

FINANCIAL STATEMENTS RELEASE 2017

STRONG GROWTH CONTINUED IN Q4/2017

- SALES GROWTH OF 7.3% AT CONSTANT CURRENCY RATES WITH CONTINUED GOOD DEMAND ACROSS MOST MARKETS
- COMPARABLE EBITDA MARGIN OF 11.5% – IN LINE WITH THE COMPARISON PERIOD, DESPITE SHARP INCREASE IN RAW MATERIAL PRICES
- HANS SOHLSTRÖM APPOINTED PRESIDENT AND CEO, EFFECTIVE AS OF JUNE 30, 2018, AT THE LATEST

STRONG NET SALES GROWTH WITH GOOD PROFITABILITY DEVELOPMENT AND CASH FLOW

In this financial statements release, the January–December 2017 figures as well as all comparison figures are presented on a pro forma basis to illustrate the financial impact of the merger between Ahlstrom and Munksjö as if it had been completed at the beginning of 2015. Only the October–December 2017, July–September 2017 and April–June 2017 figures are presented according to International Financial Reporting Standards (IFRS). The appendix including audited consolidated financial statements has been prepared according to IFRS standards.

Q4/2017

- Net sales EUR 547.1 million (EUR 527.5 million), showing a gain of 3.7%. Comparable net sales increased by 7.3% at constant currency rates.
- EBITDA EUR 52.7 million (EUR 55.4 million), included items affecting comparability (IAC) of EUR -10.4 million (EUR -5.9 million)
- Comparable EBITDA EUR 63.1 million (EUR 61.3 million), representing 11.5% (11.6%) of net sales
- Net profit EUR 19.3 million (EUR 13.5 million)
- Earnings per share EUR 0.20 (EUR 0.14)
- Comparable EPS excluding merger-related items (PPA) EUR 0.37 (EUR 0.20)
- Net cash flow from operating activities EUR 77.2 million (EUR 75.6 million)

Q1-Q4/2017

- Net sales EUR 2.232.6 million (EUR 2.147.9 million), showing a gain of 3.9%. Comparable net sales increased by 4.6% at constant currency rates.
- EBITDA* EUR 266.6 million (EUR 239.9 million) and included IAC of EUR -23.8 million (EUR -28.8 million)
- Comparable EBITDA EUR 290.4 million (EUR 268.7 million), representing 13.0% (12.5%) of net sales
- Net profit* EUR 88.5 million (EUR 49.8 million)
- Earnings per share* EUR 0.91 (EUR 0.51)
- Comparable EPS excluding merger-related items (PPA) EUR 1.29 (EUR 0.96)
- Net cash flow from operating activities EUR 212.9 million (EUR 232.1 million)

MAJOR EVENTS

- The merger of Ahlstrom Corporation into Munksjö Oyj was completed on April 1, 2017
- Hans Sohlström was appointed President and CEO, effective June 30, 2018, at the latest

DIVIDEND PROPOSAL

- The Board of Directors proposes to the Annual General Meeting that a dividend totaling EUR 0.52 per share, based on the financial statements of 2017, be paid in two installments

Q4/2017

NET SALES
GROWTH AT
CONSTANT
CURRENCY
7.3%

COMPARABLE
EBITDA
MARGIN
11.5%

GEARING
36.2%

* Fair valuation of EUR 11 million (7.6 million after tax) inventory adjustment excluded as already included in pro forma 2016

KEY FIGURES

EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Net sales	547.1	527.5	3.7	2,232.6	2,147.9	3.9
EBITDA*	52.7	55.4	-4.9	266.6	239.9	11.1
EBITDA margin, %	9.6	10.5		11.9	11.2	
Comparable EBITDA	63.1	61.3	3.0	290.4	268.7	8.1
Comparable EBITDA margin, %	11.5	11.6		13.0	12.5	
Items affecting comparability included in EBITDA	-10.4	-5.9		-23.8	-28.8	
Comparable operating result excluding merger-related items (PPA)	40.3	37.4	7.8	195.2	168.7	15.7
Net profit*	19.3	13.5	42.6	88.5	49.8	77.6
Earnings per share (basic). EUR*	0.20	0.14	43.1	0.91	0.51	78.7
Comparable EPS excluding merger-related items (PPA)	0.37	0.20	85.0	1.29	0.96	34.4
Cash generated from operating activities	77.2	75.6	2.2	212.9	232.1	-8.3
Capital expenditure	40.2	30.8	30.4	89.7	77.7	15.4
Net debt**	375.3	N/A	N/A	375.3	N/A	N/A
Gearing ratio, %**	36.2	N/A		36.2	N/A	
Average number of employees, FTE	5,895	5,995	-1.7	5,903	6,039	-2.3

*Fair valuation of EUR 11 million (EUR 7.6 million after tax) inventory adjustment excluded in cumulative 2017 figures as already included in pro forma 2016 figures

**No comparative balance sheet figures on pro forma basis available

The actual figures for January-December 2017 and for the corresponding comparison periods are presented in the appendix only.

Ahlstrom-Munksjö has adopted the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures to reflect the underlying business performance and improve comparability. These measures should, however, not be considered as a substitute for measures of performance in accordance with IFRS. Alternative performance measures are derived from performance measures reported in accordance with IFRS by adding or deducting items affecting comparability (IAC), or purchase price allocation (PPA,) and they are called "comparable".

CEO COMMENTS

“Our first year as Ahlstrom-Munksjö was exciting and we made good progress in terms of financial performance and integration. We truly demonstrated our ability to grow throughout the year and achieved a remarkable growth of over seven percent in the fourth quarter at constant currency rates. Our businesses also managed well in keeping our margin intact even as cost increases in some of our key raw materials accelerated. This rapid increase is also reflected in our guidance for 2018 given the time-lag before our price increases compensate for the increased raw material costs.

Our Filtration business had a record year, Release Liners posted robust growth and our operations in Brazil made a good improvement. We will continue to be active in pricing to mitigate raw material cost increases, which has in particular impacted our Decor business, and we expect to benefit gradually from merging the coated one-sided papers business into our Food Packaging unit during this year.

We have completed almost all of the integration initiatives in just nine months after the merger. We are also comfortable on delivering the promised annual synergy benefits of above EUR 40 million by the second quarter of 2019. Our performance clearly underlines the strategic rationale behind the combination and I would like to express my warmest thanks to all of our employees and other stakeholders for this achievement.

I will retire later this year, and given that we have together achieved a strong position as a company and a global leader in fiber-based materials, I feel the time is right to pass on the baton to my successor.”



“Our first year as Ahlstrom-Munksjö was exciting and we made good progress in terms of financial performance and integration.”

Jan Åström, President and CEO

OUTLOOK FOR 2018

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.

Capital expenditure: The cash flow effect of current capital expenditure of fixed assets as well as strategic investments is expected to be higher than in 2017 (EUR 89.7 million). The strategic growth and profitability enhancement investments include the previously announced projects at Arches, Madisonville and Saint Severin sites.

COMPLETION OF THE MERGER

On April 1, 2017, Ahlstrom Corporation was merged into Munksjö Oyj, and the name of the combined company was changed to Ahlstrom-Munksjö Oyj. The combination created a global leader in innovative and sustainable fiber-based materials with combined pro forma net sales of approximately EUR 2.15 billion (2016), around 6,000 employees, and 41 production and converting facilities in 14 countries. A total of 45,376,992 new shares in Ahlstrom-Munksjö were issued to Ahlstrom shareholders as merger consideration, bringing the total number of shares to 96,438,573. Trading in the new shares started on April 3, 2017.

Approvals from the Extraordinary General Meetings of Ahlstrom and Munksjö as well as the European Commission were received on January 11, 2017 and March 13, 2017, respectively. In connection with the merger, Ahlstrom and Munksjö distributed funds in the total amount of approximately EUR 46 million, corresponding to EUR 0.49 per share in Ahlstrom and EUR 0.45 per share in Munksjö.

SYNERGIES

Ahlstrom-Munksjö estimates that annual synergies of above EUR 40 million will be gradually realized and fully visible from the second quarter of 2019. The savings comprise mainly lower fixed costs as well as coordination of purchases and production following the merger. The plan also includes further business synergies, such as integrating the former Graphics and Packaging business area into the new Specialties business area, to develop a combined product and service offering.

At the end of the reporting period, the annual synergy achievement run rate was approximately EUR 19.3 million. Of the annual synergy savings arising from the merger, the vast majority are related to lower SG&A costs, and the remainder are related to reduced costs of goods sold and improved operational efficiency, as well as planned revenue synergies. The financial result for the fourth-quarter 2017 includes realized synergies of approximately EUR 4.1 million.

Non-recurring costs to achieve the synergy savings amounted to EUR 19.1 million at the end of the reporting period, of which EUR 8.2 million was booked in the fourth-quarter of 2017. The full cost related to the achievement of synergies within two years from the merger is about EUR 30 million. The cash flow effect was EUR -3.6 million in the fourth quarter of 2017 and EUR -10.9 million for the full-year 2017.

FINANCIAL TARGETS

The company's Board of Directors has set the following long-term financial targets:

- EBITDA margin above 14% over a business cycle
- Net gearing below 100%
- A stable and annually increasing dividend, to be paid bi-annually

FINANCIAL PERFORMANCE

NET SALES DEVELOPMENT

NET SALES BY BUSINESS AREA, EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Decor	94.2	88.7	6.2	378.4	364.6	3.8
Filtration and Performance	159.9	149.5	6.9	665.3	617.2	7.8
Industrial Solutions	158.7	155.5	2.0	640.8	618.4	3.6
Specialties	138.9	139.8	-0.6	574.3	577.7	-0.6
Other and eliminations	-4.7	-6.1	22.9	-26.2	-30.1	12.9
Total net sales	547.1	527.5	3.7	2,232.6	2,147.9	3.9

PROFIT AND PROFITABILITY DEVELOPMENT

COMPARABLE EBITDA BY BUSINESS AREA, EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Decor	8.6	11.4	-24.3	33.8	53.7	-37.0
Filtration and Performance	24.6	19.5	26.6	120.6	94.0	28.3
Industrial Solutions	25.3	28.7	-11.6	108.5	93.1	16.5
Specialties	10.2	13.2	-22.5	52.9	64.5	-18.0
Other and eliminations	-5.7	-11.4	50.0	-25.3	-36.6	30.9
Total comparable EBITDA	63.1	61.3	3.0	290.4	268.7	8.1

COMPARABLE EBITDA MARGIN BY BUSINESS AREA, %	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Decor	9.2%	12.9%		8.9%	14.7%	
Filtration and Performance	15.4%	13.0%		18.1%	15.2%	
Industrial Solutions	16.0%	18.4%		16.9%	15.1%	
Specialties	7.3%	9.4%		9.2%	11.2%	
Other and eliminations						
Total comparable EBITDA margin, %	11.5%	11.6%		13.0%	12.5%	

OCTOBER-DECEMBER 2017

Net sales in October-December 2017 amounted to EUR 547.1 million, showing an increase of 3.7% from the EUR 527.5 million reported in the comparison period. At constant currency rates, growth was 7.3%, led by higher selling prices and an improved product mix as well as higher sales volumes.

Comparable EBITDA in October-December 2017 was EUR 63.1 million (EUR 61.3 million), representing 11.5% of net sales (11.6%). The increase was driven by higher sales volumes and lower fixed costs. Higher raw material costs, such as pulp and titanium dioxide, had a negative impact of about EUR 15 million on comparable EBITDA. In addition, the result was negatively impacted by about EUR 4 million related to the annual maintenance stop at the Aspa specialty pulp mill in Sweden.

Items affecting comparability (IAC)

The operating result was EUR 22.1 million (EUR 22.8 million). IACs totaled EUR -10.4 million (EUR -5.9 million) and were mainly related to achieving the synergy benefits as well as the integration costs of the merger.

Net financial items

Net financial items amounted to EUR -6.6 million (EUR -4.5 million), of which EUR 4.0 million relates to interest expenses.

Tax, earnings per share

Profit before taxes was EUR 15.5 million (EUR 18.3 million). Taxes amounted to a positive EUR 3.8 million (EUR -4.8 million income tax) as the tax reform in the USA had a one-time non-cash positive effect on deferred taxes of approximately EUR 12 million. The net result for the period was EUR 19.3 million (EUR 13.5 million), and earnings per share were EUR 0.20 (EUR 0.14). Comparable earnings per share excluding merger-related items (PPA) were EUR 0.37 (EUR 0.20).

JANUARY-DECEMBER 2017

Net sales in January-December 2017 amounted to EUR 2,232.6 million, showing an increase of 3.9% from the EUR 2,147.9 million reported in the comparison period. At constant currency rates, growth was 4.6%, led by higher volumes and selling prices, as well as an improved product mix.

Comparable EBITDA in January-December 2017 was EUR 290.4 million (EUR 268.7 million), representing 13.0% of net sales (12.5%). The result was supported by higher sales volumes and selling prices, as well as an improved product mix, and lower fixed costs. Higher raw material costs, such as pulp and titanium dioxide, had a negative impact of about EUR 40 million on comparable EBITDA.

Items affecting comparability (IAC)

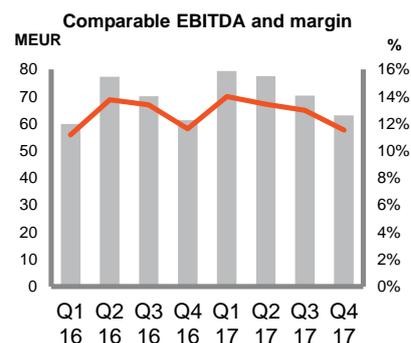
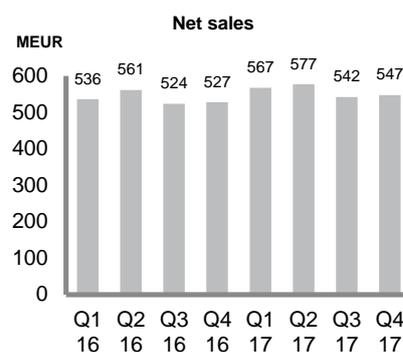
Operating result excluding fair valuation of EUR 11 million inventory adjustment was EUR 140.0 million (EUR 104.7 million). Further IAC totaled EUR -23.8 million (EUR -28.8 million) and were mainly related to achieving the synergy benefits as well as the integration costs of the merger.

Net financial items

Net financial items amounted to EUR -30.4 (EUR -30.6) million and included refinancing costs.

Tax, earnings per share

Pretax profit was EUR 109.6 million (EUR 74.1 million). Income taxes amounted to EUR 21.1 million (EUR 24.3 million), including the recalculation of net deferred tax liabilities, and representing an effective tax rate of 19% (33%). The net result for the period was EUR 88.5 million (EUR 49.8 million), and earnings per share were EUR 0.91 (EUR 0.51). Comparable earnings per share excluding merger-related items (PPA) were EUR 1.29 (EUR 0.96).



FINANCING AND CASH FLOW

CASH FLOW

October-December

In October-December 2017, net cash flow from operating activities amounted to EUR 77.2 million (EUR 75.6 million¹). The figure was supported by the improved operational result, while it was negatively impacted by higher cash taxes.

January-December

In January-December 2017, net cash flow from operating activities amounted to EUR 212.9 million (EUR 232.1 million¹). The cash flow was impacted by higher cash taxes related to accumulated payments from previous years.

NET DEBT, GEARING AND LIQUIDITY

The company's interest-bearing net debt amounted to EUR 375.3 million at the end of the reporting period. Comparative pro forma balance sheet items are not available. However, the estimated combined net debt of Munksjö Oyj and Ahlstrom Corporation was EUR 410.3 million on December 31, 2016. Gearing stood at 36.2%. At the end of the reporting period, the weighted average interest rate was 2.2%.

Ahlstrom-Munksjö's liquidity continues to be good. At the end of the review period, the total cash position was EUR 245.9 million. In addition, the company had undrawn committed credit facilities and committed cash pool overdrafts of EUR 212.5 million available.

Refinancing

Following the merger, new financing was arranged for Ahlstrom-Munksjö, which consisted of multicurrency term facilities and a revolving credit facility, as well as a bridge facility.

On May 3, 2017, Ahlstrom-Munksjö redeemed the EUR 100 million hybrid bond with a fixed annual interest rate of 7.875% in accordance with its terms and conditions. The redemption value was EUR 106.9 million.

Ahlstrom-Munksjö made a voluntary tender offer for cash of its EUR 100 million 4.125% notes maturing on September 15, 2019. The aggregate principal amount of notes validly offered for purchase by noteholders was EUR 89.2 million. On September 15, 2017, the company exercised its right to fully redeem the outstanding 2019 notes.

On June 9, 2017, the company issued a EUR 250 million unsecured callable bond with an annual coupon of 1.875%. The notes will mature on June 9, 2022. The proceeds from the issue were used to repay and refinance an outstanding bond maturing in 2019 and certain other borrowings of the company.

EQUITY

On December 31, 2017, equity was EUR 1,038.0 million and total assets were EUR 2,396.8 million. The equity was negatively impacted by a translation effect of about EUR 53.6 million due to adverse currency fluctuations in 2017. Munksjö Group's standalone equity was EUR 437.7 million and total assets were EUR 1,186.5 million on December 31, 2016.

CAPITAL EXPENDITURE

Ahlstrom-Munksjö's capital expenditure excluding acquisitions totaled EUR 89.7 million in January-December 2017 (EUR 77.7 million) and EUR 40.2 million in October-December 2017 (EUR 30.8 million). The investments were related to maintenance, and cost and efficiency improvements, as well as the strategic upgrade of the Madisonville filtration plant in the U.S. and the rebuild of an abrasive backings paper machine in Arches, France.

On June 7, 2017, the company announced an investment of about EUR 6.7 million at its Saint Severin plant in France to increase the capacity of Genuine Vegetable Parchment products, used mainly in food and baking applications.

¹ The actual cash flow figure for the corresponding comparison period is presented in the appendix only.

PERSONNEL

Ahlstrom-Munksjö employed an average of 5.903 people in January-December 2017 (6.039). As of December 31, 2017, the highest numbers of employees were in France (28%), Sweden (14%), the United States (12%), Germany (9%), and Italy (9%).

Customer service and transactional finance centers aligned to decentralized operating model
Ahlstrom-Munksjö plans to close its customer service and transactional finance centers in Vilnius and Atlanta to align a decentralized operating model following the merger. Through the plan, which is expected to be complete by the end of June 2018, the company aims to optimize the number of offices globally and leverage the use of our existing infrastructure. The centers employ about 100 people.

Transfer of further IT operations to Tech Mahindra

As part of a plan to harmonize Information Technology operations following the merger, Ahlstrom-Munksjö transferred further IT operations to its existing partner Tech Mahindra Ltd. As a result, most daily IT support, maintenance, development activities and project-related IT are carried out by Tech Mahindra. About 20 employees transferred to Tech Mahindra.

CHANGES IN THE EXECUTIVE MANAGEMENT TEAM

Hans Sohlström appointed President and CEO

On December 21, 2017, the Board of Directors appointed Hans Sohlström President and CEO of Ahlstrom-Munksjö, effective as of June 30, 2018, at the latest. Sohlström is currently the President and CEO of Ahlström Capital Group. Ahlstrom-Munksjö's current President and CEO Jan Åström, (b. 1956), will retire from the position on June 30, 2018, at the latest. He has been the President and CEO of the company since its creation through the merger of Ahlstrom Corporation and Munksjö Oyj on April 1, 2017, and before that he was the President and CEO of Munksjö since 2008.

Tomas Wulkan appointed Executive Vice President, business area Decor

On December 18, 2017, Tomas Wulkan was appointed Executive Vice President, business area Decor, and a member of the company's Executive Management Team. Wulkan started in the position on January 1, 2018, and he reports to Jan Åström, President and CEO.

SUSTAINABILITY

Ahlstrom-Munksjö was awarded in May 2017 the Gold rating from EcoVadis, following the assessment of the Group's Corporate Social Responsibility (CSR) engagement. The Gold rating is a result of performance improvements in all four CSR dimensions assessed by EcoVadis; environment, labor practices, fair business practices, and sustainable procurement. It places the company among the top 1% of all suppliers evaluated by the platform, regardless of their industry.

Health and safety

Health and safety of employees is a top priority at Ahlstrom-Munksjö. The company had 27 lost-time accidents (LTAs) in 2017, which is considerably lower than the 58 LTAs reported in 2016. The accident frequency rate per million working hours fell to 2.53 from 5.50.

BUSINESS AREA REVIEW

DECOR

The Decor business area is one of the leading manufacturers in the market for paper-based surfacing for wood-based materials, such as laminate flooring, furniture and interiors. Decor develops high-tech and innovative papers for high- and low- pressure-laminates, print base paper and pre-impregnated paper.

Market review October-December 2017:

The markets for decor products remained stable at a good level across all segments. The business area managed to secure sufficient supply of titanium dioxide, a key raw material in production, in a tight market environment.

Net sales and profit development in October-December 2017:

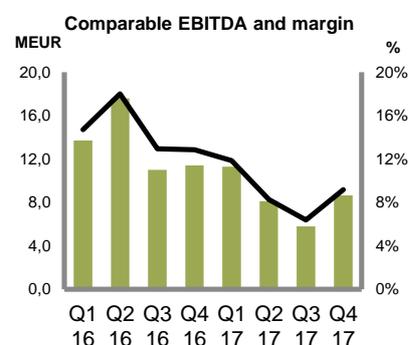
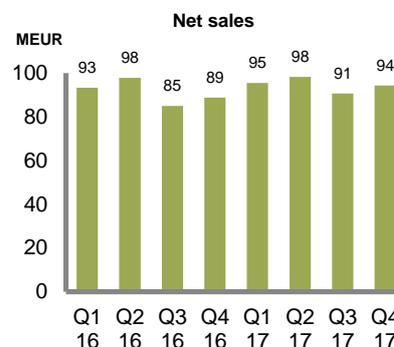
Net sales rose by 6.2% to EUR 94.2 million, compared with EUR 88.7 million in October-December 2016. The increase was mainly driven by higher selling prices, as sales volumes were in line with the comparison period.

Comparable EBITDA fell to EUR 8.6 million (EUR 11.4 million), representing 9.2% (12.9%) of net sales. Higher selling prices had a positive impact on the result, however, this did not yet fully compensate for the rapid increase in raw material costs, such as titanium dioxide and pulp. The figure was also positively impacted by about EUR 2 million related to an inventory adjustment and energy subsidy.

Net sales and profit development in January-December 2017:

Net sales rose by 3.8% to EUR 378.4 million, compared with EUR 364.6 million in January-December 2016. The increase was driven by mainly higher sales volumes in addition to higher selling prices.

Comparable EBITDA fell to EUR 33.8 million (EUR 53.7 million), representing 8.9% (14.7%) of net sales. Higher sales volumes and selling prices had a positive impact on the result. This was, however, not sufficient to compensate for the steep increase in raw material costs during the year.



EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Net sales	94.2	88.7	6.2 %	378.4	364.6	3.8 %
Comparable EBITDA	8.6	11.4	-24.3 %	33.8	53.7	-37.0 %
Comparable EBITDA margin, %	9.2%	12.9%		8.9%	14.7%	

BUSINESS AREA REVIEW

FILTRATION AND PERFORMANCE

The Filtration and Performance business area produces engine oil, fuel and air filtration as well as industrial air filtration materials, glass fiber used in flooring applications and wind turbines, industrial nonwoven products for automotive, construction, textile and hygiene applications, and wallcover materials.

Market review October-December 2017:

Demand for filtration products continued to be strong in all regions and segments, and particularly in heavy-duty vehicles and industrial air. In construction-related markets, demand for wallcover was stable, while that for flooring materials was good.

Net sales and profit development in October-December 2017:

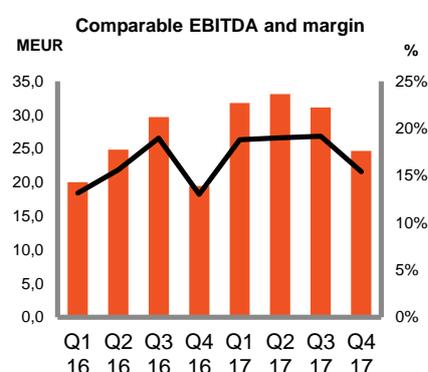
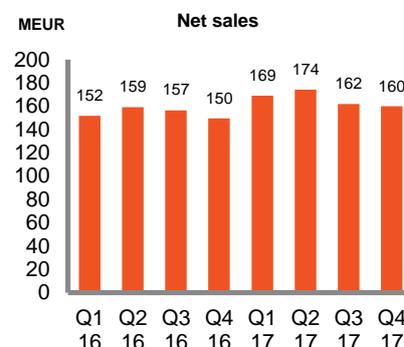
Net sales rose by 6.9% to EUR 159.9 million, compared with EUR 149.5 million in October-December 2016. Growth was driven by higher sales of filtration, nonwoven and wallcover products as well as an improved product mix and higher selling prices. Adverse currency fluctuations had a negative impact on net sales.

Comparable EBITDA climbed to EUR 24.6 million (EUR 19.5 million), representing 15.4% (13.0%) of net sales. The increase was mainly driven by higher sales volumes and operational efficiency.

Net sales and profit development in January-December 2017:

Net sales rose by 7.8% to EUR 665.3 million, compared with EUR 617.2 million in January-December 2016. Growth was driven by higher sales of filtration as well as nonwoven and wallcover products. Adverse currency fluctuations had a negative impact on net sales.

Comparable EBITDA climbed to EUR 120.6 million (EUR 94.0 million) reaching a record high margin of 18.1% (15.2%) of net sales. The increase was driven by higher sales volumes and improved operational efficiency.



EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Net sales	159.9	149.5	6.9	665.3	617.2	7.8
Comparable EBITDA	24.6	19.5	26.6	120.6	94.0	28.3
Comparable EBITDA margin, %	15.4%	13.0%		18.1%	15.2%	

BUSINESS AREA REVIEW

INDUSTRIAL SOLUTIONS

The Industrial Solutions business area produces release liners, abrasive backings, electrotechnical insulation papers, specialty pulp, thin papers, balancing foils as well as fine art and printing papers.

Market review October-December 2017:

Good demand continued in many segments; release liners, electrotechnical insulation papers, abrasive backings, as well as specialty pulp. The domestic market for coated specialties products in Brazil improved somewhat.

Net sales and profit development in October-December 2017:

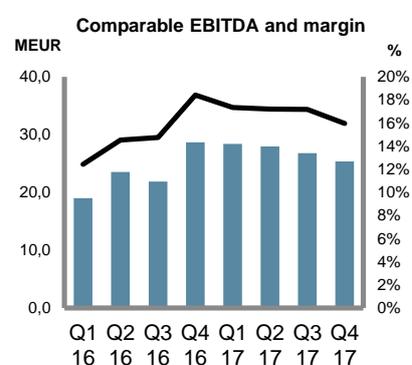
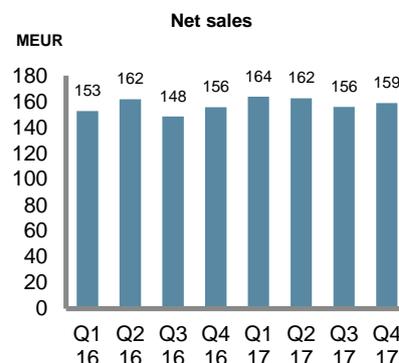
Net sales rose by 2.0% to EUR 158.7 million, compared with EUR 155.5 million in October-December 2016. Growth was driven by higher sales volumes of release liners and coated specialties products as well as higher selling prices in most of the segments in the business area.

Comparable EBITDA fell to EUR 25.3 million (EUR 28.7 million), representing 16.0% (18.4%) of net sales. The result was supported by higher selling prices and sales volumes as well as an improved product mix. Increased raw material costs, as the price difference between softwood and hardwood pulp narrowed, burdened the result. In addition, it was negatively impacted by about EUR 4 million related to the annual maintenance stop at the Aspa specialty pulp mill in Sweden (In 2016, the stop was carried out in September).

Net sales and profit development in January-December 2017:

Net sales rose by 3.6% to EUR 640.8 million, compared with EUR 618.4 million in January-December 2016. Growth was led by higher sales volumes of release liners and coated specialties products as well as higher selling prices in most of the segments in the business area.

Comparable EBITDA climbed to EUR 108.5 million (EUR 93.1 million), representing 16.9% (15.1%) of net sales. The increase was driven by higher selling prices and an improved product mix as well as increased sales volumes.



EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Net sales	158.7	155.5	2.0	640.8	618.4	3.6
Comparable EBITDA	25.3	28.7	-11.6	108.5	93.1	16.5
Comparable EBITDA margin, %	16.0%	18.4%		16.9%	15.1%	

BUSINESS AREA REVIEW

SPECIALTIES

The Specialties business area produces food and beverage packaging materials, laboratory and life science diagnostics, as well as water filtration materials, tape products, and medical fabrics. In addition, it makes hot oil cooking and milk filtration materials, graphic papers for sticky notes and envelopes, metallized labels, as well as printed and coated products.

Market review October-December 2017:

Demand for food packaging-related products was quite strong, while the market for uncoated and coated papers remained highly competitive. Demand for life science and medical products as well as tape materials was good.

Net sales and profit development in October-December 2017:

Net sales amounted to EUR 138.9 million and were in line with the EUR 139.8 million in October-December 2016. Higher volumes of tape and medical products as well as parchmentized papers used in food packaging had a positive impact on net sales. Lower volumes of tea-bag materials, one-side coated papers, such as metallized labels and graphic applications, as well as an adverse currency effect had a negative impact on net sales.

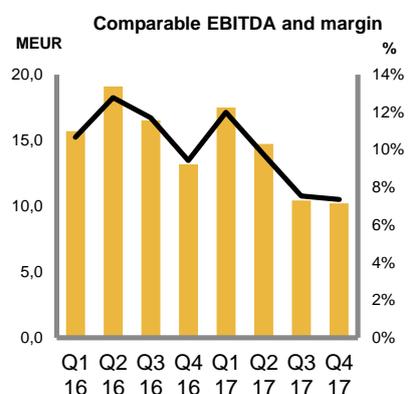
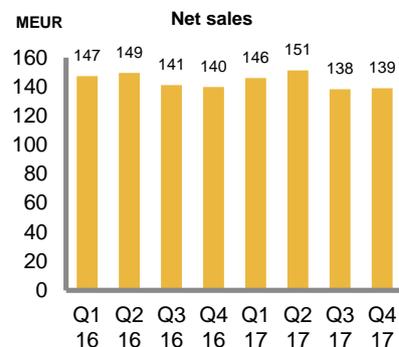
Comparable EBITDA was EUR 10.2 million (EUR 13.2 million), representing 7.3% (9.4%) of net sales. Higher raw material costs related to pulp and abaca, and operational challenges in the coated-one sided business continued to burden profitability. Increased sales volumes and lower fixed costs had a positive impact on the result.

Benefits from the extended product portfolio, where the coated one-sided business has been merged into the Food Packaging unit, are expected to be gradually visible in 2018.

Net sales and profit development in January-December 2017:

Net sales amounted to EUR 574.3 million, and were in line with the EUR 577.7 million in January-December 2016. Higher sales of life science, tape, water purification and coffee products had a positive impact on net sales. Lower sales of one-side coated papers as well as an adverse currency effect had a negative impact on net sales.

Comparable EBITDA was EUR 52.9 million (EUR 64.5 million), representing 9.2% (11.2%) of net sales. Higher raw material costs as well as operational challenges in the coated one-sided business burdened profitability. Increased sales volumes and lower fixed costs had a positive impact on the result.



EUR MILLION	Q4/2017	Q4/2016	CHANGE, %	2017	2016	CHANGE, %
Net sales	138.9	139.8	-0.6	574.3	577.7	-0.6
Comparable EBITDA	10.2	13.2	-22.5	52.9	64.5	-18.0
Comparable EBITDA margin, %	7.3%	9.4%		9.2%	11.2%	

SHARES AND SHARE CAPITAL

Ahlstrom-Munksjö's shares are listed on the Nasdaq Helsinki as well as on the Nasdaq Stockholm. All shares carry one vote and have equal voting rights. The trading code is AMI in Helsinki and AMIS in Stockholm.

On December 31, 2017, Ahlstrom-Munksjö's share capital amounted to EUR 85 million, and the total number of shares since April 1, 2017 has been 96,438,573. The company had 11,526 shareholders at the end of the reporting period, according to Euroclear Finland Ltd. Ahlstrom-Munksjö held a total of 364,862 of its own shares, corresponding to approximately 0.4% of the total shares and votes.

Nasdaq Helsinki

During 2017, a total of 15.0 million (6.9 million) Ahlstrom-Munksjö shares were traded for a total of EUR 263.7 million (EUR 78.2 million). The average daily volume was 59,978 (27,161). The lowest trading price was EUR 13.75 and the highest was EUR 20.49. The closing price on December 29, 2017 was EUR 18.17. The market capitalization at the end of the review period was EUR 1,745.7 million, excluding the shares owned by the parent company.

Nasdaq Stockholm

During 2017, a total of 2.3 million (2.1 million) Ahlstrom-Munksjö shares were traded for a total of SEK 398.8 million (SEK 229.4 million). The average daily trading volume was 9,339 (8,464). The lowest trading price was SEK 131.50 and the highest was SEK 199.50. The closing price on December 29, 2017 was SEK 177.30.

The share turnover during the reporting period for the both exchanges was 18.0% (17.6%) of the total amount of shares. Ahlstrom-Munksjö's shares are also traded on alternative exchanges, such as Cboa and Turquoise. During the reporting period, the shares traded on Nasdaq Helsinki represented 80.2%, Nasdaq Stockholm 10.6% and the alternative exchanges 9.2% of the total trading volume (source: Fidessa Fragmentation Index).

FLAGGING NOTIFICATIONS

Change in the holding of Ahlström Capital

On September 1, 2017, Ahlstrom-Munksjö received a notification from Ahlström Capital Oy on behalf of AC Invest Five BV and AC Invest Six BV.

According to the notification, AC Invest Six BV had been merged into AC Invest Five BV as of August 31, 2017. Both companies are fully owned indirect subsidiaries of Ahlström Capital Oy. As a consequence, the shareholding of AC Invest Five BV in Ahlstrom-Munksjö Oyj had exceeded the threshold of 15% (from 12.68% to 18.36%). Simultaneously, the shareholding of AC Invest Six BV in Ahlstrom-Munksjö Oyj has fallen below the threshold of 5% (from 5.69% to 0.00%). No notification threshold has been crossed on the group level and Ahlström Capital's total shareholding on the date of the notification was 18.36% on the date of the notification (through AC Invest Five BV).

Change in the holding of Ilmarinen

On April 3, 2017, Ahlstrom-Munksjö received a notification from Ilmarinen Mutual Pension Insurance Company.

According to the notification, the holding of Ilmarinen in Ahlstrom-Munksjö had fallen below the 5% threshold as a consequence of the merger of Ahlstrom Corporation into Munksjö Oyj. On April 1, 2017, the direct holding of Ilmarinen amounted to 4,474,546 shares, corresponding to a holding of 4.64% of Ahlstrom-Munksjö's shares and voting rights.

Change in the holding of Ahlström Capital

On April 3, 2017 Ahlstrom-Munksjö Oyj received a notification from Ahlström Capital Oy on behalf of AC Invest Five BV and AC Invest Six BV.

According to the notification, as a consequence of the merger of Ahlstrom Corporation into Munksjö Oyj, the proportion of Ahlstrom-Munksjö shares owned by AC Invest Five BV, a fully owned indirect subsidiary of Ahlström Capital Oy, has fallen below the thresholds of 15% and 10% on 1 April 2017 (from 18.11% to 9.63%). Furthermore, the proportion of Ahlstrom-Munksjö shares owned by AC Invest Six BV, a fully owned indirect subsidiary of Ahlström Capital Oy, has exceeded the threshold of 5% on 1 April 2017 (from 0% to 5.69%). No notification threshold has been crossed at the group level.

REPURCHASES OF OWN SHARES

On May 2, 2017, the Board of Directors decided to utilize the authorization given by the Annual General Meeting (AGM) 2016, held on April 6, 2016, to repurchase a maximum of 300,000 own shares. The repurchases continued on May 17, based on authorization given by the AGM 2017, held on May 16, 2017.

The repurchases started on May 3, 2017 and ended on June 13, 2017. During this period, Ahlstrom-Munksjö repurchased 300,000 shares, corresponding to about 0.3 per cent of the total number of shares and votes. The repurchased shares will be used primarily for implementing future share-based incentive programs of the company.

NEW LONG-TERM SHARE-BASED INCENTIVE PLAN

On October 24, 2017, the Board of Directors decided on a new long-term share-based incentive plan for the key personnel of the company. The aim of the plan is to align the objectives of the company's owners and key personnel to increase the company's value and to commit key personnel to the company through an incentive system based on ownership of Ahlstrom-Munksjö shares.

The Board of Directors has, in addition, decided to establish a bridge plan to cover the gap, which results from the implemented merger of the two companies in the long-term incentive plan structure and the related transition to the new plan structure herein announced. The bridge plan covers the most critical leadership resources of Ahlstrom-Munksjö. The plan includes a rolling structure of individual performance share plans, each with a three-year performance period. The first performance period will start as of 2017. The commencement of any further plan periods is subject to the Board's annual decision. The performance criteria for the 2017-2019 performance period will be the Total Shareholder Return (TSR) including share price change and profit distribution during the performance period. Additionally, no reward will be paid in case an underlying EBITDA requirement is not met.

The Board of Directors has nominated approximately 65 key persons as eligible to participate in the first plan 2017-2019.

The potential reward for the first plan will be paid in 2020. The reward will at the company's choice either be paid in the form of company shares or in cash. Full details on the long-term incentive plan were published as a stock exchange release on October 24, 2017 and are available on www.ahlstrom-munksjo.com/media/releases.

ANNUAL GENERAL MEETING

Ahlstrom-Munksjö Oyj's Annual General Meeting was held on May 16, 2017. The Annual General Meeting adopted the Financial Statements for 2016 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2016.

The AGM resolved in accordance with the proposal of the Board of Directors that no dividend will be paid for the fiscal year 2016. The AGM resolved, based on the financial statements of the company for 2016, on the payment of funds from the reserve for invested unrestricted equity as return of equity in the amount of EUR 0.23 per share in September 2017.

The return of equity was paid to those shareholders who on the record date of the payment, September 6, 2017, were registered either in the shareholders' register of Ahlstrom-Munksjö maintained by Euroclear Finland Ltd or in the register of shareholders maintained by Euroclear Sweden AB. The return of equity payable for Euroclear Sweden AB registered shares will be forwarded by Euroclear Sweden AB. The payment date for the return of equity was September 13, 2017.

The AGM resolved that the number of Board members to be nine. Hans Sohlström, Peter Seligson, Elisabet Salander Björklund, Alexander Ehrnrooth, Jan Inborr (passed away on June 24, 2017), Harri-Pekka Kaukonen, Johannes Gullichsen and Hannele Jakosuo-Jansson were re-elected. Pernilla Walfridsson was elected as new member of the Board. The Board members were elected for the period ending at the close of the next AGM.

The AGM resolved in accordance with the proposal of the Board to re-elect KPMG Oy Ab as the company's auditor. KPMG Oy Ab has designated Authorised Public Accountant Anders Lundin as the Responsible Auditor.

AUTHORIZATIONS TO REPURCHASE AND DISTRIBUTE THE COMPANY'S OWN SHARES AS WELL AS TO ACCEPT THEM AS PLEDGE

The AGM authorized the Board of Directors to resolve to repurchase and to distribute the company's own shares as well as to accept them as pledge in one or more instalments on the following conditions:

The number of shares to be repurchased or accepted as pledge by virtue of the authorization shall not exceed 8,000,000 own shares in the company, subject to the provisions of the Finnish Companies' Act on the maximum amount of shares owned by or pledged to the company or its subsidiaries. The shares may be repurchased or accepted as pledge in one or several instalments and in another proportion than that of the existing shareholdings of the shareholders in the company. The shares shall be repurchased in public trading at the prevailing market price by using unrestricted shareholders' equity.

The Board of Directors is authorized to resolve on all other terms and conditions regarding the repurchase of the company's own shares or their acceptance as pledge.

By virtue of the authorization, the Board of Directors has the right to resolve on the distribution of a maximum of 8,000,000 own shares held by the company in one or several instalments.

The authorization includes the right for the Board of Directors to resolve upon all terms and conditions of the distribution of shares held by the company, including the right to derogate from the pre-emptive right of the shareholders. The shares may be used e.g. as consideration in acquisitions and in other arrangements as well as to implement the company's share-based incentive plans or for other purposes determined by the Board of Directors. The Board of Directors also has the right to resolve on the distribution of the shares in public trading for the purpose of financing possible acquisitions. The authorization also includes the right for the Board of Directors to resolve on the sale of the shares accepted as a pledge.

The authorizations are valid until the close of the next AGM. however, for no longer than eighteen (18) months from the close of the AGM.

DECISIONS TAKEN BY THE BOARD OF DIRECTORS AFTER THE AGM

The organization meeting of the Board of Directors, which was held immediately after the Annual General Meeting, elected Hans Sohlström as Chairman and Peter Seligson and Elisabet Salander Björklund as Vice Chairmen of the Board.

The Board of Directors appointed three permanent committees; the Audit Committee, the Strategy Committee, and the Human Resources Committee (previously the Remuneration Committee). The members of the Audit Committee are Elisabet Salander Björklund (Chair), Alexander Ehrnrooth, Harri-Pekka Kaukonen and Pernilla Walfridsson.

The members of the Strategy Committee are Peter Seligson (Chair), Alexander Ehrnrooth and Hans Sohlström (Jan Inborr passed away on June 24, 2017). The members of the Human Resources Committee are Hans Sohlström (Chair), Johannes Gullichsen and Hannele Jakosuo-Jansson.

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On June 24, 2017, Jan Inborr passed away after suffering from a short period of illness. The Board of Directors will continue with eight members until the next Annual General Meeting in 2018. The Board of Directors has appointed Hans Sohlström to replace Jan Inborr on the Strategy Committee.

SHAREHOLDERS' NOMINATION BOARD

Ahlstrom-Munksjö's three largest registered shareholders based on holdings on May 31, 2017 nominated the following persons as their representatives in the Shareholders' Nomination Board of Ahlstrom-Munksjö:

- Thomas Ahlström (Ahlström Capital Oy and four other shareholders)
- Alexander Ehrnrooth (Viknum AB and Belgrano Inversiones Oy)
- Mikko Mursula (Ilmarinen Mutual Pension Insurance Company)

The company's Chairman of the Board, Hans Sohlström, and Peter Seligson, as nominated by the Board, are also expert members of the Nomination Board. On June 7, 2017, the Nomination Board elected Thomas Ahlström from among its members as Chairman.

The Nomination Board prepares proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the members of the Board committees and the Nomination Board.

Hans Sohlström has refrained from participating in the work of the Shareholders' Nomination Board after he was appointed President and CEO on December 21, 2017.

On January 29, 2018, the Nomination Board submitted its proposals for the Annual General Meeting 2018 about the remuneration of the Board of Directors, the number of members of the Board of Directors and the election of members of the Board of Directors. The full release is available at <https://www.ahlstrom-munksjo.com/Media/releases/>

INFORMATION ON SHUTDOWNS IN 2018

The annual maintenance and seasonal shutdowns, mainly in the third and fourth quarters, are expected to be carried out to about the same extent as in 2017. The annual maintenance shut-down at the pulp production facility in Aspa in Sweden is planned to be carried out in the fourth quarter in 2018 and it will have an impact of approximately EUR 4 million on comparable EBITDA.

EVENTS AFTER THE REPORTING PERIOD

On February 12, 2018, the Board of Directors of Ahlstrom-Munksjö decided on a new performance period under the long-term share-based incentive plan.

The first performance period started as of 2017 as further described in a stock exchange release issued on October 24, 2017. The Board has now decided on the commencement of a further plan period for 2018-2020. The performance criteria for the 2018-2020 performance period will be the Total Shareholder Return (TSR) including share price change and profit distribution during the performance period. Additionally, no reward will be paid in case an underlying EBITDA requirement is not met. The full release is available at <https://www.ahlstrom-munksjo.com/Media/releases/>

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The distributable funds on the balance sheet of Ahlstrom-Munksjö Oyj as of December 31, 2017 amounted to EUR 639,383,957.56.

The Board of Directors proposes that the Annual General Meeting resolves, based on the financial statements of the company for 2017, on the dividend payment in the amount of EUR 0.52 per share.

The dividend will be paid in two instalments. The first instalment of EUR 0.26 per share will be paid to a shareholder who on the record date of the payment, March 23, 2018, is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd or in the register of shareholders maintained by Euroclear Sweden AB. The payment date proposed by the Board for this instalment is April 3, 2018.

The second instalment of EUR 0.26 per share will be paid in September 2018 to a shareholder who on the record date of the payment is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd or in the register of shareholders maintained by Euroclear Sweden AB, which, together with the payment date, will be resolved by the Board of Directors in its meeting scheduled for September 10, 2018. The record date of the payment would be September 12, 2018 and the payment date September 19, 2018, at the latest.

In addition, the Board of Directors proposes that EUR 100,000 will be reserved for donations at the discretion of the Board.

SHORT-TERM RISKS

Ahlstrom-Munksjö is exposed to changing market conditions and uncertainty caused by both macroeconomic and industry related events and is exposed to risks that may arise from its operations, changes in the business environment, developments in the global economy or potential changes in the legislative framework. The materialization of such risks could have a material adverse effect on the company's operations, earnings and financial position.

The company's significant risks and uncertainty factors mainly consist of developments in demand for and prices of sold products, the cost and availability of significant raw materials, financial risks, as well as other business factors including developments in the financial markets. The cost of key raw materials such as pulp and titanium dioxide has continued to increase and the company's financial performance may be impacted by its ability to raise selling prices and the timing of such rises to mitigate cost inflation.

Ahlstrom-Munksjö's key financial risks include interest rate and currency risks, liquidity risk and credit risk. The Group has exposure to tax risks due to potential changes in tax laws or regulations or their application, or as a result of on-going or future tax audits or claims.

The company has operations in many countries, and sometimes disputes cannot be avoided in daily operations. The company is sometimes involved in legal actions, disputes, claims for damages and other procedures. The result of these cannot be predicted, but taking into account all available information to date, the impact is not expected to have a significant impact on the financial position of the company.

More information about risks and uncertainty factors related to Ahlstrom-Munksjö's business and the company's risk management is available at www.ahlstrom-munksjo.com.

The actual numbers in this report have been prepared in accordance with International Financial Reporting Standards (IFRS). Comparable figures refer to the same period in the previous year, unless otherwise stated. The report contains certain forward-looking statements that reflect the present views of the company's management. The statements contain uncertainties and risks and are thus subject to changes in the general economic situation and in the company's business.

Ahlstrom-Munksjö Oyj
Board of Directors

ADDITIONAL INFORMATION

Jan Åström, President and CEO, tel. +46 10 250 1001
Pia Aaltonen-Forsell, CFO, tel. +46 10 250 1029
Juho Erkheikki, Investor Relations Manager, tel. +358 (0)10 888 4731

WEBCAST AND CONFERENCE CALL

A combined news conference, call and live webcast will be arranged on the publishing day, February 13, 2018, at 10:00 a.m. CET (11:00 a.m. EET) at Ahlstrom-Munksjö's Helsinki office, meeting room Antti (Alvar Aallon katu 3 C). The report will be presented in English by President and CEO Jan Åström and CFO Pia Aaltonen-Forsell.

WEBCAST AND CONFERENCE CALL INFORMATION

The combined webcast and teleconference can be viewed at:
http://qsb.webcast.fi/a/ahlstrommunksjo/ahlstrommunksjo_2018_0213_q4/

Finnish callers: +358 (0)9 7479 0361
Swedish callers: +46 (0)8 5033 6574
UK callers: +44 (0) 330 336 9105

Conference ID: 8057006

To join the conference call, participants are requested to dial one of the numbers above 5-10 minutes prior to the start of the event. An on-demand version of the conference call will be available on Ahlstrom-Munksjö's website later the same day.

FINANCIAL REPORTS IN 2018

- Interim report January-March 2018 April 24, 2018
- Half-year report January-June 2018 July 26, 2018
- Interim report January-September 2018 October 30, 2018

The annual report including financial statements 2017 and report of operations will be published on February 28, 2018, at the latest. The Annual General Meeting of Shareholders (AGM) will be held on March 21, 2018.

AHLSTROM-MUNKSJÖ IN BRIEF

Ahlstrom-Munksjö is a global leader in fiber-based materials, supplying innovative and sustainable solutions to customers worldwide. Our offerings include decor paper, filter media, release liners, abrasive backings, nonwovens, electrotechnical paper, glass fiber materials, food packaging and labeling, tape, medical fiber materials and solutions for diagnostics. Combined annual net sales are about EUR 2.2 billion and we employ 6,000 people. The Ahlstrom-Munksjö share is listed on the Nasdaq Helsinki and Stockholm. Read more at www.ahlstrom-munksjo.com.

APPENDIX: CONSOLIDATED FINANCIAL STATEMENTS

Actual figures are audited, whereas all pro forma figures are unaudited. Actual comparison figures refer to standalone Munksjö Group.

INCOME STATEMENT				
EUR MILLION	Q4/2017	Q4/2016	2017	2016
Net sales	547.1	282.4	1,959.9	1,142.9
Other operating income	1.2	2.2	12.7	7.5
Total operating income	548.3	284.6	1,972.6	1,150.4
Operating costs				
Changes in inventories of finished goods and work in progress	-0.8	0.6	-6.4	2.7
Materials and supplies	-257.3	-132.7	-920.2	-544.2
Other operating expenses	-131.0	-67.4	-472.0	-269.0
Personnel costs	-106.3	-55.7	-363.7	-209.8
Depreciation and amortization	-30.6	-13.1	-106.6	-55.2
Total operating costs	-526.0	-268.2	-1,868.9	-1,075.5
Share of profit in equity accounted investments	-0.2	0.0	-0.2	0.0
Operating result	22.1	16.4	103.5	74.9
Net financial items	-6.6	-1.7	-26.2	-15.9
Profit before tax	15.5	14.7	77.3	59.0
Taxes	7.2	-2.9	-10.8	-15.7
Net profit	22.7	11.8	66.5	43.3

pro forma INCOME STATEMENT				
EUR MILLION	Q4/2017	Q4/2016	2017	2016
Net sales	547.1	527.5	2,232.6	2,147.9
Other operating income	1.2	3.6	13.7	19.0
Total operating income	548.3	531.1	2,246.4	2,166.9
Operating costs				
Changes in inventories of finished goods and work in progress	-0.8	-4.9	7.5	-11.9
Materials and supplies	-257.3	-237.1	-1,040.1	-983.3
Other operating expenses	-131.0	-119.5	-529.8	-503.2
Personnel costs	-106.3	-114.3	-417.3	-428.6
Depreciation and amortization	-30.6	-32.6	-126.5	-135.2
Total operating costs	-526.0	-508.4	-2,106.2	-2,062.2
Share of profit in equity accounted investments	-0.2	0.0	-0.2	0.0
Operating result	22.1	22.8	140.0*	104.7
Net financial items	-6.6	-4.5	-30.4	-30.6
Profit before tax	15.5	18.3	109.6	74.1
Taxes	3.8	-4.8	-21.1	-24.3
Net profit	19.3	13.5	88.5*	49.8

*Fair valuation of EUR 11 million (EUR 7.6 million after tax) inventory adjustment excluded in cumulative 2017 figures as already included in pro forma 2016 figures

OTHER COMPREHENSIVE INCOME				
EUR MILLION	Q4/2017	Q4/2016	2017	2016
Net profit	22.7	11.8	66.5	43.3
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations for the period	-8.6	-0.1	-53.6	11.0
Hedges of net investments in foreign operations	0.0	-	0.1	-
Change in cash flow hedge reserve	-0.4	1.6	0.8	-2.4
Cash flow hedge transferred to this year's result	-0.6	1.1	-0.7	3.1
Items that will not be reclassified to profit or loss				
Actuarial gains and losses on defined benefit plans	-0.9	-3.3	5.9	-3.3
Tax attributable to other comprehensive income	1.0	0.3	-1.7	0.7
Comprehensive income	13.3	11.4	17.2	52.4
Net profit attributable to:				
Parent company's shareholders	22.6	11.8	65.9	43.1
Non-controlling interests	0.1	0.0	0.6	0.2
Comprehensive income attributable to:				
Parent company's shareholders	13.1	11.4	16.8	52.2
Non-controlling interests	0.2	0.0	0.4	0.2
Earnings per share:				
Average number of outstanding shares*	96,073,711	50,761,581	84,941,326	50,761,581
Basic earnings per share, EUR	0.23	0.23	0.78	0.85
Diluted earnings per share, EUR	0.23	0.23	0.78	0.85

PRO FORMA	Q4/2017	Q4/2016	2017	2016
Earnings per share:				
Average number of outstanding shares*	96,073,711	96,138,573	96,130,173	96,138,573
Basic earnings per share, EUR	0.20	0.14	0.91	0.51

BALANCE SHEET	Dec 31,	Dec 31,	PRO FORMA
EUR MILLION	2017	2016	April 1, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	841.7	421.1	882.5
Goodwill	429.4	226.1	439.9
Other intangible assets	309.2	43.1	331.9
Equity accounted investments	1.2	2.2	2.2
Other receivables	7.6	9.0	13.4
Deferred tax assets	15.1	40.8	80.3
Total non-current assets	1,604.2	742.3	1,750.2
Current assets			
Inventories	282.3	158.2	291.5
Trade and other receivables	259.3	138.3	277.6
Income tax receivables	5.1	1.7	3.1
Cash and cash equivalents	245.9	146.0	200.6
Total current assets	792.6	444.2	772.8
TOTAL ASSETS	2,396.8	1,186.5	2,523.0
EQUITY AND LIABILITIES			
Equity	1,038.0	437.7	1,062.6
Non-current liabilities			
Non-current borrowings	542.3	293.5	466.6
Other non-current liabilities	0.5	0.9	0.9
Employee benefit obligations	98.1	54.7	109.6
Deferred tax liabilities	105.5	66.6	185.3
Provisions	17.7	11.3	12.5
Total non-current liabilities	764.1	427.0	774.9
Current liabilities			
Current borrowings	78.9	22.0	166.5
Trade and other payables	502.9	283.2	495.2
Income tax liabilities	4.1	11.9	19.3
Provisions	8.8	4.7	4.4
Total current liabilities	594.6	321.8	685.4
Total liabilities	1,358.8	748.8	1,460.3
TOTAL EQUITY AND LIABILITIES	2,396.8	1,186.5	2,523.0

STATEMENT OF CHANGES IN EQUITY

- 1) Share capital
- 2) Reserve for invested unrestricted equity
- 3) Other reserves
- 4) Treasury shares
- 5) Cumulative translation adjustment
- 6) Retained earnings
- 7) Total equity attributable to the parent company's shareholders
- 8) Non-controlling interests
- 9) Total equity

EUR MILLION	1)	2)	3)	4)	5)	6)	7)	8)	9)
Balance at Jan 1, 2016	15.0	269.3	387.5	-3.1	-20.9	-250.6	397.2	4.1	401.3
Net profit for the period	-	-	-	-	-	43.1	43.1	0.2	43.3
Other comprehensive income	-	-	-1.9	-	11.0	-	9.1	-	9.1
Total comprehensive income	-	-	-1.9	-	11.0	43.1	52.2	0.2	52.4
Return of capital and dividends	-	-15.2	-	-	-	-	-15.2	-0.3	-15.5
Transaction costs on share issue	-	-	-1.2	-	-	-	-1.2	-	-1.2
Long term incentive plan	-	-	-	-	-	0.7	0.7	-	0.7
Balance at Dec 31, 2016	15.0	254.1	384.4	-3.1	-9.9	-206.8	433.7	4.0	437.7
Balance at Jan 1, 2017	15.0	254.1	384.4	-3.1	-9.9	-206.8	433.7	4.0	437.7
Net profit for the period	-	-	-	-	-	65.9	65.9	0.6	66.5
Other comprehensive income	-	-	0.1	-	-53.4	4.2	-49.1	-0.2	-49.3
Total comprehensive income	-	-	0.1	-	-53.4	70.1	16.8	0.4	17.2
Merger consideration	70.0	311.8	-	-	-	250.8	632.6	4.8	637.4
Changes in own shares	-	-	-	-5.6	-	-	-5.6	-	-5.6
Return of capital and dividends	-	-44.9	-	-	-	-	-44.9	-0.3	-45.2
Transaction costs on share issue	-	-3.4	-	-	-	-	-3.4	-	-3.4
Long term incentive plan	-	-	-	2.4	-	-2.3	0.1	-	0.1
Balance at Dec 31, 2017	85.0	517.6	384.5	-6.3	-63.3	111.7	1,029.1	8.9	1,038.0

STATEMENT OF CASH FLOWS				
EUR MILLION	Q4/2017	Q4/2016	2017	2016
Cash flow from operating activities				
Net profit	22.7	11.8	66.5	43.3
Adjustments, total	30.9	17.7	138.3	86.8
Changes in net working capital	22.2	16.4	25.2	5.0
Change in provisions	9.0	-1.7	9.5	-7.9
Financial items	1.1	-2.8	-17.3	-11.6
Income taxes paid / received	-8.7	-0.1	-35.6	-1.3
Net cash from operating activities	77.2	41.3	186.5	114.3
Cash flow used in investing activities				
Purchase of intangible and tangible assets	-40.2	-10.7	-84.6	-39.2
Other investing activities	1.9	-	4.8	-
Net cash from investing activities	-38.3	-10.7	-79.7	-39.2
Cash generated from financing activities				
Dividends paid and other	-2.6	-	-48.5	-15.5
Interest on hybrid bond	-	-	-6.9	-
Repurchase of hybrid bond	-	-	-100.0	-
Change in loans and other financing activities	-11.1	-0.8	97.5	-18.4
Sale/repurchase of treasury shares	-	-	-5.6	-
Net cash from financing activities	-13.7	-0.8	-63.6	-33.9
Net change in cash and cash equivalent	25.2	29.8	43.2	41.2
Cash and cash equivalent at the beginning of the period	225.7	116.2	146.0	105.1
Cash and cash equivalents received from the merger	-	-	66.6	-
Foreign exchange adjustment	-5.1	-	-9.9	-0.3
Cash and cash equivalents at the end of the period	245.9	146.0	245.9	146.0

pro forma STATEMENT OF CASH FLOWS			
EUR MILLION	Q4/2016	2017	2016
Net cash from operating activities	75.6	212.9	232.1

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

This audited consolidated financial statements release has been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU. For presentation, individual figures and sum totals have been rounded to millions with one decimal, which may cause rounding differences when they are summed up. Furthermore, all percentages are subject to possible rounding differences. The accounting principles applied remain unchanged compared with the Annual Report 2016 of Munksjö.

Further information about the calculation of pro forma related key figures was published as a stock exchange release on May 15, 2017, and is also available at www.ahlstrom-munksjo.com

IFRS 15 Revenue from contracts with customers

The Group will adopt the new standard IFRS 15 Revenue from customer contracts as of January 1, 2018. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group will adopt the new standard using the full retrospective method. During 2017, the Group performed an assessment of IFRS 15 impacts and as a result, there are no significant accounting changes expected that will take place.

IFRS 9 Financial instruments

The group will adopt the new standard IFRS 9 Financial instruments as of January 1, 2018. The group will apply the new rules retrospectively from January 1, 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated. During 2017, the Group performed an assessment of IFRS 9 impacts and as a result, there are no significant accounting changes expected.

Derivative financial instruments

The fair value of currency instruments was EUR -0.2 million and the interest rate instruments was EUR -0.2 million at the end of the fourth quarter. The fair value hierarchy level for derivative instruments is 2.

Business combination

Merger of Munksjö Oyj and Ahlstrom Corporation

On April 1, 2017, Ahlstrom Corporation was merged into Munksjö Oyj and the name of the combined company was changed to Ahlstrom-Munksjö Oyj. The combination created a global leader in sustainable and innovative fiber-based solutions. Approvals from the Extraordinary General Meetings of Ahlstrom and Munksjö as well as the European Commission were received on January 11, 2017 and March 13, 2017, respectively.

A total of 45,376,992 new shares in Ahlstrom-Munksjö were issued as merger consideration to Ahlstrom's shareholders. Trading in the new shares commenced on the Nasdaq Helsinki and Nasdaq Stockholm stock exchanges on April 3, 2017.

RECOGNISED AMOUNTS TO IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
EUR MILLION	
Total consideration	632.6
	Fair value
Intangible assets	288.8
Property, plant and equipment	452.9
Other non-current assets	19.8
Deferred tax assets	39.8
Inventories	131.8
Trade and other receivables	192.0
Non-current and current borrowings	-316.8
Employee benefit obligations	-55.0
Trade and other liabilities	-329.6
Total identifiable net assets	423.7
Non-controlling interests	-4.8
Goodwill	213.7

Commitments of EUR 62.9 million were transferred to Ahlstrom-Munksjö following the merger. The main commitment was the guarantees given on behalf of subsidiaries.

The fair values of acquired identifiable intangible assets at the date of acquisition is EUR 288.8 million, including customer relationships and technology related intangible assets. The goodwill arising from the merger amounted to EUR 213.7 million and reflects the value of acquired workforce and synergies raising from the merger e.g. reduction of overhead costs, reduced costs for procurement and improved operational efficiency.

Segment information

SEGMENT FINANCIAL INFORMATION BY QUARTER				pro forma	pro forma
EUR MILLION	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016
Net sales, EUR million					
Décor	94.2	90.5	98.2	95.4	88.7
Filtration and Performance	159.9	162.0	174.3	169.0	149.5
Industrial Solutions	158.7	155.9	162.5	163.7	155.5
Specialties	138.9	138.3	151.1	145.9	139.8
Other and eliminations	-4.7	-5.1	-9.2	-7.1	-6.1
Group	547.1	541.6	576.9	566.9	527.5
COMPARABLE EBITDA, EUR million					
Décor	8.6	5.8	8.1	11.3	11.4
Filtration and Performance	24.6	31.1	33.1	31.8	19.5
Industrial Solutions	25.3	26.8	27.9	28.4	28.7
Specialties	10.2	10.4	14.7	17.5	13.2
Other and eliminations	-5.7	-3.7	-6.4	-9.5	-11.4
Group	63.1	70.4	77.4	79.4	61.3
COMPARABLE EBITDA margin, %					
Décor	9.2 %	6.4 %	8.2 %	11.8 %	12.9 %
Filtration and Performance	15.4 %	19.2 %	19.0 %	18.8 %	13.0 %
Industrial Solutions	16.0 %	17.2 %	17.2 %	17.4 %	18.4 %
Specialties	7.3 %	7.5 %	9.7 %	12.0 %	9.4 %
Other and eliminations					
Group	11.5 %	13.0 %	13.4 %	14.0 %	11.6 %

Commitments

OFF-BALANCE SHEET COMMITMENTS		
EUR MILLION	2017	2016
Assets pledged:		
Mortgages	-	105.9
Pledges	1.8	1.5
Commitments:		
Guarantees and commitments given on behalf of Group companies	68.6	25.9
Capital expenditure commitments	10.3	-
Other guarantees and commitments	5.3	2.0
FUTURE OPERATING LEASE COMMITMENTS		
EUR MILLION	2017	2016
Current portion	11.3	6.3
Non-current portion	28.6	16.3
Total	39.9	22.6

Key figures

Year 2017 was a transformative year for Ahlstrom-Munksjö. Ahlstrom and Munksjö merged on April 1, 2017 creating a global leader in innovative and sustainable fiber-based materials. Considering the magnitude of the merger of Ahlstrom and Munksjö and the impact on the combined company's performance and financial position and as Munksjö is the accounting acquirer, stand-alone Munksjö historical information does not provide our investors a reasonable basis to compare the operating performance and historical financial position.

Accordingly, we present certain key figures on our business performance on a pro forma basis to give effect to the merger and the refinancing as if these transactions had taken place at an earlier date. Comparative key figures for capital structure are presented on a pro forma basis as at the merger date as the historical balance sheet data comprise Munksjö information only and does not represent a basis for comparison post-merger. The pro forma key figures have been presented for illustrative purposes only and address a hypothetical situation and therefore do not represent the company's actual historical results of operations as such historical data comprise Munksjö stand-alone information only. For a detailed basis of presentation and notes disclosures for the additional unaudited pro forma information please see our stock exchange release dated May 15, 2017 available on our website at www.ahlstrom-munksjo.com.

Certain of our key figures are not accounting measures defined or specified under IFRS and therefore are considered as alternative performance measures. We present these alternative performance measures as additional information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS. The company believes that the alternative performance measures provide significant additional information on Ahlstrom-Munksjö's results of operations, financial position and cash flows, and are widely used by our analysts, investors and other parties and provide additional information to analyze our performance and capital structure.

Alternative performance measures should not be viewed in isolation or as a substitute to measures presented in our audited IFRS financial statements. Companies do not calculate alternative performance measures in a uniform way, and therefore Ahlstrom-Munksjö's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Alternative performance measures and pro forma key figures are unaudited.

KEY FIGURES	Q4/2017	Q4/2016	2017	2016
Margins (comparable)				
Comparable EBITDA margin, %	11.5%	13.5%	12.7%	12.1%
Comparable operating margin, %	6.0%	8.9%	7.2%	7.3%
Return (12 months continuous)				
Return on operating capital, % (comparable)	13.2%	12.3%	13.2%	12.3%
Return on equity, %	9.0%	10.2%	9.0%	10.2%
Capital structure at period's end				
Operating capital, MEUR	1,502.8	643.2	1,502.8	643.2
Total equity, MEUR	1,038.0	437.7	1,038.0	437.7
Interest-bearing net debt, MEUR	375.3	169.5	375.3	169.5
Debt/equity ratio, %	36.2%	38.7%	36.2%	38.7%
Equity/assets ratio, %	43.3%	36.8%	43.3%	36.8%
Share related indicators				
Earnings per share, EUR	0.23	0.23	0.78	0.85
Equity per share, EUR	10.7	8.6	10.7	8.6
Number of shares outstanding at the end of the period	96,073,711	50,761,581	96,073,711	50,761,581
Capital expenditure, MEUR	40.2	10.7	84.6	39.2
Average number of employees, FTE	5,895	2,753	5,109	2,755

Reconciliation of certain pro forma key performance measures

RECONCILIATION OF COMPARABLE EBITDA TO OPERATING RESULT, EUR MILLION	Q4/2017	pro forma Q4/2016	pro forma 2017	pro forma 2016
Comparable EBITDA	63.1	61.3	290.4	268.7
Items affecting comparability				
Items affecting comparability reported historically in EBITDA	4.2	-13.0	-1.2	-16.4
Transaction and integration costs incurred	-11.2	7.2	-11.7	-6.9
Gain on business disposal	-	-	-5.0	5.7
Inventory fair valuation	-	-	-	-11.1
Other	-3.4	-	-5.9	-
Total items affecting comparability	-10.4	-5.9	-23.8	-28.8
Depreciation and amortization	-30.6	-32.6	-126.5	-135.2
Operating result pro forma	22.1	22.8	140.0	104.7
Operating result of the merged company before the merger and merger related items	-	-6.4	-36.5	-29.8
Operating result	22.1	16.4	103.5	74.9

RECONCILIATION OF COMPARABLE OPERATING RESULTS EXCLUDING MERGER RELATED ITEMS (PPA) TO OPERATING RESULT, EUR MILLION	Q4/2017	pro forma Q4/2016	pro forma 2017	pro forma 2016
Comparable operating result excluding merger related items (PPA)	40.3	37.4	195.2	168.7
Depreciation and amortization arising from PPA*	-7.8	-8.7	-31.4	-35.2
Comparable operating result	32.6	28.7	163.8	133.5
Items affecting comparability				
Items affecting comparability reported historically in operating result	4.2	-13.0	-1.2	-16.4
Transaction and integration costs incurred	-11.2	7.2	-11.7	-6.9
Gain on business disposal	-	-	-5.0	5.7
Inventory fair valuation	-	-	-	-11.1
Other	-3.4	-	-5.9	-
Total items affecting comparability	-10.4	-5.9	-23.8	-28.8
Operating result pro forma	22.1	22.8	140.0	104.7
Operating result of the merged company before the merger and merger related items	-	-6.4	-36.5	-29.8
Operating result	22.1	16.4	103.5	74.9

* Depreciation and amortization relating to business combination of Label and Processing business in 2013 and Ahlstrom in April 2017.

CALCULATION OF KEY FIGURES

Key figure	Definitions	Reason for use of the key figure
Operating result	Net profit before taxes and net financial items	Operating result shows result generated by the operating activities
Operating margin, %	Operating result / net sales	
EBITDA	Operating result before depreciation and amortization	EBITDA is the indicator to measure the performance of the group.
EBITDA margin, %	EBITDA / net sales	EBITDA margin is a key measure in our long-term financial targets.
Comparable EBITDA	EBITDA excluding items affecting comparability	
Comparable EBITDA margin, %	Comparable EBITDA / net sales	
Comparable operating result excluding merger related items (PPA)	Operating result excluding items affecting comparability and merger related items (PPA) Merger related items (PPA) comprises of depreciation and amortization charges on fair value adjustments relating to the acquisition of Label and Processing business in 2013 and Ahlstrom in April 2017.	Comparable EBITDA, comparable EBITDA margin, comparable operating result excluding merger related items (PPA) and comparable earnings per share excluding merger related items (PPA) are presented in addition to EBITDA and operating result to reflect the underlying business performance and to enhance comparability from period to period. Ahlstrom-Munksjö believes that these comparable performance measures provide meaningful supplemental information by excluding items outside ordinary course of business including PPA related depreciation and amortization, which reduce comparability between the periods.
Comparable earnings per share excluding merger related items (PPA)	Net profit attributable to parent company's shareholders excluding items affecting comparability and merger related items (PPA) / weighted average number of shares outstanding	
Items affecting comparability	Material items outside ordinary course of business, such as gains and losses on business disposals, direct transaction costs related to business acquisitions, costs for closure of business operations and restructurings, one-off items arising from purchase price allocation such as inventory fair value adjustments, compensation related to environmental damages arising from unexpected or rare events and other items including fines (such as VAT tax audit fines) or other similar stipulated payments.	
Earnings per share (EPS), basic, EUR	Net profit attributable to parent company's shareholders / weighted average number of shares outstanding	
Operating capital	Total assets less interest-bearing assets, deferred and current tax assets, other non-current and current liabilities, employee benefit obligations, non-current and current provisions, accounts payable, liabilities to equity accounted investments, accrued expenses and deferred income,	This ratio measures capital tied up in operations
Return on operating capital, %	Operating result (for the last 12 months) / operating capital (average at the beginning and end of the last 12 months period)	This ratio measures the return on capital tied up in operations
Net debt	Non-current and current borrowings less cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of the Group
Gearing ratio, %	Net debt / total equity	Ahlstrom-Munksjö believes that Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's indebtedness. Gearing ratio is also one of our long-term financial targets measure.
Equity/assets ratio, %	Total equity / total assets	Ahlstrom-Munksjö believes that Equity/assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations.
Capital expenditure	Purchases for property, plant and equipment and intangible assets as presented in the cash flow statement.	Capital expenditure provides additional information of the cash flow needs of the operations.
Equity per share, EUR	Equity attributable to parent company's shareholders / number of shares outstanding at the end of the period	