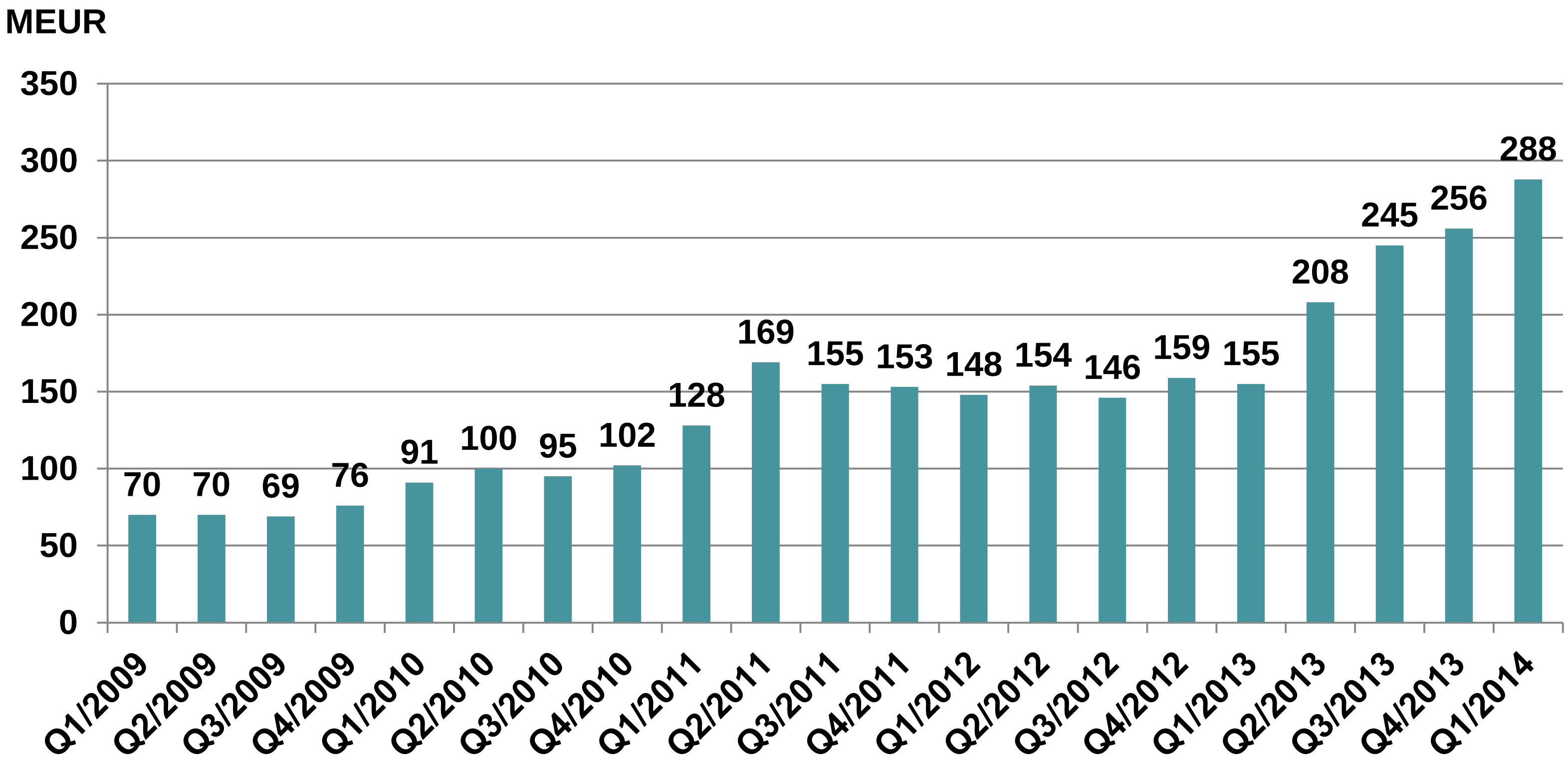
Net sales development 2009-2014



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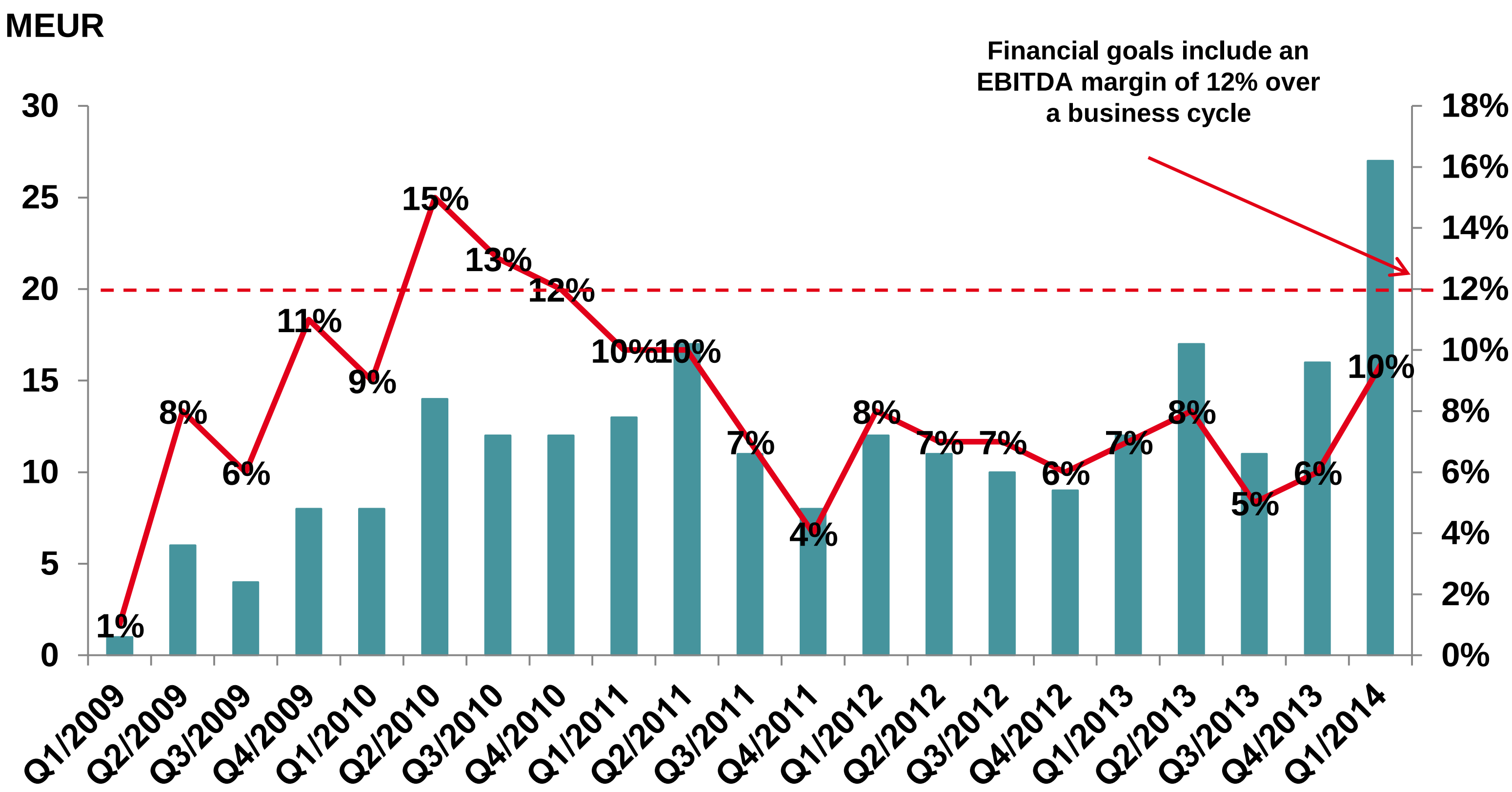
EBITDA (adj.*) and margin development 2009-2014



* Adjusted for non-recurring items

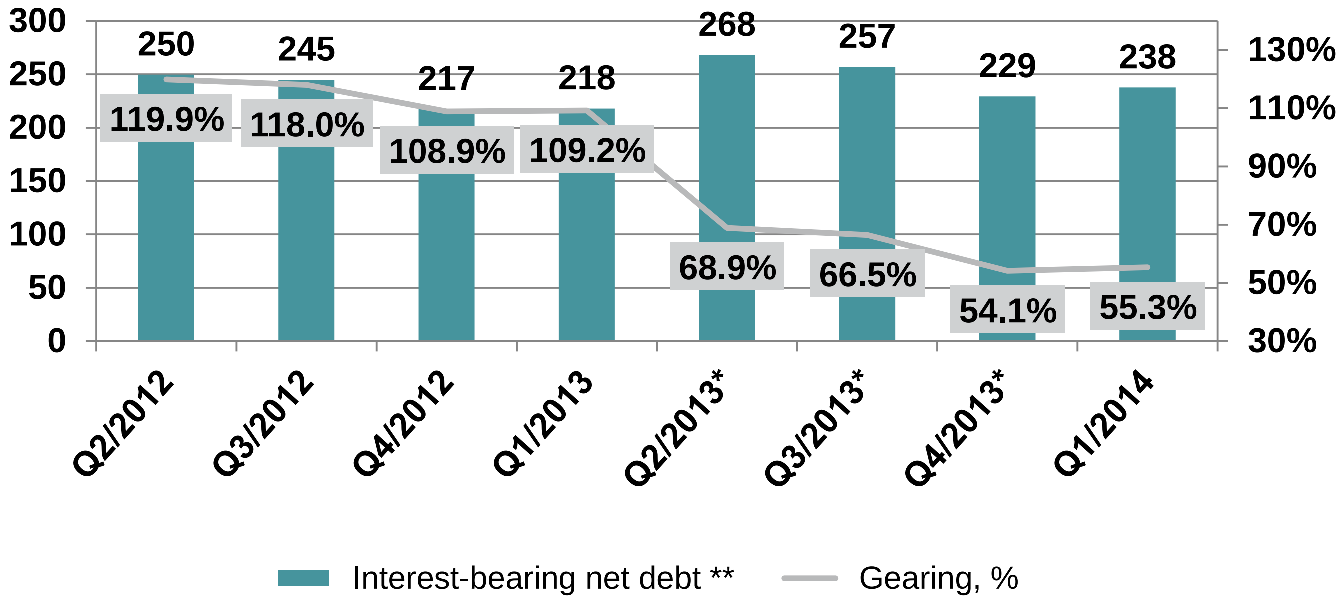
Key figures

REPORTED [1], MEUR	Q1/2014		Q1/2013	FY 2013
Net sales	**287.9**	↑	154.4	863.3
EBITDA (adj.*)	**27.4**	↑	11.5	55.0
EBITDA margin, % (adj.*)	**9.5%**	↑	7.5%	6.4%
EBITDA	**26.4**	↑	8.5	5.9
Operating profit (adj.*)	**13.7**	↑	5.0	15.7
Operating profit	**12.7**	↑	2.0	-33.4
Net profit	**4.3**	↑	-1.9	-57.4
EPS (EUR)	**0.08**	↑	-0.15	-1.97
PRO FORMA [2], MEUR	**Q1/2014**		**Q1/2013**	**FY 2013**
Net sales	**287.9**	↓	290.4	1 120.3
EBITDA** (adj.*)	**27.4**	↑	18.9	64.1
EBITDA** margin, % (adj.*)	**9.5%**	↑	6.5%	5.7%

* Adjusted for non-recurring items ** Includes stand-alone cost savings and synergies obtained after 27 May 2013
1) Includes LP Europe from 27 May 2013 and Coated Specialties from 2 December 2013 2) Includes LP Europe and Coated Specialties from 1 January 2012. 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.

Net debt development

MEUR



* Restated to reflect the adoption of IFRS 11 as explained in the notes to the interim report
** Comparative figures have been restated due to the change in presentation currency from Swedish krona to Euro

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Business Area Decor

REPORTED, MEUR	**Q1/2014**	Q1/2013	FY 2013
Deliveries, tonnes	**46,600**	44,600	174,800
Net sales	**97.5**	96.0	368.2
EBITDA (adj.*)	**13.6**	9.7	33.7
EBITDA margin, % (adj.*)	**13.9%**	10.1%	9.2%

* Adjusted for non-recurring items
The business combination has not impacted the business area and therefore no pro forma-information is presented

- Delivery volumes increased by 4%
- Net sales increased as a result of the positive volume development but average price was slightly lower due a less favourable geographical mix. No overall price reductions made.
- Continued lower raw material costs and increased productivity had a positive result effect

Business Area Release Liners

REPORTED 1), MEUR	Q1/2014	Q1/2013	FY 2013
Deliveries, tonnes	**124,500**	44,500	313,500
Net sales	**106.9**	23.4	249.1
EBITDA (adj.*)	**9.0**	-0.2	15.7
EBITDA margin, % (adj.*)	**8.4%**	-1.0%	6.3%
PRO FORMA 2), MEUR	**Q1/2014**	**Q1/2013**	**FY 2013**
Deliveries, tonnes	**124,500**	126,700	497,500
Net sales	**106.9**	112.1	432.8
EBITDA** (adj.*)	**9.0**	5.4	23.9
EBITDA** margin, % (adj.*)	**8.4%**	4.8%	5.5%

* Adjusted for non-recurring items ** Includes stand-alone cost savings and synergies obtained after 27 May 2013
1) Includes LP Europe from 27 May 2013 and Coated Specialties from 2 December 2013 2) Includes LP Europe and Coated Specialties from 1 January 2012. 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.

- Delivery volume for the European paper business decreased, pulp volume and volume from the production facility in Jacareí, in Brazil increased
- Reported net sales decreased compared to pro forma, but the business area has been able to maintain the overall price level
- The average price, net sales and result of the Brazilian operations increased in local currency
- Positive result effect is a result of, among other things, a higher price of long-fibre pulp, the effects of the business combination on the cost base and the efforts to gradually lower the cost base

Business Area Industrial Applications

REPORTED, MEUR	Q1/2014	Q1/2013	FY 2013
Deliveries, tonnes	**22,800**	20,300	81,500
Net sales	**41.6**	38.0	158.0
EBITDA (adj.*)	**6.4**	3.7	16.1
EBITDA margin, % (adj.*)	**15.4%**	9.7%	10.2%

* Adjusted for non-recurring items
The business combination has not impacted the Business Area and therefore no pro forma-information is presented

- Increased delivery volumes as a result of continued strong demand, particularly for abrasive backings and interleaving papers. Higher capacity utilisation rate due to positive volume development.
- Net sales increased due to higher delivery volumes. Average price decreased due to a less favourable product mix
- The positive result development was primarily a result of a higher capacity utilisation rate but also due to lower raw material and energy costs

Business Area Graphics and Packaging

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REPORTED 1), MEUR	Q1/2014	Q1/2013	FY 2013
Deliveries, tonnes	**35,700**	-	83,700
Net sales	**44.6**	-	102.4
EBITDA (adj.*)	**1.3**	-	-1.5
EBITDA margin, % (adj.*)	**2.9%**	-	-1.5

PRO FORMA 2), MEUR	Q1/2014	Q1/2013	FY 2013
Deliveries, tonnes	**35,700**	38,600	145,600
Net sales	**44.6**	47.3	175.9
EBITDA** (adj.*)	**1.3**	1.8	-0.6
EBITDA** margin, % (adj.*)	**2.9%**	3.8%	-0.3%

* Adjusted for non-recurring items ** Includes stand-alone cost savings and synergies obtained after 27 May 2013
1) Includes LP Europe from 27 May 2013 2) Includes LP Europe from 1 January 2012, Coated Specialties does not affect this business area. 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.

- Reported nets sales decreased compared to pro forma net sales mainly due to lower delivery volumes
- Higher average price due to price increases announced in Q2/2013 and the adjustments made in the product mix
- Synergies, stand-alone cost savings and programme to substantially improve the financial performance had a positive impact on the Q1/2014 result

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Outlook

During the second quarter of 2014, demand for Munksjö’s products is expected to remain stable after a relatively strong first quarter. Prices in local currency are expected to remain at the same level as in the first quarter.

As previously communicated, the synergy benefits of EUR 20-25 million will be achieved earlier than originally planned, as the related synergy activities are expected to be completed already during 2014, and realised during 2015.

The previously communicated prolonged intervals between the maintenance stops from 12 to 18 months at the pulp production facility in Aspa, Sweden will impact the result for the business area Release Liners negatively in the second quarter instead of in the fourth quarter this year. The effect on the result is expected to be EUR -4 million.

During the Easter holiday shorter scheduled maintenance shutdowns were carried out. Otherwise the yearly holiday shutdowns, during which planned maintenance operations are scheduled, are expected to be carried out to the same extent as in 2013.

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Q&A

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