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# **Munksjö Oyj**

# **Financial Statements Bulletin 2014**

**Helsinki, 12 February 2015**  
**Jan Åström, President and CEO**



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**1 Synergy savings and integration**

**2 Key financials for Q4/2014 and FY 2014**

**3 Business Area performance**

**4 Outlook**

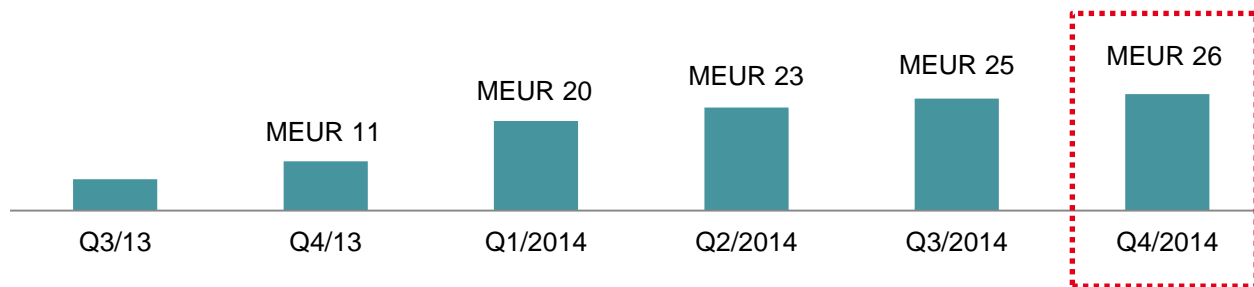
**5 Q&A**



# Integration and synergy project concluded successfully

## Annual synergy savings of MEUR 26

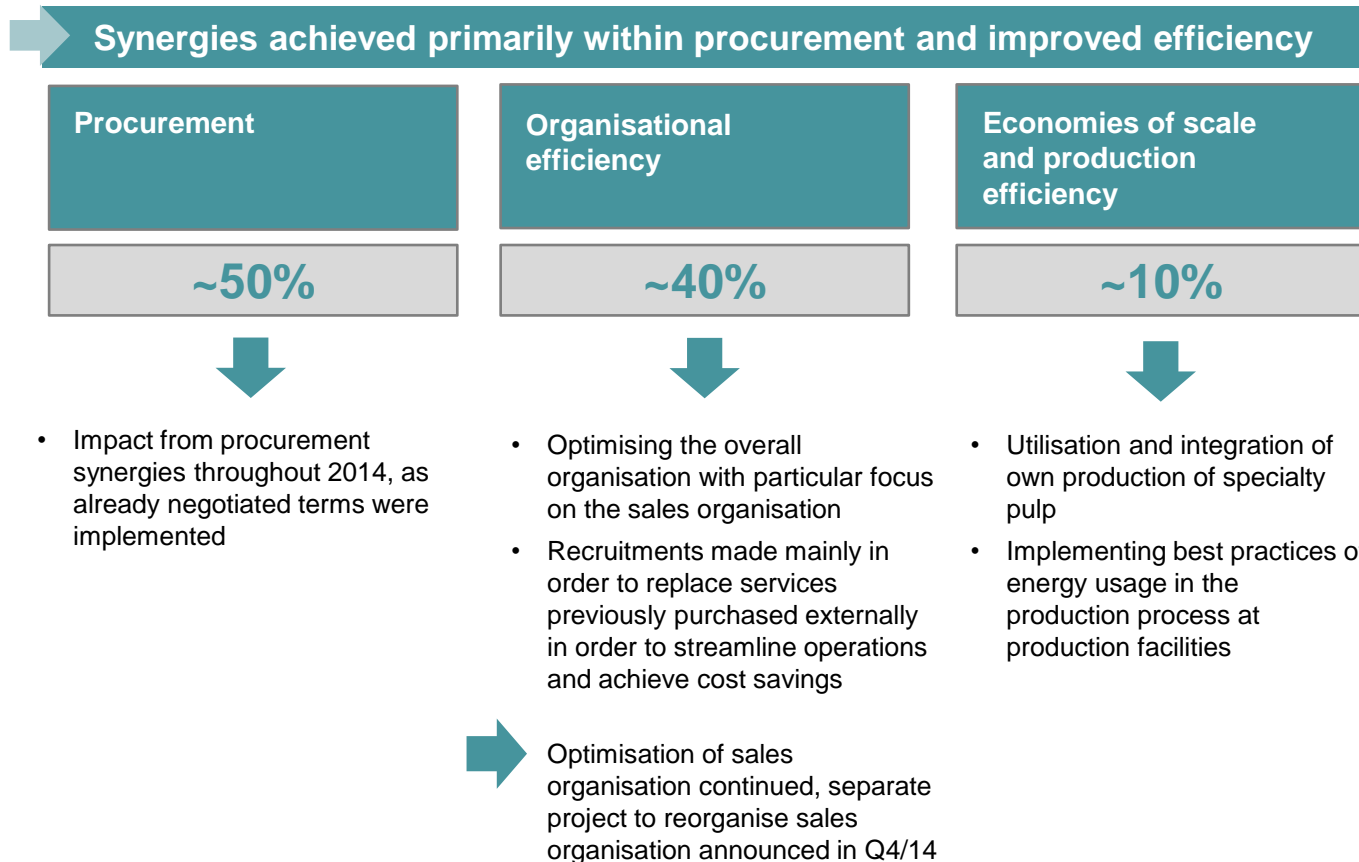
MEUR	Annual synergy run rate at the end of the reporting period	Realised synergies in result per quarter	Non-recurring costs per quarter	Cash flow effect of non-recurring costs per quarter
Q2-Q4/2013	11.0	5.0	11.0	-4.0
Q1/2014	20.0	5.0	0.5	-1.5
Q2/2014	23.0	5.5	-	-1.0
Q3/2014	25.0	6.0	-	-1.0
Q4/2014	26.0	6.5	-1.5	-0.5



## Annual stand-alone net cost savings

- Annual level is MEUR 11

## Details on annual synergy savings





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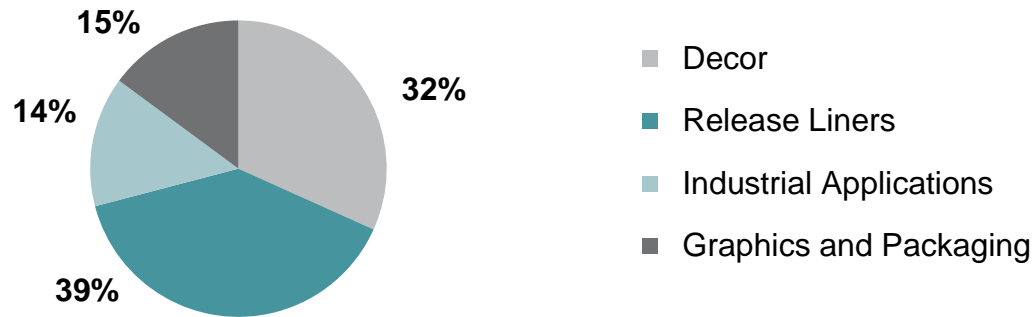
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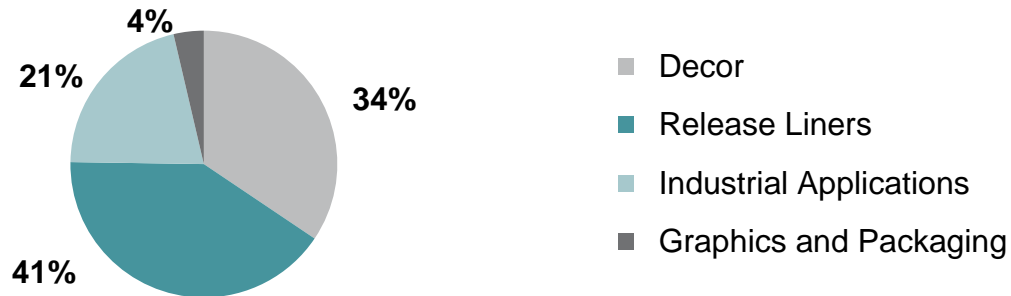
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# Business Area overview for Q4/2014

## Share of net sales for Q4/2014\*



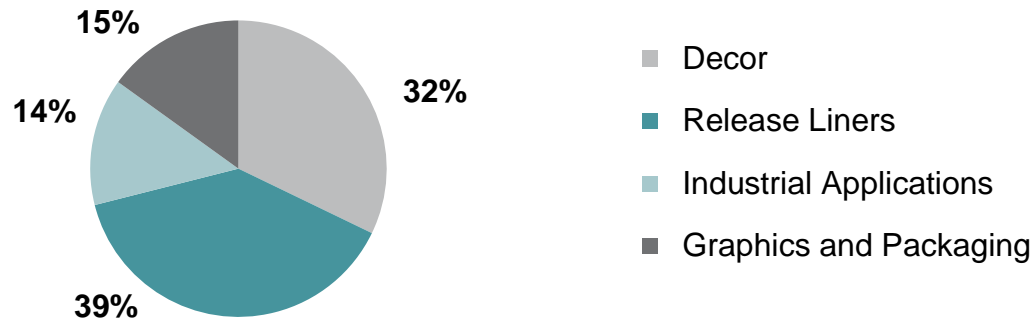
## Share of EBITDA (adj.\*\*) for Q4/2014\*



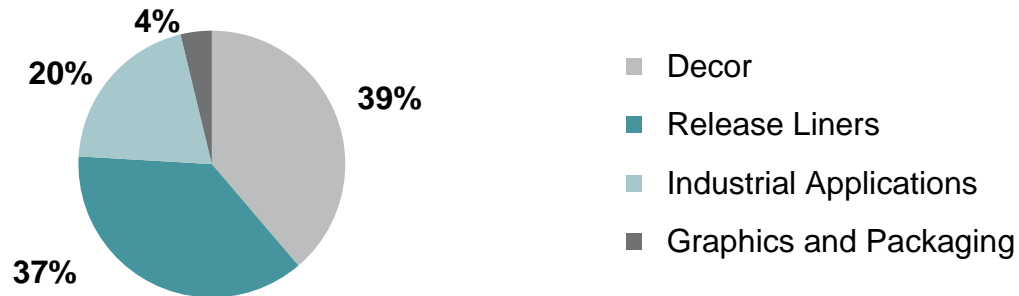
\* Excluding segment Others and internal eliminations \*\* Adjusted for non-recurring items

# Business Area overview for 2014

## Share of net sales for FY 2014\*



## Share of EBITDA (adj.\*\*) for FY 2014\*



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

# Key figures



REPORTED <sup>1)</sup> , MEUR	Q4/2014		Q4/2013		FY 2014		FY 2013
Net sales	281.0	↑	255.7		1,137.3	↑	863.3
EBITDA (adj.*)	28.4	↑	16.0		105.0	↑	55.0
EBITDA margin, (adj.*)	10.1%	↑	6.3%		9.2%	↑	6.4%
EBITDA	24.7	↑	-0.6		99.4	↑	5.9
Operating result (adj.*)	14.4	↑	2.6		51.0	↑	15.7
Operating result	10.7	↑	-14.0		45.4	↑	-33.4
Net result	2.7	↑	-26.2		7.7	↑	-57.4
EPS (EUR)	0.05	↑	-0.61		0.14	↑	-1.97
PRO FORMA <sup>2)</sup> , MEUR	Q4/2014		Q4/2013		FY 2014		FY 2013
Net sales	281.0	↑	265.2		1,137.3	↑	1,120.3
EBITDA** (adj.*)	28.4	↑	16.8		105.0	↑	64.1
EBITDA** margin, (adj.*)	10.1%	↑	6.3%		9.2%	↑	5.7%

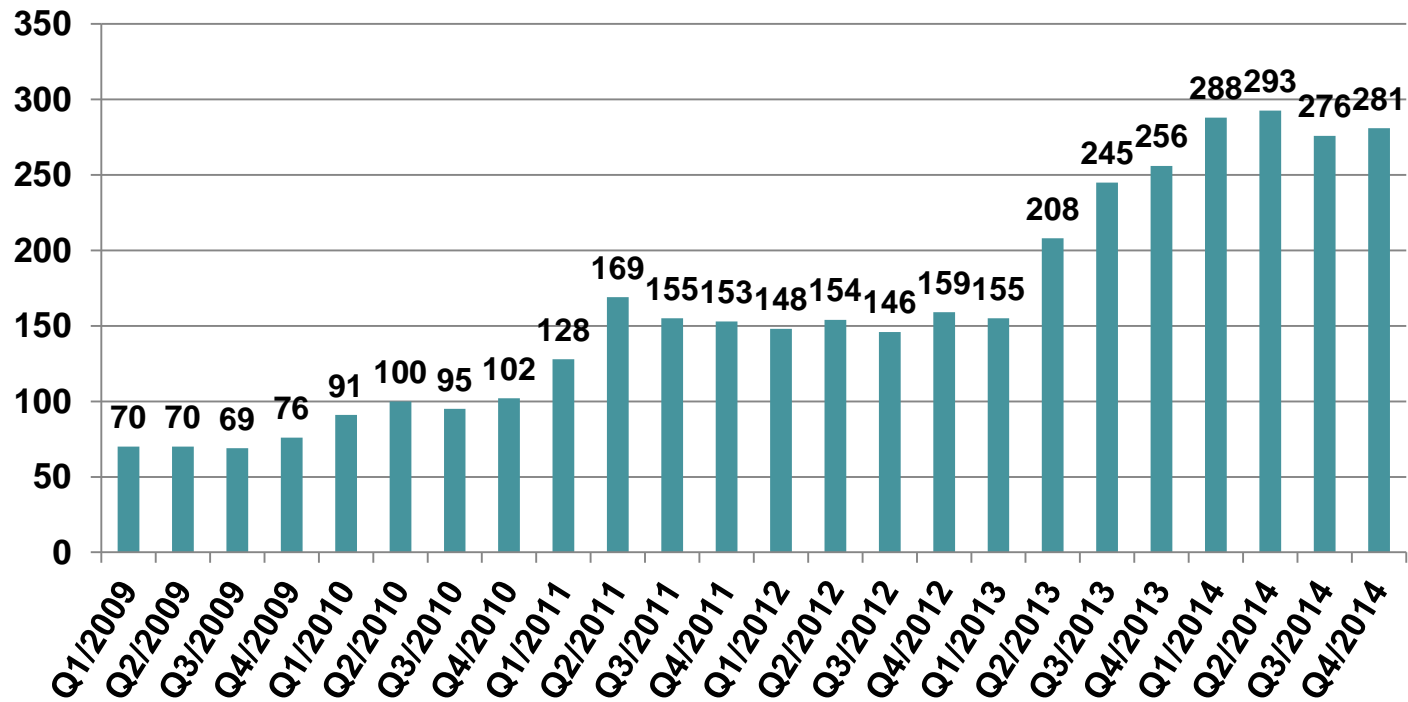
\* Adjusted for non-recurring items \*\* Includes stand-alone cost savings and synergies obtained after 27 May 2013

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 sales development 2009-2014

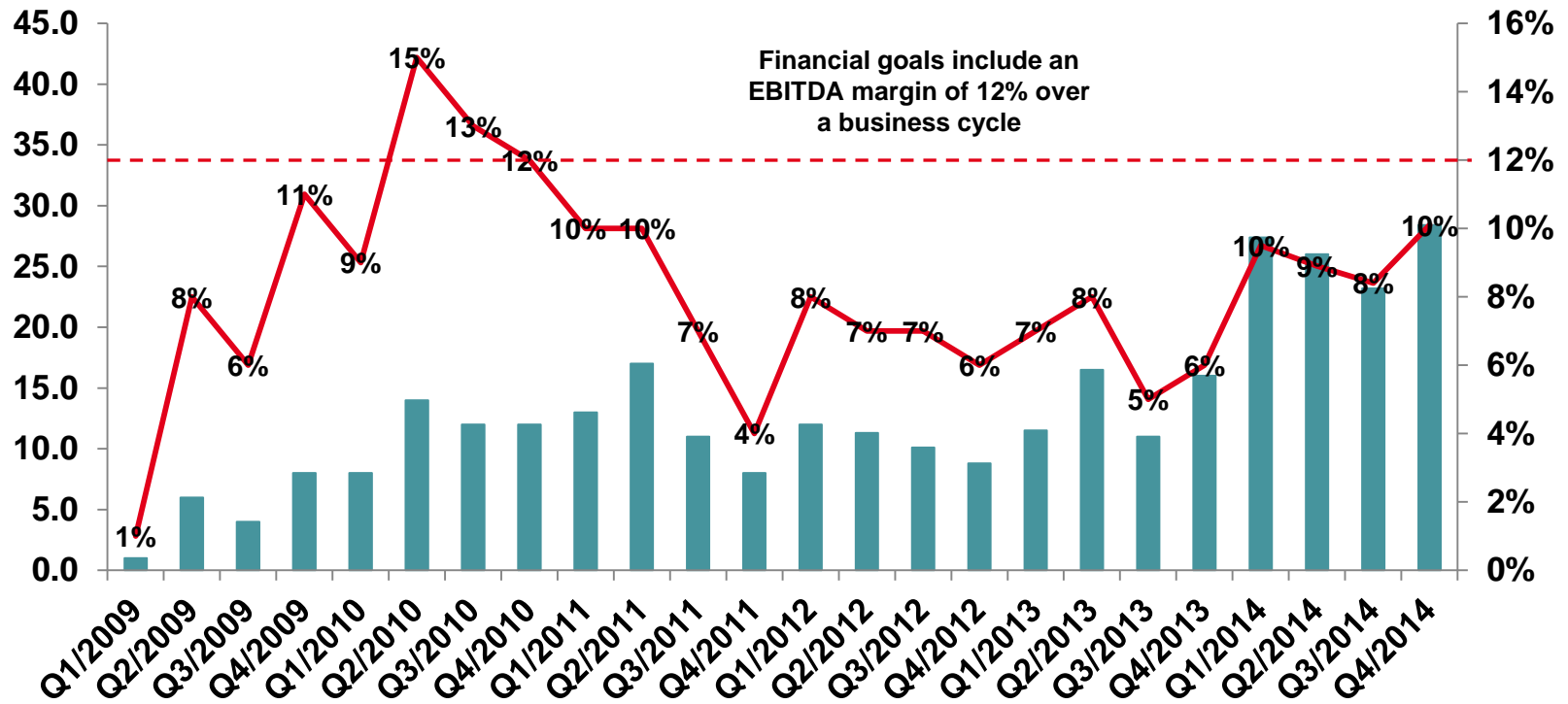
MEUR





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

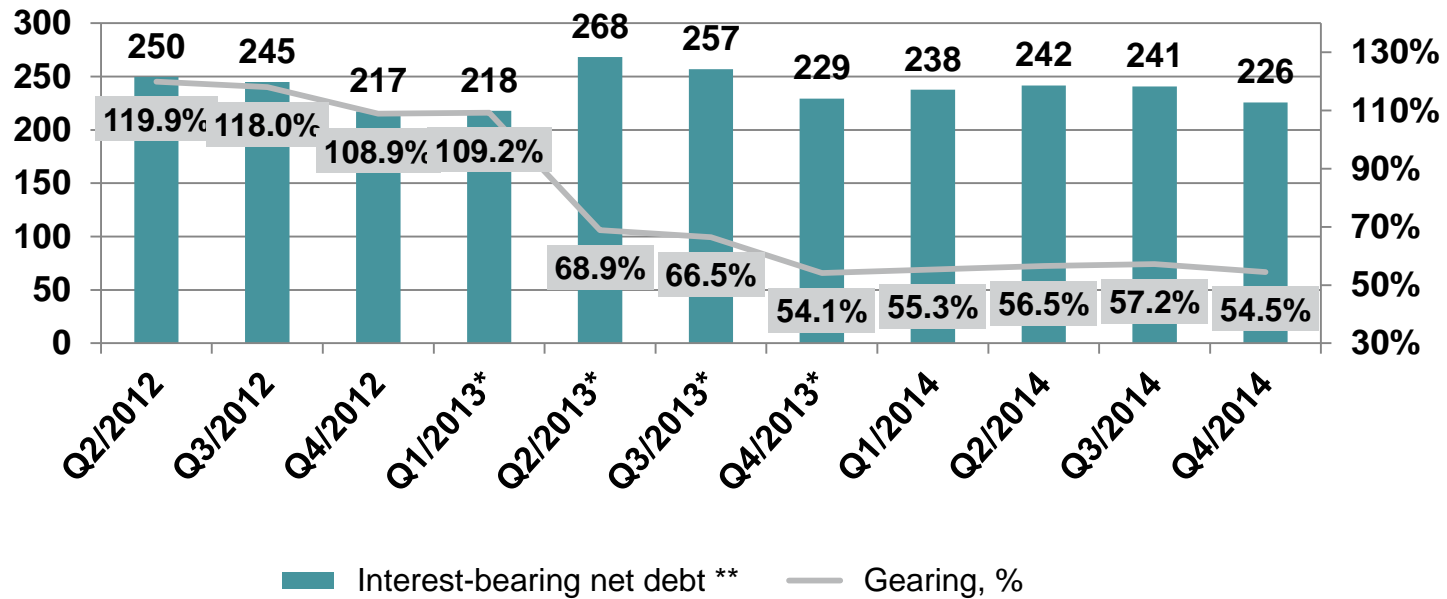
MEUR



\* Adjusted for non-recurring items

# Net debt development

MEUR



At the end of Q4/14 the weighted average interest rate was approximately 2.7 per cent (end of Q4/13: 4.2 per cent)

\* 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

## The Board of Director's proposal to pay dividend



- There are no distributable retained earnings in the balance sheet as of 31 December 2014 and the Board of Directors proposes that no dividend will be paid for the fiscal year 2014
- Instead the Board of Directors proposes that the AGM would decide to pay funds from the reserve for invested non-restricted equity as return of equity based on the balance of 31 December 2014 adopted by the AGM, the amount of return being EUR 0.25 per share
- The return of equity shall be paid to a shareholder who on the record date of the payment 17 April 2015 is registered in the shareholder register of the Company held by Euroclear Finland Ltd
- The Board further proposes that the return of equity shall be paid to shareholders on 24 April 2015



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# Business Area Decor



REPORTED, MEUR	Q4/2014	Q4/2013	FY 2014	FY 2013
Deliveries, tonnes	44,300	42,800	180,300	174,800
Net sales	91.4	89.9	374.7	368.2
EBITDA (adj.*)	11.3	8.7	46.2	33.7
EBITDA margin, (adj.*)	12.4%	9.7%	12.3%	9.2%

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

## FY 2014:

- Demand remained good throughout the year, resulting in a 3 per cent increase in delivery volumes
- Net sales increased due to the increased volumes
- A less favourable geographic mix and selective price adjustments resulted in a lower average price
- The positive result development was mainly due to improved productivity and lower raw material costs, driven, among other things, by the lower price of titanium dioxide and short fibre pulp (BHKP)



## Business Area Release Liners

REPORTED <sup>1)</sup> , MEUR	Q4/2014	Q4/2013	FY 2014	FY 2013
Deliveries, tonnes	128,700	100,100	512,200	313,500
Net sales	112.9	87.3	446.0	249.1
EBITDA (adj.*)	13.4	5.9	44.3	15.7
EBITDA margin, (adj.*)	11.9%	6.8%	9.9%	6.3%

PRO FORMA <sup>2)</sup> , MEUR	Q4/2014	Q4/2013	FY 2014	FY 2013
Deliveries, tonnes	128,700	116,600	512,200	497,500
Net sales	112.9	96.8	446.0	432.8
EBITDA** (adj.*)	13.4	6.7	44.3	23.9
EBITDA** margin, (adj.*)	11.9%	6.9%	9.9%	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.

### FY 2014:

- The delivery volumes increased and were particularly positive for the pulp business and the Brazilian paper business
- The reported net sales increased compared to the pro forma net sales
- Positive result development primarily due to the favourable price difference between short and long fibre pulp, the impact of the business combination on the cost base and the continued efforts to cut costs

## Business Area Industrial Applications



REPORTED, MEUR	Q4/2014	Q4/2013	FY 2014	FY 2013
Deliveries, tonnes	<b>20,700</b>	20,900	<b>84,000</b>	81,500
Net sales	<b>40.9</b>	42.3	<b>159.2</b>	158.0
EBITDA (adj.*)	<b>7.1</b>	5.7	<b>24.2</b>	16.1
EBITDA margin, (adj.*)	<b>17.4%</b>	13.5%	<b>15.2%</b>	10.2%

### FY 2014:

- The delivery volume increased by 3 per cent. Demand has been good within all the business area's product segments, especially the demand for abrasive paper has been strong.
- The price level has been stable throughout 2014, but the average price was negatively affected by changes in the product mix
- The positive result development was primarily due to improved capacity utilisation and lower raw material costs





## Business Area Graphics and Packaging

REPORTED <sup>1)</sup> , MEUR	Q4/2014	Q4/2013	FY 2014	FY 2013
Deliveries, tonnes	31,200	32,700	136,100	83,700
Net sales	40.7	40.4	172.8	102.4
EBITDA (adj. *)	1.2	-0.5	4.5	-1.5
EBITDA margin, (adj. *)	2.9%	-1.2%	2.6%	-1.5%

PRO FORMA <sup>2)</sup> , MEUR	Q4/2014	Q4/2013	FY 2014	FY 2013
Deliveries, tonnes	31,200	32,700	136,100	145,600
Net sales	40.7	40.4	172.8	175.9
EBITDA** (adj. *)	1.2	-0.5	4.5	-0.6
EBITDA** margin, (adj. *)	2.9%	-1.2%	2.6%	-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.

### FY 2014:

- Delivery volumes decreased due to changes in the product mix as part of the programme aiming at a substantial result improvement
- The reported net sales decreased compared to the pro forma net sales, mainly as a result of reduced delivery volumes. The average price increased due to the price increases and the continued adjustment of the product mix.
- The target of an adjusted EBITDA margin in excess of 5 per cent during months when there are no scheduled maintenance shutdowns, was achieved in Q4/2014



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# Outlook



- The demand outlook of specialty paper products for 2015 is stable.
- The market situation and demand for Munksjö's products are expected to remain stable during the first quarter of 2015 following a seasonally somewhat weaker fourth quarter of 2014. Prices of Munksjö's specialty paper products in local currencies are expected to remain at the same level as in 2014 during the first quarter of 2015.
- The annual maintenance and vacation shutdowns in the second and third quarter as well as the seasonal shutdowns at the end of 2015 are expected to be carried out to about the same extent as in 2014.
- The business areas will during 2015 continue to work on the ongoing programmes to achieve their respective profitability targets at the end of 2016.
- The project aiming to achieve the annual synergy benefits from the business combination was completed in December 2014 and the achieved synergy benefits level of EUR 26 million at the end of 2014 is expected to have a full effect on the financial result for the full year 2015.
- The new financing agreement signed in September 2014 is expected to reduce the cost of financing in 2015. At leverage levels and financial ratios at the time of the signing, the annual saving amounts to approximately EUR 5 million of reduced financial expenses. The previously capitalised financing cost of EUR 7.1 million was expensed in 2014. No such cost is expected to occur and affect the result in 2015.



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# Q&A

- The Annual Report 2014 will be published at [www.munksjo.com](http://www.munksjo.com) during week 12/2015
- The AGM will be held on Wednesday, 15 April 2015 at 1 pm EET at the Finlandia Hall in Helsinki
- Munksjö's interim report for January-March 2015 will be published on Wednesday, 29 April 2015

## Additional information:

**Åsa Fredriksson**  
SVP HR and Communications  
tel. +46 10 250 1003

**Laura Lindholm**  
Investor Relations Manager  
tel. +46 10 250 1026