

Munksjö

Financial Statements Bulletin 2015



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Helsinki, 11 February 2016

Jan Åström, President and CEO
Pia Aaltonen-Forsell, CFO



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1 Key financials for Q4/2015 and Q1-Q4/2015

2 Business Area performance

3 Outlook

4 Q&A

Strong cash flow in Q4. Full year profitability affected by higher raw material prices.



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KEY FIGURES, MEUR	Q4/2015		Q4/2014		FY 2015		FY 2014
Net sales	290.0	↑	281.0		1,130.7	↓	1,137.3
EBITDA (adj.*)	22.1	↓	28.4		93.6	↓	105.0
EBITDA margin, (adj.*)	7.6%	↓	10.1%		8.3%	↓	9.2%
EBITDA	22.1	↓	24.7		86.3	↓	99.4
EBITDA margin	7.6%	↓	8.8%		7.6%	↓	8.7%
Operating result (adj.*)	8.5	↓	14.4		40.0	↓	51.0
Operating result	8.5	↓	10.7		32.7	↓	45.4
Net result	7.2	↑	2.7		22.8	↑	7.7
EPS (EUR)	0.14	↑	0.05		0.44	↑	0.14
Cash flow from operating activities	44.5	↑	33.3		55.5	↓	57.8

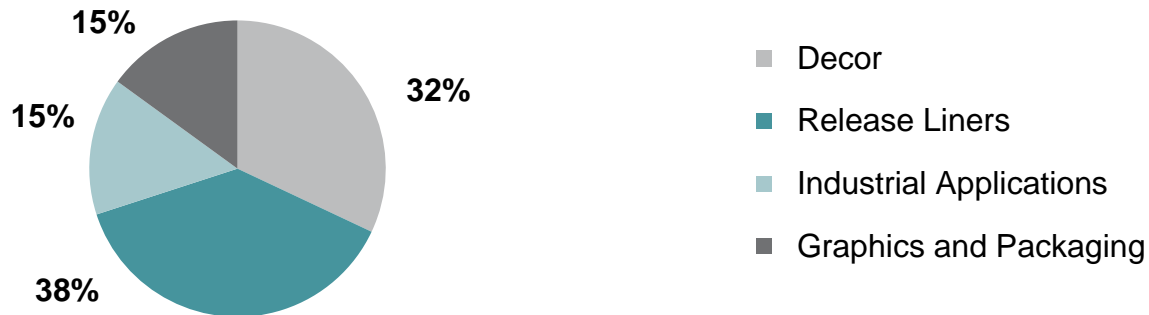
* Adjusted for non-recurring items



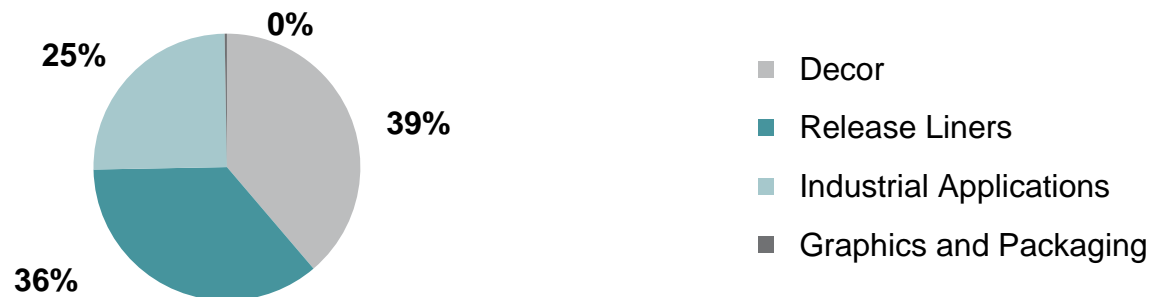
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Business Area overview for 2015

Share of net sales for FY2015*



Share of EBITDA (adj.**) for FY2015*



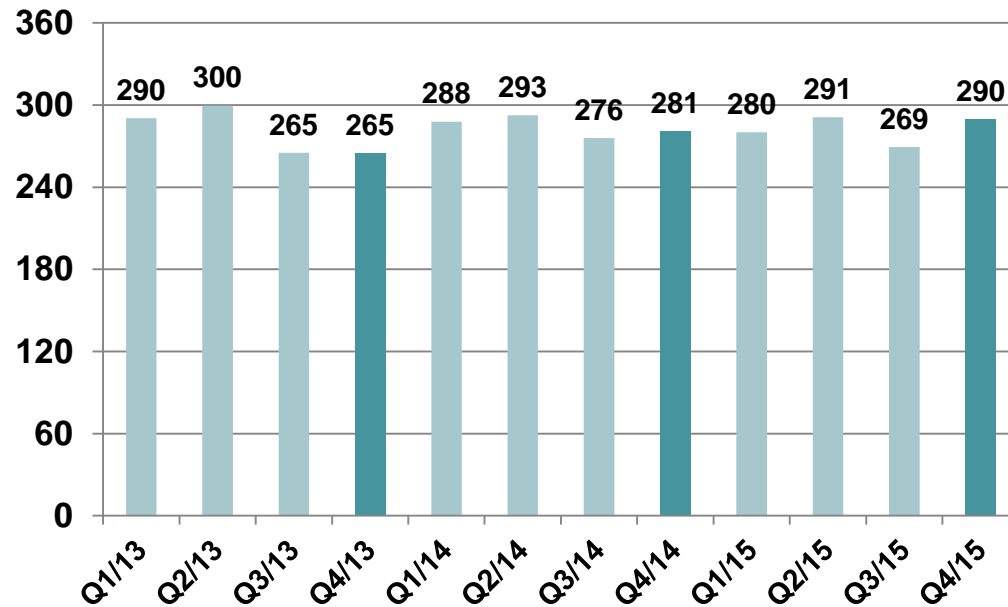
* Excluding segment Others and internal eliminations ** Adjusted for non-recurring items



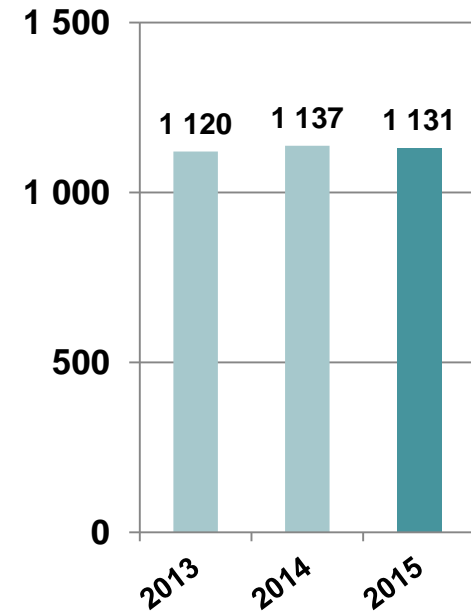
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Stable volume development in 2015 despite macroeconomic uncertainty

NET SALES, MEUR



NET SALES, MEUR



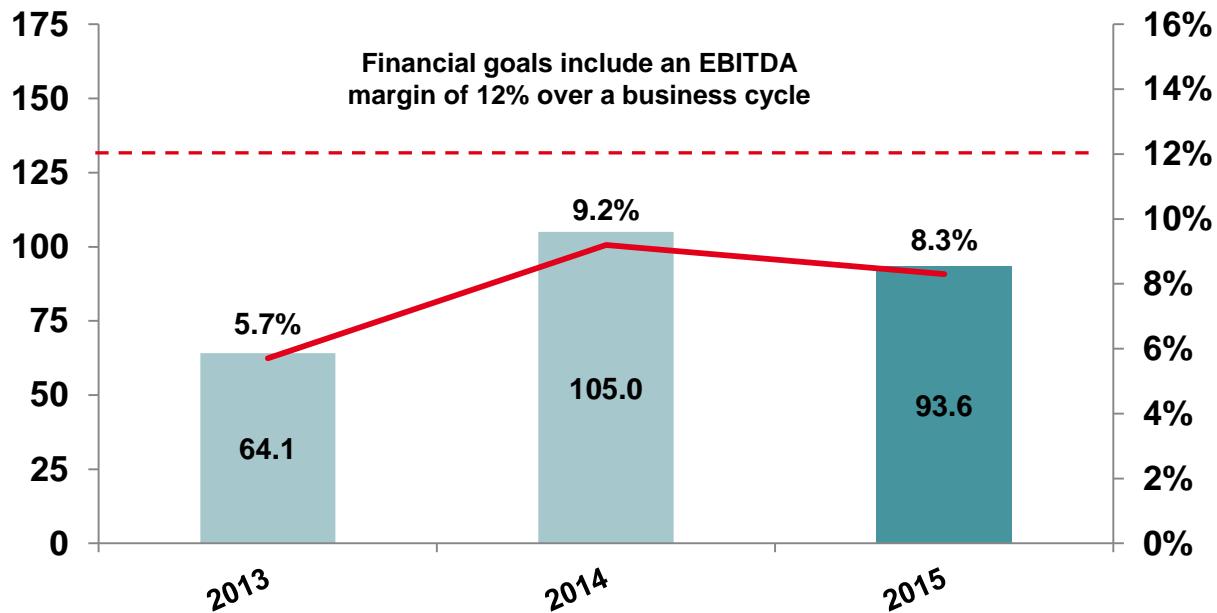
Pro forma figures for 2013. As the business combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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EBITDA (adj. *) and margin development

MEUR



FY2015 COMMENTS

- A higher raw material cost level resulted in a decrease of EBITDA of MEUR 26.
- The negative result effect was only partially compensated for by a positive effect of MEUR 14 as a result of increased sales prices.
- Sales prices impacted by implemented price increases, a more favourable currency development, a different product mix and a lower sales price for long-fibre pulp.

* Adjusted for non-recurring items

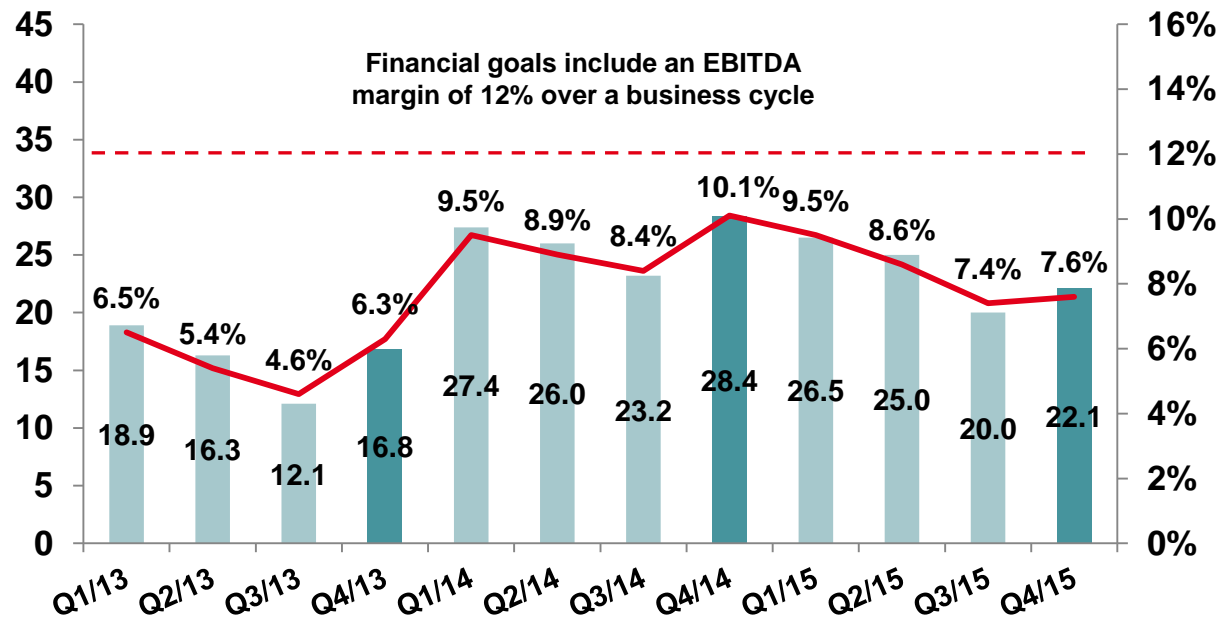
Pro forma figures for 2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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Quarterly EBITDA (adj.*) and margin development

MEUR



Q4/15 COMMENTS

- Price increases communicated in Q2-Q3/15 had full effect from the beginning of Q4/15.
- A higher raw material cost level in 2015 also impacted Q4/15.
- Seasonal shutdowns slightly longer, as shutdowns longer in Graphics & Packaging and the paper business unit in Brazil.
- Prolonged shutdowns in accordance with plan to reduce inventory levels resulted in a decrease in EBITDA of approx. MEUR 3.

* Adjusted for non-recurring items

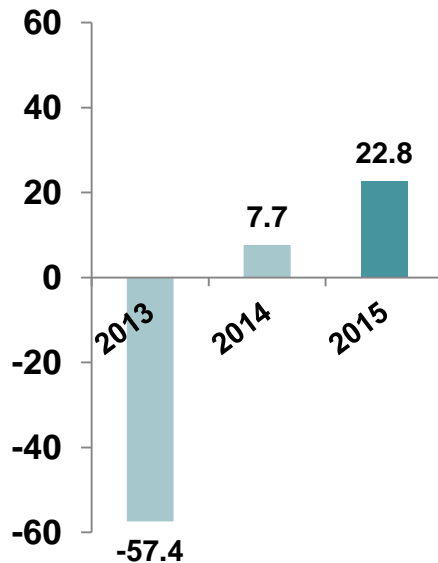
Pro forma figures for the period Q1-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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Strong Net result and Earnings per share development

NET RESULT, MEUR



BASIC EPS (EUR)



FY2015 COMMENTS

- Significantly reduced net interest and other financial items and favourable foreign exchange movements during the year.
- Currency hedge loss of MEUR 4.9 (3.6) recorded in EBITDA more than compensated for by exchange gains on financial assets and liabilities of MEUR 9.5 (losses of 0.9) recorded in net financial items.
- Positive impact on taxes in 2015 from lower effective tax rate*.
- Net result and EPS in 2013 affected by non-recurring costs of MEUR 49.1 related to the costs for the business combination.

* The lower effective tax rate in 2015 was mainly due to the reversal of valuation allowances on deferred tax assets related to tax losses. The effective rate in 2014 was affected by losses where no tax assets were recognised and prior period adjustments.

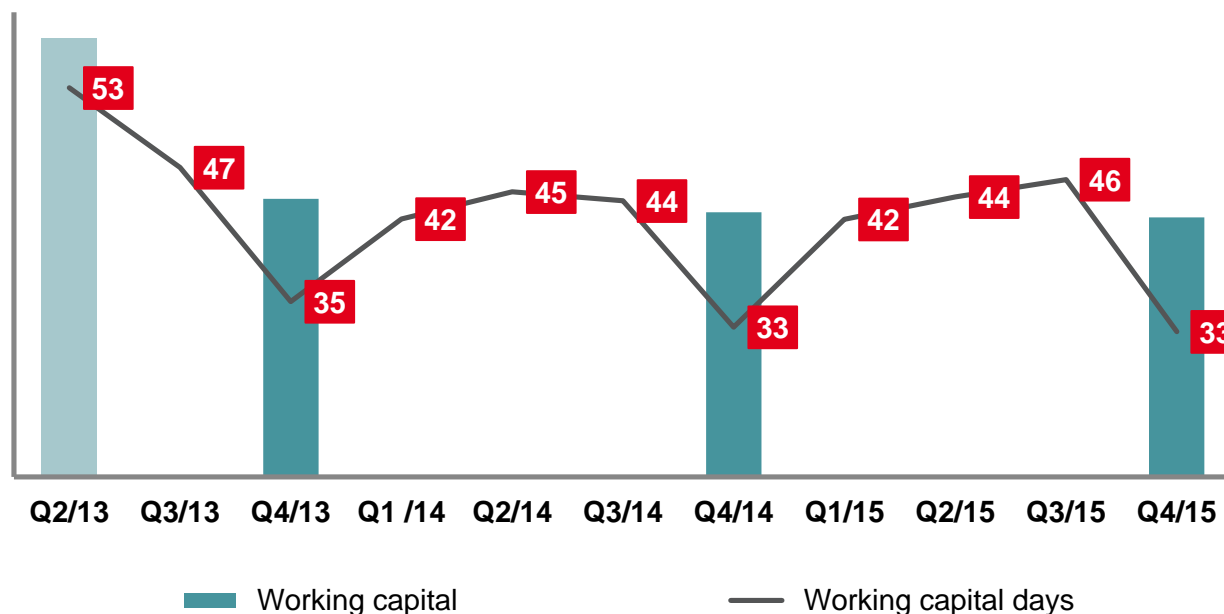


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Focus on Working Capital management continues

Prolonged shutdowns reduced inventory levels in Q4/2015 according to plan

MEUR



Working capital: Inventory + Accounts receivable - Accounts payable

Working capital days: DIO + DSO - DPO

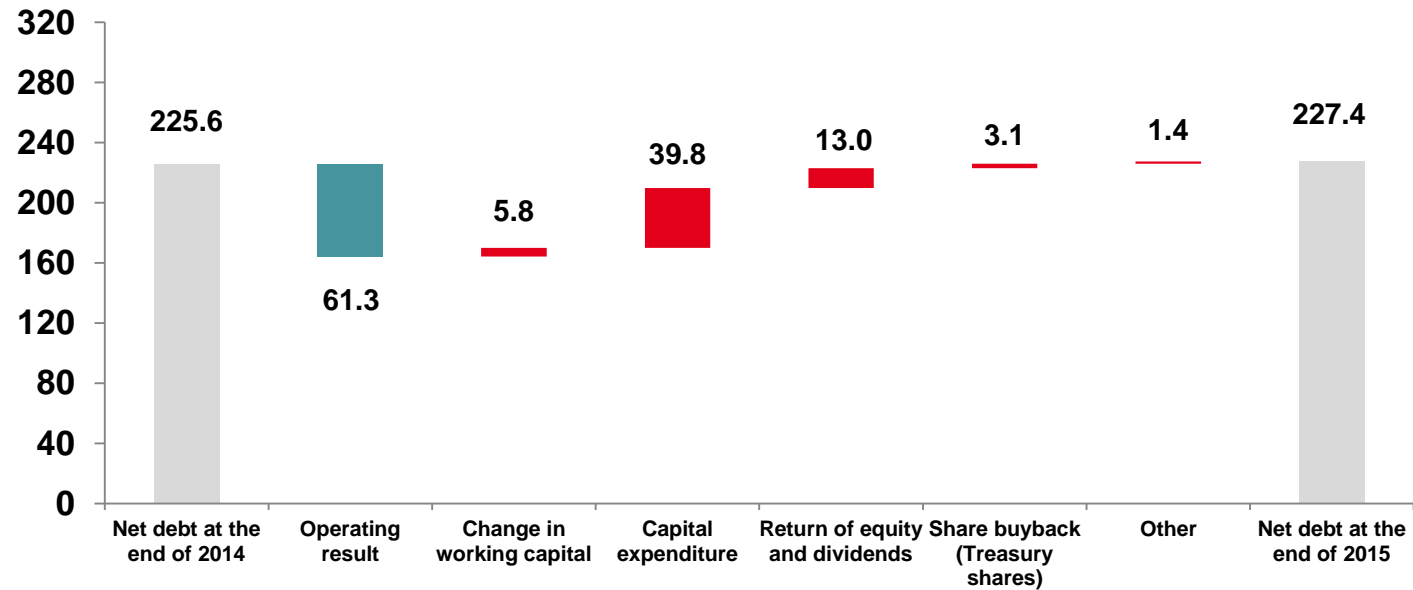
Figures include LP Europe and Coated Specialties from 1 January 2012. From the first quarter 2014, the reported figure is used.



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Stable net debt

MEUR

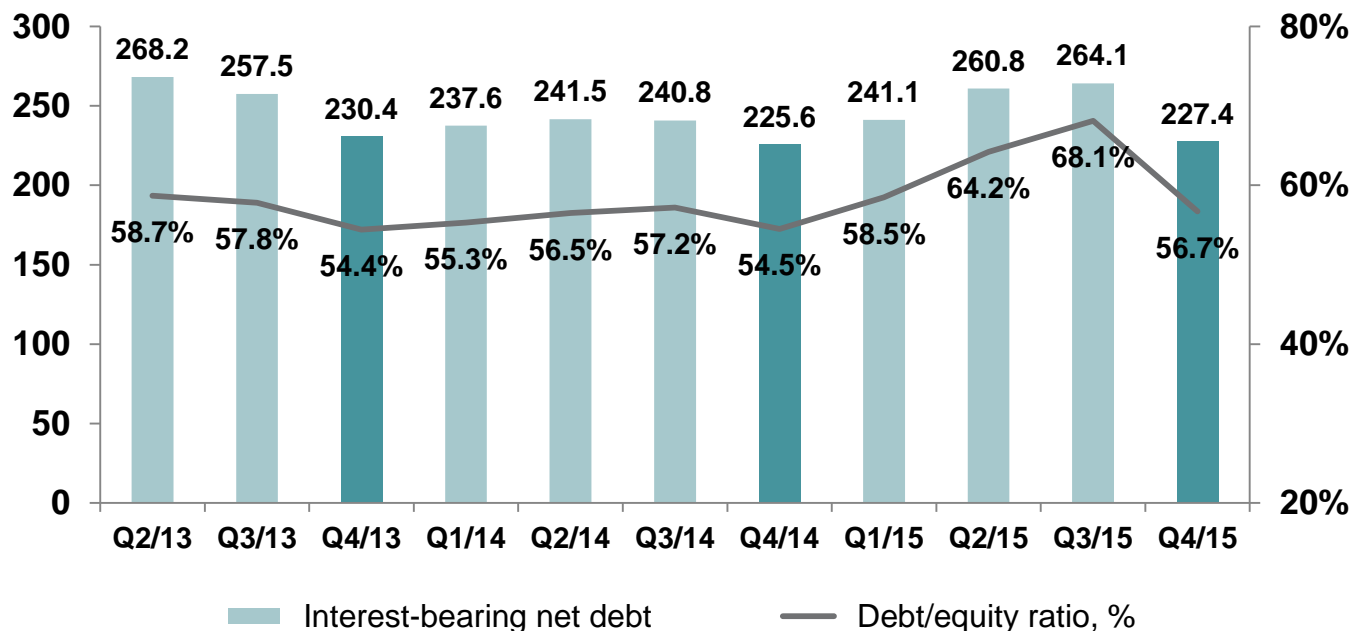




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Decrease in working capital in Q4/2015 had a positive impact on net debt

NET DEBT AND GEARING, MEUR



Pro forma figures for the period Q2-Q4/2013. 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.



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The Board of Director's proposal to pay dividend

- There are no distributable retained earnings and the Board of Directors proposes that no dividend will be paid for the fiscal year 2015.
- 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 the amount of return being **EUR 0.30 per share**.
- The **record date of the payment is 8 April 2016**.
- The Board proposes that the return of equity shall be **paid to the shareholders on 19 April 2016**.
- The return of equity payable for Euroclear Sweden AB registered shares will be forwarded by Euroclear Sweden AB.

RETURN OF EQUITY PER SHARE

2015 0.30*

2014 0.25

2013 0.10

EFFECTIVE DIVIDEND YIELD**

2015 3.5

2014 2.8

2013 1.9

* Based on the Board's proposal.

** Based on the share price on 30 December.



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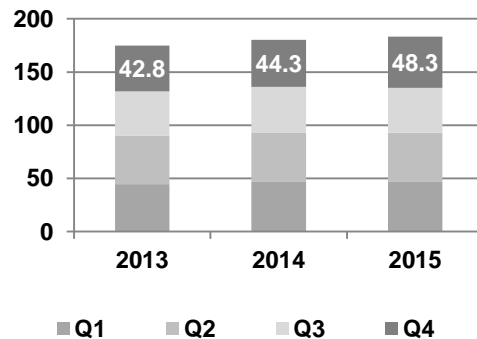
4 Q&A



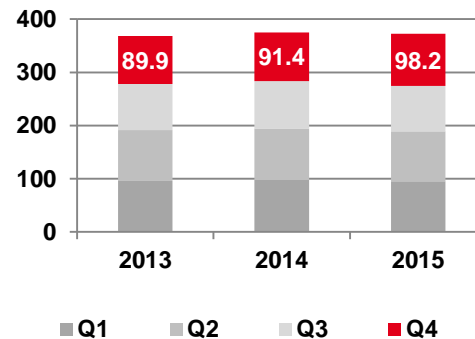
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Business Area Decor

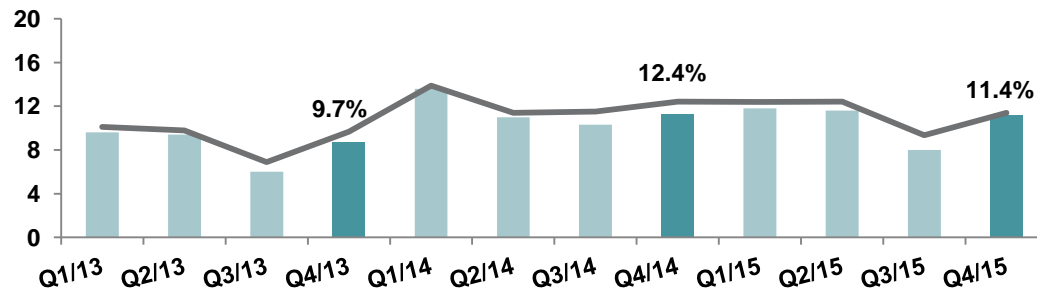
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q4/2015

- Delivery volumes and net sales increased.
- Price increases had a positive effect on average price in main markets in Europe, but average price remained on same level, due to a less favourable geographical mix and selective price adjustments in Q4/14.
- Profitability negatively affected by higher energy, raw material and logistic costs. Negative effect not compensated for by higher delivery volumes.

FY2015

- Delivery volumes increased, focus on expanding geographical mix (Asia-Pacific).
- Net sales lower. Price increases had a positive effect on average price in the main markets in Europe, but average price was lower mainly due to a less favourable geographical and product mix and selective price adjustments in Q4/14.
- EBITDA affected by lower average price, not fully compensated for by higher delivery volumes.
- Annual shutdowns in Q2-Q3 carried out to same extent as in 2014. Seasonal shutdowns in Q4 carried out to about same extent as in 2014.

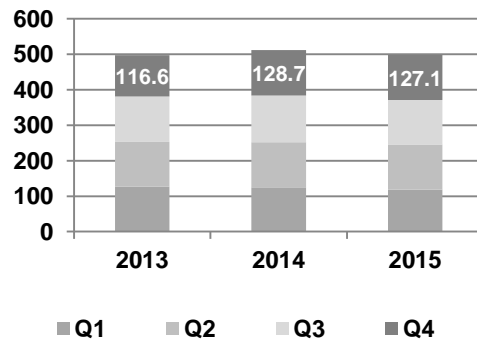
The business combination has not impacted the business area and therefore no pro forma information is presented.



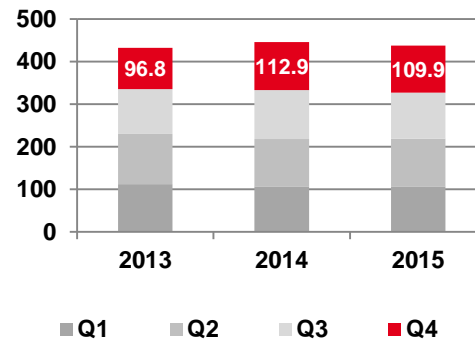
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Business Area Release Liners

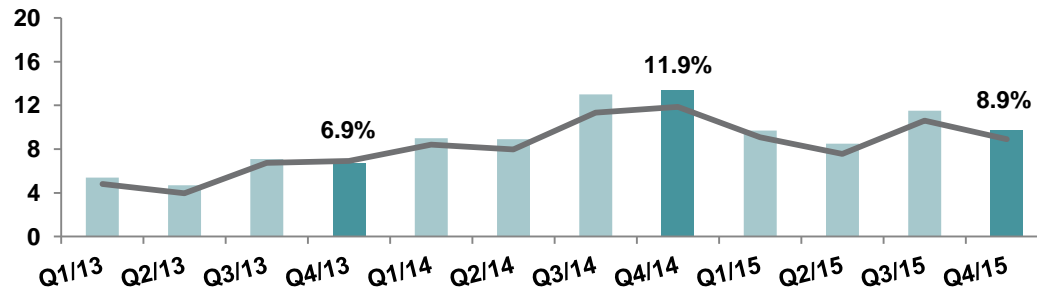
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Pro-forma-figures. 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.

Q4/2015

- Delivery volumes decreased. Demand in the South American market affected by the economic slowdown in Brazil.
- Net sales lower. Average price in local currencies higher for the European paper business and the Brazilian paper business. Declined average sales price in the pulp business.
- Positive result effect of price increases did not compensate for lower delivery volumes in Brazil and the less favourable pulp spread.

FY2015

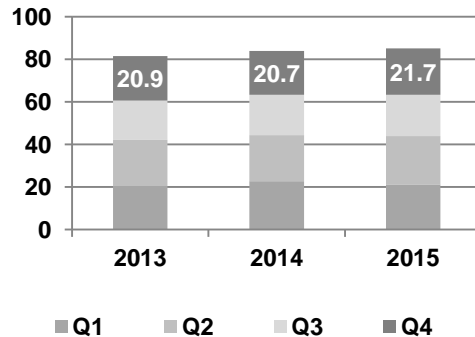
- Delivery volumes decreased, mainly as a result of lower delivery volumes in Brazil. Net sales lower and average price measured in local currencies higher for all three business units.
- Negative profitability development mainly due to less favourable pulp spread, not fully compensated for by higher average price. Currency development had a positive impact on the pulp result and a negative impact on the results of the paper business units.
- Annual shutdowns in Q2-Q3 and seasonal shutdowns in Q4 carried out to same extent as in 2014.
- Plan to further adjust cost structure and improve operational efficiency announced.



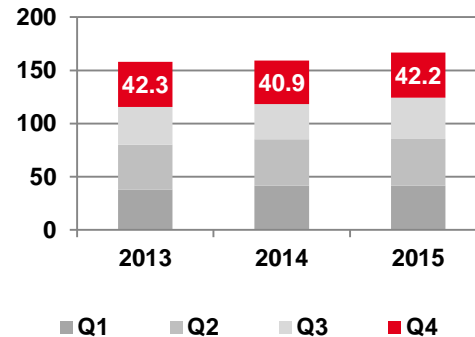
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Business Area Industrial Applications

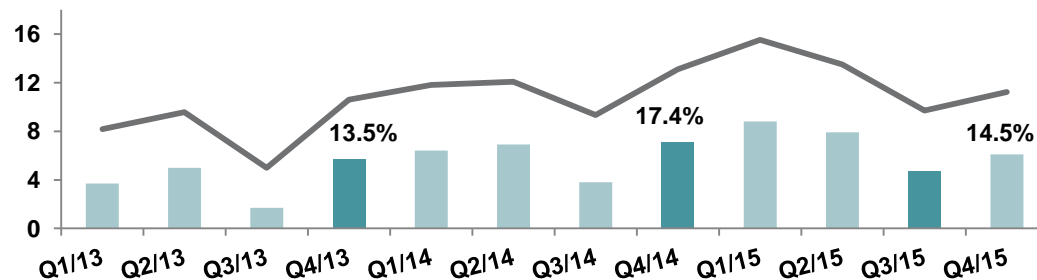
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Q4/2015

- Delivery volumes higher mainly driven by demand for interleaving paper.
- Net sales were higher and average price decreased mainly as a result of the less favourable product mix.
- Negative profitability development mainly a result of the lower average price, which was not compensated by the higher volumes.

FY2015

- Delivery volumes were stable with flat demand in most of the product segments.
- Net sales and average price increased mainly as a result of the favourable currency development.
- Positive profitability development a result of the higher average price, which more than compensated for the effect of the higher raw material costs.
- Annual shutdowns in Q2-Q3 and the seasonal shutdowns in Q4 carried out to the same extent as in 2014.

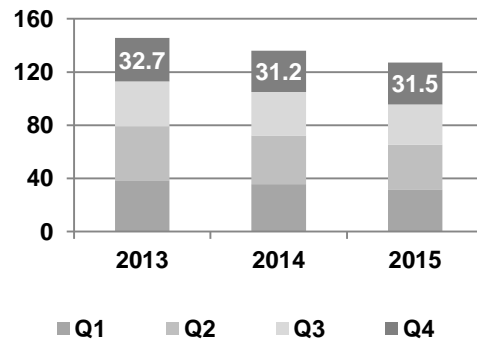
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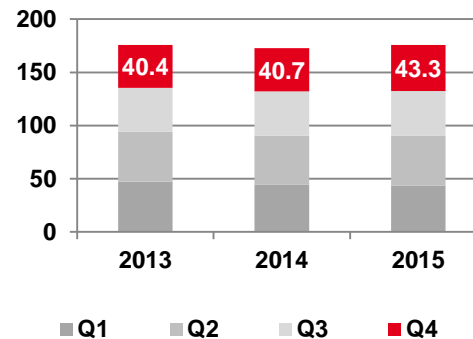
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Business Area Graphics and Packaging

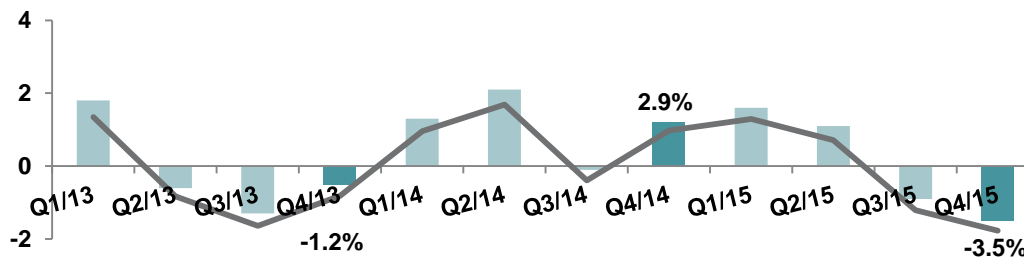
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



Pro-forma-figures. 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.

Q4/2015

- Delivery volumes stable. Net sales and average price increased mainly as a result of the favourable currency development.
- Increased average price did not compensate for increased raw material costs and the prolonged seasonal shutdowns in order to control inventory levels.

FY2015

- Delivery volumes decreased due to changes in the product mix and increased competition in certain product segments.
- Net sales and average price higher mainly as a result the favourable currency development, continued adjustment of the product mix and price increases made during 2014.
- Negative profitability development as increased average price did not compensate for the lower volumes and increased raw material costs.
- Annual shutdowns in Q2-Q3 carried out to about the same extent as in 2014. Seasonal shutdowns in Q4 prolonged in order to control inventory levels.



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Outlook

- **Demand outlook in 2016** for Munksjö's specialty paper products is expected to remain stable and reflect the seasonal pattern.
- **Price increases** communicated in Q2/15 and Q3/15 have had a full effect from the beginning of Q4/15, and the remaining increases in the European paper business unit of business area Release Liners have a full effect from Q1/16.
- **EBITDA margin** adjusted for non-recurring items in 2016 is expected to improve compared with 2015 driven by the on-going profitability improvement plan including increased operational efficiency, profitable growth, product and service quality leadership and utilising the position as a market and innovation leader.
- **Annual maintenance and vacation shutdowns** in the second and third quarter as well as the seasonal shutdowns at the end of 2016 are expected to be carried out to about the same extent as in 2015. The next maintenance shut down at the pulp production facility in Aspa in Sweden will be carried out in the third quarter of 2016.
- **The cash flow effect of capital expenditure** for fixed assets for 2016 is expected to be MEUR 35-40.



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Q&A

- Munksjö's interim report for January-March 2016 will be published on Wednesday, 27 April 2016

Additional information:

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