

HALF-YEAR REPORT

JANUARY-JUNE 2017

GOOD START FOR THE COMBINED COMPANY WITH SOLID QUARTERLY RESULT

In this half-year 2017 report, the January-June 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 April-June 2017 figures are presented according to International Financial Reporting Standards (IFRS). The appendix including unaudited consolidated financial statements has been prepared according to IFRS standards.

APRIL-JUNE 2017 COMPARED WITH APRIL-JUNE 2016

- Net sales EUR 576.9 million (EUR 561.0 million), showing a gain of 2.8%. Comparable net sales increased by 1.8% at constant currency rates.
- Comparable EBITDA EUR 77.4 million (EUR 77.3 million), representing 13.4% (13.8%) of net sales
- EBITDA* EUR 75.0 million (EUR 76.0 million)
- Operating result* EUR 43.3 million (EUR 42.5 million)
- Net result* EUR 27.5 million (EUR 23.7 million)
- Earnings per share* EUR 0.28 (EUR 0.25)
- Comparable EPS excluding merger related items (PPA) EUR 0.39 (EUR 0.25)
- Net cash flow from operating activities EUR 41.2 million (EUR 89.1 million)

JANUARY-JUNE 2017 COMPARED WITH JANUARY-JUNE 2016

- Net sales EUR 1,143.8 million (EUR 1,096.9 million), showing a gain of 4.3%. Comparable net sales increased by 2.7% at constant currency rates.
- Comparable EBITDA EUR 156.8 million (EUR 137.2 million), representing 13.7% (12.5%) of net sales
- EBITDA* EUR 150.5 million (EUR 111.6 million)
- Operating result* EUR 86.2 million (EUR 43.1 million)
- Net result* EUR 51.7 million (EUR 13.3 million)
- Earnings per share* EUR 0.54 (EUR 0.14)
- Comparable EPS excluding merger related items (PPA) EUR 0.64 (EUR 0.33)
- Net cash flow from operating activities EUR 84.1 million (EUR 84.5 million)

MAJOR EVENTS

- The merger of Ahlstrom Corporation into Munksjö Oyj was completed on April 1, 2017
- The company redeemed the EUR 100 million hybrid bond with an annual fixed interest rate of 7.875% and issued a EUR 250 million bond with an annual fixed coupon of 1.875% as part of a refinancing package to lower financing costs. Furthermore, the EUR 100 million bond with an annual fixed coupon of 4.125% maturing in 2019 was tendered and EUR 89.2 million was offered for purchase by noteholders.

Q2/2017

NET SALES
GROWTH
2.8%

COMP
EBITDA
MARGIN
13.4%

NET GEARING
41.3%

* Fair valuation of EUR 11 million inventory adjustment excluded as already included in pro forma 2016 figures.

KEY FIGURES

EUR MILLION	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY/2016
Net sales	576.9	561.0	2.8%	1,143.8	1,096.9	4.3%	2,147.9
Comparable EBITDA	77.4	77.3	0.2%	156.8	137.2	14.3%	268.7
Comparable EBITDA margin, %	13.4	13.8		13.7	12.5		12.5
EBITDA*	75.0	76.0	-1.3%	150.5	111.6	34.9%	239.9
Operating result*	43.3	42.5	1.9%	86.2	43.1	100.0%	104.7
Comparable operating result excluding merger related items (PPA)	53.7	52.5	2.3%	108.2	86.6	24.9%	168.7
Net result*	27.5	23.7	15.9%	51.7	13.3	N/A	49.8
Earnings per share*	0.28	0.25	13.8%	0.54	0.14	N/A	0.51
Comparable EPS excluding merger related items (PPA)	0.39	0.25	56.0%	0.64	0.33	94.0%	0.71
Cash generated from operating activities	41.2	89.1	-53.7%	84.1	84.5	-0.4%	232.1
Capital expenditure	15.4	15.4	-0.2%	31.8	30.2	5.3%	77.7
Net debt**	420.3	N/A	N/A	420.3	N/A	N/A	N/A
Gearing ratio, %**	41.3	N/A		41.3	N/A		N/A
Average number of employees, FTE	5,903	5,984	-1.4%	5,914	5,970	-0.9%	5,974

*Fair valuation of EUR 11 million inventory adjustment excluded as already included in pro forma 2016 figures

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

The actual figures for January-June 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 the items affecting comparability (IAC), or purchase price allocation (PPA,) and they are called Comparable.

CEO COMMENTS

“We had a good quarter, our first as Ahlstrom-Munksjö, and we achieved a solid operational result and profitability. We were able to capitalize on the strong demand for most of our products across many regions. In addition, the integration work is proceeding as planned and the identified synergy benefits are already becoming clearly visible as we reached an annual run rate of about EUR 13 million by the end of the quarter.

Our performance was driven by excellent results in the Filtration and Performance, and Industrial Solutions business areas. Our Decor business area experienced good demand, while enduring a sharp increase in input costs. We will continue to work on our pricing to mitigate this. In Specialties, almost all of our units improved and we will keep on working hard in integrating the former Graphics and Packaging unit into that business area. This will also help us to address the oversupplied market in coated one-sided papers.

We have also raised our estimate for investments this year to address the several near-term growth opportunities in many of our segments, such as filtration, food packaging and abrasives. In addition, we refinanced our funding structure during the quarter to significantly lower our financing costs. Going forward, we are working with full steam ahead to achieve and even exceed the synergy targets, set at the time of the merger. I'm fully confident that we can deliver on our long-term targets by following our strategic direction based on profitable growth, customer value, accountability, flexibility and agility.”



“We had a good quarter, our first as Ahlstrom-Munksjö, and we achieved a solid operational result and profitability.”

Jan Åström, President and CEO

OUTLOOK FOR 2017

Ahlstrom-Munksjö reiterates the outlook on comparable EBITDA and shutdowns published on May 15, 2017. The guidance on market outlook and capital expenditure has been revised.

Market outlook: The demand outlook for 2017 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. Price increases continue to be implemented to mitigate raw material cost inflation and they will take effect during the rest of the year.

EBITDA: Comparable EBITDA in 2017 is expected to be higher than in the previous year (pro forma EUR 268.7 million).

Shutdowns: The annual maintenance and vacation shutdowns in the third quarter as well as the seasonal shutdowns at the end of 2017 are expected to be carried out to about the same extent as in 2016. However, the maintenance shutdown usually carried out in the third quarter in the Swedish plant Billingsfors is replaced by shorter stops in the second and fourth quarters due to changes in the shift form. The next maintenance shut-down at the pulp production facility in Aspa in Sweden will be carried out in the fourth quarter of 2017.

Capital expenditure: The cash flow effect of current capital expenditure for fixed assets in 2017 is expected to be approximately EUR 80 million, which is higher than the previously estimated EUR 70 million, to address the good demand. In addition, the cash flow impact of the strategic investments in Arches and Madisonville is expected to be approximately EUR 18 million.

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, 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.

COST SYNERGIES

Ahlstrom-Munksjö is targeting annual cost synergies of EUR 35 million to be gradually realized and fully visible from the second quarter of 2019. The savings comprise mainly of lower fixed costs as well as coordination of purchases and production following the merger. The company is also working on identifying 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 13 million, confirming the previously communicated target of EUR 35 million, giving the program a good start and supporting the strive to exceed the target. Of the annual synergy savings arising from the merger, the vast majority is related to lower SG&A costs, and the remainder is related to reduced costs of goods sold and improved operational efficiency, as well as planned revenue synergies. The financial result for the second-quarter 2017 includes realized synergies of approximately EUR 3 million.

Non-recurring costs to achieve the synergy savings amounted to EUR 4 million at the end of the reporting period. The previously communicated full cost related to the achievement of synergies within two years from the merger is EUR 30 million. The cash flow effect was EUR -2 million in the second quarter of 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	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY 2016
Decor	98.2	97.8	0.4%	193.6	191.0	1.4%	364.6
Filtration and Performance	174.3	159.2	9.5%	343.3	311.1	10.3%	617.2
Industrial Solutions	162.5	161.7	0.5%	326.2	314.4	3.7%	618.4
Specialties	151.1	149.5	1.1%	297.0	296.8	0.1%	577.7
Other	-9.2	-7.2	-27.0%	-16.3	-16.5	1.2%	-30.1
Total net sales	576.9	561.0	2.8%	1,143.8	1,096.9	4.3%	2,147.9

PROFIT AND PROFITABILITY DEVELOPMENT

COMPARABLE EBITDA BY BUSINESS AREA, EUR MILLION	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY 2016
Decor	8.1	17.6	-54.0%	19.4	31.3	-38.0%	53.7
Filtration and Performance	33.1	24.9	33.1%	64.9	44.9	44.6%	94.0
Industrial Solutions	27.9	23.5	18.6%	56.3	42.5	32.4%	93.1
Specialties	14.7	19.1	-23.0%	32.2	34.8	-7.5%	64.5
Other	-6.4	-7.8	17.9%	-15.9	-16.3	2.2%	-36.6
Total comparable EBITDA	77.4	77.3	0.2%	156.8	137.2	14.3%	268.7

COMPARABLE EBITDA MARGIN BY BUSINESS AREA, %	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY 2016
Decor	8.2%	18.0%		10.0%	16.4%		14.7%
Filtration and Performance	19.0%	15.6%		18.9%	14.4%		15.2%
Industrial Solutions	17.2%	14.5%		17.3%	13.5%		15.1%
Specialties	9.8%	12.8%		10.9%	11.7%		11.2%
Other							
Total comparable EBITDA margin, %	13.4%	13.8%		13.7%	12.5%		12.5%

APRIL-JUNE 2017

Net sales in April-June 2017 amounted to EUR 576.9 million, showing an increase of 2.8% from the EUR 561.0 million reported in the comparison period. At constant currency rates, growth was 1.8%, led by higher average selling prices and improved product mix, as well as higher volumes.

Comparable EBITDA in April-June 2017 was EUR 77.4 million (EUR 77.3 million), representing 13.4% of net sales (13.8%). The result was supported by higher sales volumes and average selling prices, as well as an improved product mix and lower selling, general and administrative expenses. Higher raw material costs, such as pulp and titanium dioxide, had a negative impact on profitability.

Items affecting comparability (IAC)

Operating result excluding fair valuation of EUR 11 million inventory adjustment was EUR 43.3 million (EUR 42.5 million). Further items affecting comparability totaled EUR -2.4 million and were mainly related to the integration costs of the merger.

Net financial items

Net financial items amounted to EUR -9.1 million (EUR -7.4 million). The figure includes refinancing costs.

Tax, earning per share

Income taxes amounted to EUR 6.9 million (EUR 11.4 million), representing an effective tax rate of 29% (32%). The net result for the period was EUR 27.5 million (EUR 23.7 million) and earnings per share were EUR 0.28 (EUR 0.25). Comparable earnings per share excluding merger related items (PPA) were EUR 0.39 (EUR 0.25).

JANUARY-JUNE 2017

Net sales in January-June 2017 amounted to EUR 1,143.8 million, showing an increase of 4.3% from the EUR 1,096.9 million reported in the comparison period. At constant currency rates, growth was 2.7%, led by higher volumes and average selling prices, as well as an improved product mix.

Comparable EBITDA in January-June 2017 was EUR 156.8 million (EUR 137.2 million), representing 13.7% of net sales (12.5%). The result was supported by higher sales volumes and average selling prices, as well as an improved product mix and lower selling, general and administrative expenses. Higher raw material costs, such as pulp and titanium dioxide, had a negative impact on profitability.

Items affecting comparability (IAC)

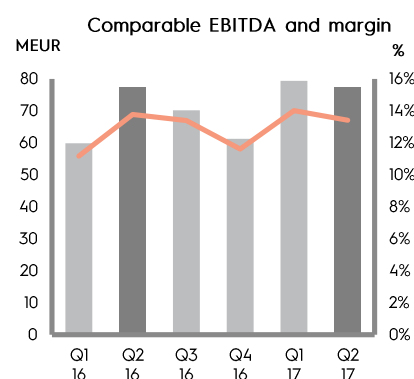
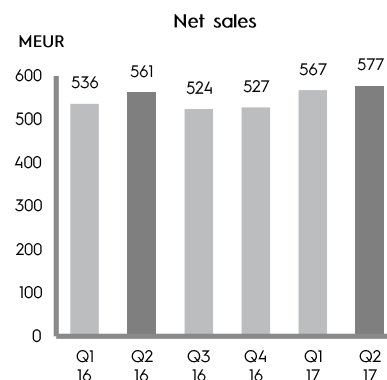
Operating result excluding fair valuation of EUR 11 million inventory adjustment was EUR 86.2 million (EUR 43.1 million). Further items affecting comparability totaled EUR -5.9 million and were mainly related to the integration costs of the merger.

Net financial items

Net financial items amounted to EUR -17.2 (EUR -19.2) million. The figure includes refinancing costs.

Tax, earnings per share

Income taxes amounted to EUR 17.6 million (EUR 10.7 million), representing an effective tax rate of 30% (45%). The net result for the period was EUR 51.7 million (EUR 13.3 million) and earnings per share were EUR 0.54 (EUR 0.14). Comparable earnings per share excluding merger related items (PPA) were EUR 0.64 (EUR 0.33).



FINANCING AND CASH FLOW

CASH FLOW

April-June

In April-June 2017, net cash flow from operating activities amounted to EUR 41.2 million (EUR 89.1 million). About half of the decline in cash flow was due to higher cash taxes.

January-June

In January-June 2017, net cash flow from operating activities amounted to EUR 84.1 million (EUR 84.5 million). The cash flow was supported by the improved operating result, offset by the higher cash taxes mentioned above.

NET DEBT AND GEARING

The company's interest-bearing net debt amounted to EUR 420.3 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 482.8 million on June 30, 2016. Gearing stood at 41.3%.

At the end of the reporting period, the weighted average interest rate was 2.4%.

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. The company intends to exercise its right to fully redeem the outstanding 2019 notes on or about September 15, 2017.

On June 14, 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 June 30, 2017, equity was EUR 1,018.7 million and total assets were EUR 2,428.3 million. Munksjö Oyj's standalone equity was EUR 418 million and total assets EUR 1,170.3 million on June 30, 2016. The equity was negatively impacted by a translation effect of about EUR 35 million due to adverse currency fluctuations in January-June 2017.

CAPITAL EXPENDITURE

Ahlstrom-Munksjö's capital expenditure excluding acquisitions totaled EUR 31.8 million in January-June 2017 (EUR 30.2 million) and EUR 15.4 million in April-June 2017 (EUR 15.4 million). The investments were related to maintenance, and cost and efficiency improvements, as well as the 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.

PERSONNEL

Ahlstrom-Munksjö employed an average of 5,914 people in January-June 2017 (5,970). As of June 30, 2017, the highest numbers of employees were in France (28%), Sweden (14%), the United States (12%), Germany (9%), and Italy (8%).

SUSTAINABILITY

Ahlstrom-Munksjö was awarded in May 2017 the Gold rating by EcoVadis, following to 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 percent 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 14 lost-time accidents (LTA) in January-June 2017, which is considerably lower than the 30 LTAs reported in the comparison period. The accident frequency rate per million working hours fell to 2.63 from 5.63.

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 April-June 2017:

The markets for decor products were strong across all segments, especially for white grades. Some shortages in the supply of the key raw material, titanium dioxide, were experienced.

Net sales and profit development in April-June 2017:

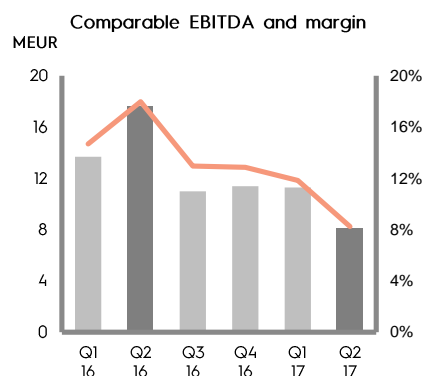
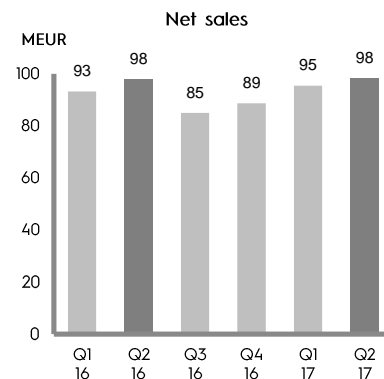
Net sales rose by 0.4% to EUR 98.2 million, compared with EUR 97.8 million in April-June 2016. Higher sales volume had a positive impact on net sales, offset by lower average selling prices, mainly due to an adverse product mix.

Comparable EBITDA fell to EUR 8.1 million (EUR 17.6 million), representing 8.2% (18.0%) of net sales. Higher volumes had a positive impact on the result. This was more than offset by a time lag in raising selling prices to compensate for higher raw material costs, such as titanium dioxide and pulp, as well as changes in the product mix.

Net sales and profit development in January-June 2017:

Net sales rose by 1.4% to EUR 193.6 million, compared with EUR 191.0 million in January-June 2016. Higher sales volume had a positive impact on net sales, offset by lower average selling prices mainly due to an adverse product mix.

Comparable EBITDA fell to EUR 19.4 million (EUR 31.3 million), representing 10.0% (16.4%) of net sales. Higher volumes had a positive impact on the result. This was more than offset by a time lag in raising selling prices to compensate for higher raw material costs, such as titanium dioxide and pulp, as well as changes in the product mix.



EUR MILLION	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY2016
Net sales	98.2	97.8	0.4%	193.6	191.0	1.4%	364.6
Comparable EBITDA	8.1	17.6	-54.0%	19.4	31.3	-38.0%	53.7
Comparable EBITDA margin, %	8.2%	18.0%		10.0%	16.4%		14.7%

BUSINESS AREA REVIEW

FILTRATION AND PERFORMANCE

The Filtration and Performance business area produces engine oil, fuel and air 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 as well as wallcover materials.

Market review April-June 2017:

The markets for filtration products were strong in all regions and segments, and particularly in industrial and indoor air applications. Demand for wallcover remained strong in Asia and Europe. Demand for glass fiber tissue used in flooring applications was solid in Europe and Russia, and continued to grow in North America. The market for reinforced glass fiber products for the wind energy industry was stable. The markets for various industrial nonwoven applications were stable at a good level.

Net sales and profit development in April-June 2017:

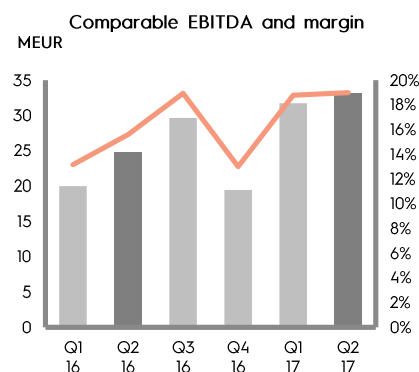
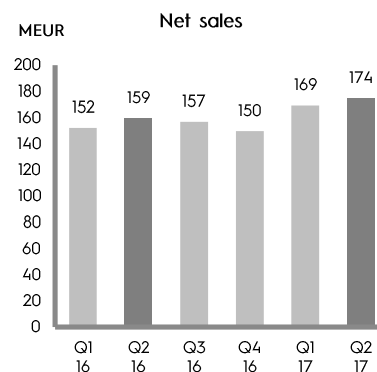
Net sales rose by 9.5% to EUR 174.3 million, compared with EUR 159.2 million in April-June 2016. Growth was driven by higher sales of filtration and wallcover products. Favorable currency fluctuations and improved product mix also had a positive impact on net sales.

Comparable EBITDA climbed to EUR 33.1 million (EUR 24.9 million), representing 19.0% (15.6%) of net sales. The increase was driven by higher sales volumes, an improved product mix and operational efficiency as well as lower fixed costs. The result was burdened by a time lag in implementing higher selling prices to compensate for higher raw material costs, such as pulp and chemicals

Net sales and profit development in January-June 2017:

Net sales rose by 10.3% to EUR 343.3 million, compared with EUR 311.1 million in January-June 2016. Growth was driven by higher sales of filtration, glass fiber as well as nonwoven and wallcover products. Favorable currency fluctuations also had a positive impact on net sales.

Comparable EBITDA climbed to EUR 64.9 million (EUR 44.9 million), representing 18.9% (14.4%) of net sales. The increase was driven by higher sales volumes, improved operational efficiency as well as lower fixed costs.



EUR MILLION	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY2016
Net sales	174.3	159.2	9.5%	343.3	311.1	10.3%	617.2
Comparable EBITDA	33.1	24.9	33.1%	64.9	44.9	44.6%	94.0
Comparable EBITDA margin, %	19.0 %	15.6%		18.9%	14.4%		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 April-June 2017:

Good demand was experienced in many segments; release liners, electrotechnical insulation papers, abrasive backings, as well as specialty pulp. The domestic market for coated specialties products in Brazil remained at a low level.

Net sales and profit development in April-June 2017:

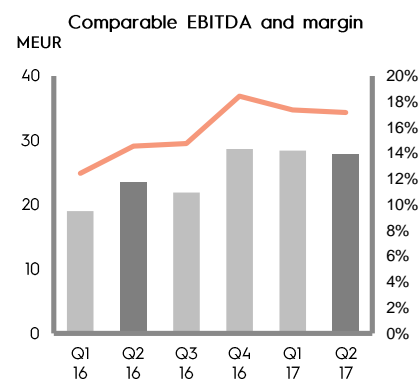
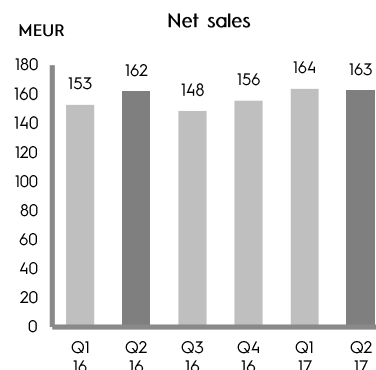
Net sales rose by 0.5% to EUR 162.5 million, compared with EUR 161.7 million in April-June 2016. Growth was driven by higher sales of release liner, improved product mix in coated specialties products in Brazil, as well as higher selling prices for specialty softwood pulp.

Comparable EBITDA climbed to EUR 27.9 million (EUR 23.5 million), representing 17.2% (14.5%) of net sales. The increase was driven by higher average selling prices as well as lower raw material and selling, general and administrative costs. The result was burdened by the timing of the planned maintenance stop at the Billingsfors site in Sweden (occurred in the third quarter in 2016).

Net sales and profit development in January-June 2017:

Net sales rose by 3.7% to EUR 326.2 million, compared with EUR 314.4 million in January-June 2016. Growth was driven by higher sales of release liner and abrasive papers, improved product mix in coated specialties products in Brazil, as well as higher selling prices for specialty softwood pulp.

Comparable EBITDA climbed to EUR 56.3 million (EUR 42.5 million), representing 17.3% (13.5%) of net sales. The increase was driven by higher average selling prices, an improved product mix and operational efficiency as well as lower raw material costs. The result was burdened by the timing of the planned maintenance stop at the Billingsfors site in Sweden (occurred in the third quarter in 2016).



EUR MILLION	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY2016
Net sales	162.5	161.7	0.5%	326.2	314.4	3.7%	618.4
Comparable EBITDA	27.9	23.5	18.6%	56.3	42.5	32.4%	93.1
Comparable EBITDA margin, %	17.2%	14.5%		17.3%	13.5%		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 April-June 2017:

The markets for food packaging materials, such as cooking applications, remained quite strong, and that for casing materials improved in North America. Demand for single-serve coffee products continued to grow, while that for teabag materials was steady. The markets for laboratory and life science materials remained strong in North America and Asia, while they improved in Europe. In tape products, positive development in demand was experienced in North America, whereas markets in Europe and Asia slowed. Demand for high-end medical fabrics continued to improve in North America and Europe, but remained weaker in Asia.

Demand for uncoated and coated papers recovered slightly from the beginning of the year but the markets remained highly competitive.

Net sales and profit development in April-June 2017:

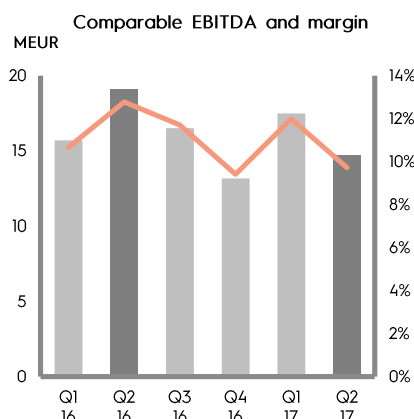
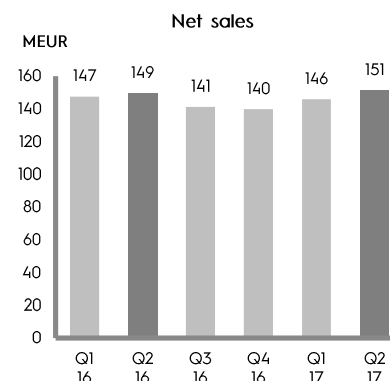
Net sales rose by 1.1% to EUR 151.1 million, compared with EUR 149.5 million in April-June 2016. The increase was driven by higher sales of food packaging, tape, water purification and life science products, as well as coffee, tea-bag and meat casings materials. Lower sales of coated one-sided products had a negative impact on net sales.

Comparable EBITDA was EUR 14.7 million (EUR 19.1 million), representing 9.7% (12.8%) of net sales. Higher raw materials costs and operational challenges in the label business burdened profitability. A process to benefit from the extended product portfolio of the merged business area in terms of growth, product mix and operational efficiency has started in the Food packaging unit, which includes the coated one-side business.

Net sales and profit development in January-June 2017:

Net sales amounted to EUR 297.0 million, and were in line with the EUR 296.8 million in January-June 2016. The increase was driven by higher sales of food packaging, tape, medical, water purification and life science products, as well as coffee, tea bag and meat casings materials. Lower sales of coated one-sided products had a negative impact on net sales.

Comparable EBITDA was EUR 32.2 million (EUR 34.8 million), representing 10.8% (11.7%) of net sales. Lower volumes and higher raw material costs as well as operational challenges in the coated one-sided business burdened profitability. A process to benefit from the extended product portfolio of the merged business area in terms of growth, product mix and operational efficiency has started in the Food packaging unit, which includes the coated one-sided business.



EUR MILLION	Q2/2017	Q2/2016	CHANGE, %	1-6/2017	1-6/2016	CHANGE, %	FY2016
Net sales	151.1	149.5	1.1%	297.0	296.8	0.1%	577.7
Comparable EBITDA	14.7	19.1	-23.0%	32.2	34.8	-7.5%	64.5
Comparable EBITDA margin, %	9.7%	12.8%		10.8%	11.7%		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 AM1 in Helsinki and AMIS in Stockholm.

On June 30, 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 11,513 shareholders at the end of the reporting period. Ahlstrom-Munksjö held a total of 364,862 of its own shares, corresponding to approximately 0.3% of the total shares and votes.

Nasdaq Helsinki

During January-June 2017, a total of 5.9 million (3.0 million) Ahlstrom-Munksjö shares were traded for a total of EUR 97.5 million (EUR 26.5 million). The average daily volume was 47,202 (24,301). The lowest trading price was EUR 13.75 and the highest was EUR 20.49. The closing price on June 30, 2017 was EUR 17.80. The market capitalization at the end of the review period was EUR 1,710.1 million, excluding the shares owned by the parent company.

Nasdaq Stockholm

During January-June 2017, a total of 0.8 million (0.9 million) Ahlstrom-Munksjö shares were traded for a total of SEK 129.4 million (SEK 77.4 million). The average daily trading volume was 6,693 (7,632). The lowest trading price was SEK 131.50 and the highest was SEK 199.50. The closing price on June 30, 2017 was SEK 170.90.

The share turnover during the reporting period for the both exchanges was 7.0% (7.6%) of the total amount of shares. Ahlstrom-Munksjö's shares are also traded on alternative exchanges, such as BATS. During the reporting period, the shares traded on Nasdaq exchanges represented 92.3% of the total trading volume and the alternative exchanges 7.7% of the total volume (source: Fidessa Fragmentation Index).

FLAGGING NOTIFICATIONS

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.

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.

The return of equity shall be paid in September 2017 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, shall be resolved by the Board of Directors in its meeting scheduled for September 4, 2017. The record date of the payment would be September 6, 2017 and the payment date September 13, 2017, at the latest.

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 Annual General Meeting.

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 Annual General Meeting, however, for no longer than eighteen (18) months from the close of the Annual General Meeting.

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 Strategy Committee are Peter Seligson (Chair), Alexander Ehrnrooth and Jan Inborr (passed away 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.

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. Currently there is a risk related to the availability of titanium dioxide, a key raw material for decor paper, due to a shortage of supply. 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 and future tax audits or claims.

Ahlstrom-Munksjö 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.

This report has 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 & Media Relations Manager, tel. +358 50 413 4583

WEBCAST AND CONFERENCE CALL

A combined news conference, call and live webcast will be arranged on the publishing day, July 25, 2017, at 2:00 p.m. CEST (3:00 p.m. EEST) at the World Trade Center in Stockholm (Klarabergsviadukten 70, the Conference Center). 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_2017_0725_q2/

Finnish callers: +358 (0)9 7479 0404

Swedish callers: +46 (0)8 5065 3942

UK callers: +44 (0) 330 336 9411

US callers: +1 719 457 1036

Conference ID: 7986852

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.

FUTURE FINANCIAL REPORTS

Interim report January-September 2017
Financial Statements Release 2017

October 25, 2017
February 13, 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 2.15 billion and we employ 6,000 people. The Ahlstrom-Munksjö share is listed on the Nasdaq Helsinki and Stockholm. The company was formed on April 1, 2017 through the merger of Ahlstrom Corporation and Munksjö Oyj. Read more at www.ahlstrom-munksjo.com.

APPENDIX: CONSOLIDATED FINANCIAL STATEMENTS

Financial statements are unaudited. Comparison figures refer to standalone Munksjö Oyj.

INCOME STATEMENT					
EUR MILLION	Q2/2017	Q2/2016	1-6/2017	1-6/2016	FY 2016
Net sales	576.9	302.9	871.2	590.9	1,142.9
Other operating income	7.7	2.1	9.8	4.1	7.5
Total operating income	584.7	305.0	881.1	595.0	1,150.4
Operating costs					
Changes in inventories	-5.3	0.2	-5.1	2.1	2.7
Materials and supplies	-268.5	-143.5	-406.1	-285.0	-544.2
Other external costs	-134.9	-67.8	-209.7	-133.6	-266.2
Personnel costs	-111.9	-53.8	-166.0	-107.4	-212.6
Depreciation and amortisation	-31.7	-13.4	-44.4	-28.1	-55.2
Total operating costs	-552.4	-278.3	-831.4	-552.0	-1,075.5
Share of profit in equity accounted investments	0.0	0.0	0.0	0.0	0.0
Operating result	32.3	26.7	49.7	43.0	74.9
Net financial items	-9.1	-4.1	-12.8	-10.5	-15.9
Profit before tax	23.3	22.6	37.0	32.5	59.0
Taxes	-6.9	-5.7	-10.7	-9.3	-15.7
Net profit	16.4	16.9	26.3	23.2	43.3

OTHER COMPREHENSIVE INCOME					
EUR MILLION	Q2/2017	Q2/2016	1-6/2017	1-6/2016	FY 2016
Net profit	16.4	16.9	26.3	23.2	43.3
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations for the period	-36.7	6.2	-35.0	10.3	11.0
Hedges of net investments in foreign operations	0.1	-	0.1	-	-
Change in cash flow hedge reserve	0.0	-1.0	-0.1	-2.7	-2.4
Cash flow hedge transferred to this year's result	0.6	0.3	1.1	0.8	3.1
Items that will not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	4.5	0.0	4.5	0.0	-3.3
Tax attributable to other comprehensive income	-2.0	0.1	-2.1	0.4	0.7
Comprehensive income	-17.2	22.5	-5.3	32.0	52.4
Net result attributable to:					
Parent company's shareholders	16.1	16.9	26.0	23.0	43.1
Non-controlling interests	0.3	0.0	0.3	0.2	0.2
Comprehensive income attributable to:					
Parent company's shareholders	-17.4	22.5	-5.5	31.8	52.2
Non-controlling interests	0.2	0.0	0.2	0.2	0.2
<i>Average number of outstanding shares*</i>	96,536,031	50,761,581	73,775,255	50,761,581	50,761,581
Basic earnings per share, EUR **	0.17	0.33	0.42	0.45	0.85
Diluted earnings per share, EUR **	0.17	0.33	0.42	0.45	0.85
Comparable earnings per share excluding merger related items (PPA)**	0.39		0.64		

* As adjusted for treasury shares

** 1-6/2017 is proforma

BALANCE SHEET	Jun 30,	Jun 30,	Dec 31,
EUR MILLION	2017	2016	2016
ASSETS			
Non-current assets			
Tangible assets	848.8	421.4	421.1
Goodwill	436.8	225.6	226.1
Other intangible assets	317.8	45.3	43.1
Equity accounted investments	2.2	2.2	2.2
Other non-current assets	12.6	3.2	9.0
Deferred tax assets	15.9	48.1	40.8
Total non-current assets	1,634.1	745.8	742.3
Current assets			
Inventory	273.1	156.8	158.2
Accounts receivable	238.5	130.7	104.8
Other current assets	53.0	32.7	33.5
Current tax assets	6.7	0.9	1.7
Cash and cash equivalents	222.9	103.4	146.0
Total current assets	794.2	424.5	444.2
TOTAL ASSETS	2,428.3	1,170.3	1,186.5
EQUITY AND LIABILITIES			
Equity	1,018.7	418.0	437.7
Non-current liabilities			
Non-current borrowings	566.9	303.6	293.5
Other non-current liabilities	0.8	2.6	0.9
Pension obligations	102.0	52.7	54.7
Deferred tax liabilities	125.4	73.0	66.6
Provisions	18.6	20.3	16.0
Total non-current liabilities	813.7	452.2	431.7
Current liabilities			
Current borrowings	76.3	22.4	22.0
Accounts payable	260.2	147.3	162.9
Liabilities to equity accounted investments	7.4	7.2	7.1
Accrued expenses and deferred income	200.8	106.7	98.7
Current tax liabilities	11.1	6.9	11.9
Other current liabilities and provisions	40.1	9.6	14.5
Total current liabilities	595.9	300.1	317.1
Total liabilities	1,409.6	752.3	748.8
TOTAL EQUITY AND LIABILITIES	2,428.3	1,170.3	1,186.5

EUR MILLION	Share Capital	Reserve for invested unrestricted equity	Other reserves	Treasury shares	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2016	15.0	269.3	388.1	-3.1	-20.9	-251.2	397.2	4.1	401.3
Result for the period	-	-	-	-	-	23.0	23.0	0.2	23.2
Other comprehensive income	-	-	-1.5	-	10.3	-	8.8	-	8.8
Total comprehensive income	-	-	-1.5	-	10.3	23.0	31.8	0.2	32.0
Return of capital and dividends	-	-15.2	-	-	-	-	-15.2	-0.3	-15.5
Employee share incentive plan	-	-	-	-	-	0.2	0.2	-	0.2
Balance at Jun 30, 2016	15.0	254.1	386.6	-3.1	-10.6	-228.0	414.0	4.0	418.0
Balance at Jan 1, 2017	15.0	254.1	385.0	-3.1	-9.9	-207.4	433.7	4.0	437.7
Result for the period	-	-	-	-	-	26.0	26.0	0.3	26.3
Other comprehensive income	-	-	0.5	0.0	-34.8	2.8	-31.5	-0.1	-31.6
Total comprehensive income	-	-	0.5	-	-34.8	28.8	-5.5	0.2	-5.3
Directed shares issues (merger)	70.0	311.8	-	-	-	250.8	632.6	4.6	637.1
Purchase of Ahlstrom-Munksjo shares	-	-	-	-5.6	-	-	-5.6	-	-5.6
Return of capital and dividends	-	-44.8	-	-	-	-	-44.8	-0.4	-45.2
Employee share incentive plan	-	-	-	2.4	-	-2.3	0.1	-	0.1
Balance at Jun 30, 2017	85.0	521.1	385.5	-6.3	-44.7	69.8	1,010.4	8.3	1,018.7

STATEMENT OF CASH FLOWS					
EUR MILLION	Q2/2017	Q2/2016	1-6/2017	1-6/2016	FY 2016
Cash flow from operating activities					
Net profit	16.4	16.9	26.3	232	43.3
Adjustments, total	45.6	23.2	65.8	47.9	86.8
Changes in net working capital	10.2	-1.8	0.5	-21.4	5.0
Change in provisions	-2.0	-0.6	-1.2	-3.6	-7.9
Financial items	-10.9	-3.1	-13.6	-5.9	-11.6
Income taxes paid / received	-17.9	2.2	-19.9	0.2	-1.3
Net cash from operating activities	41.2	36.8	57.7	40.4	114.3
Cash flow used in investing activities					
Purchase of intangible and tangible assets	-15.4	-8.0	-26.5	-17.9	-39.2
Other investing activities	-0.4	0.0	-0.4	0.0	0.0
Net cash from investing activities	-15.8	-8.0	-26.9	-17.9	-39.2
Cash generated from financing activities					
Dividends paid and other	-5.6	-15.2	-26.4	-15.5	-15.5
Interest on hybrid bond	-6.9	-	-6.9	-	-
Repurchase of hybrid bond	-100.0	-	-100.0	-	-
Change in loans and other financing activities	131.7	-0.7	123.3	-9.2	-18.4
Sale/repurchase of treasury shares	-5.6	-	-5.6	-	-
Net cash from financing activities	13.4	-15.9	-15.8	-24.7	-33.9
Net change in cash and cash equivalent	38.9	12.9	15.1	-2.2	41.2
Cash and cash equivalent at the beginning of the period*	188.5	89.6	212.5	105.1	105.1
Foreign exchange adjustment	-4.5	0.9	-4.8	0.5	-0.3
Cash and cash equivalents at the end of the period	222.9	103.4	222.9	103.4	146.0

*Includes EUR 66.6 million of Cash and cash equivalents from the merger

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Accounting principles

This unaudited consolidated quarterly interim report has been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. 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 evaluation of the impact on the consolidated accounts when IFRS 15 is applied is ongoing. The standard is not expected to have a material impact on revenue recognition in Ahlstrom-Munksjö as the business is primarily the sales of products at an established market in accordance with a mature business model.

RECONCILIATION OF ADJUSTED EBITDA AND EBIT					
EUR MILLION	Q2/2017	Q2/2016	1-6/2017	1-6/2016	FY 2016
Comparable EBITDA	77.4	40.1	114.7	71.1	136.7
Depreciation and amortisation	-31.7	-13.4	-44.4	-28.1	-55.2
Comparable operating result	45.7	26.7	70.3	43.0	81.5
Items affecting comparability in EBIT	-13.4	0.0	-20.6	0.0	-6.6
Operating result	32.3	26.7	49.7	43.0	74.9

CONSOLIDATED KEY RATIOS					
	Q2/2017	Q2/2016	1-6/2017	1-6/2016	FY 2016
<i>Margins (comparable)</i>					
EBITDA margin, %	13.4%	13.2%	13.2%	12.0%	12.0%
Operating margin, %	7.9%	8.8%	8.1%	7.3%	7.1%
<i>Return (12 months continuous)</i>					
Return on operating capital, % (comparable)	12.4%	8.7%	12.4%	8.7%	12.3%
Return on shareholders' equity, %	10.0%	8.3%	10.0%	8.3%	10.2%
<i>Capital structure at period's end</i>					
Operating capital, MEUR	1,551.4	671.5	1,551.4	671.5	643.2
Shareholders' equity, MEUR	1,018.7	418.0	1,018.7	418.0	437.7
Interest-bearing net debt, MEUR	420.3	222.6	420.3	222.6	169.5
Debt/equity ratio, %	41.3%	53.3%	41.3%	53.3%	38.7%
Equity/assets ratio, %	42.0%	35.7%	42.0%	35.7%	36.8%
<i>Per share (before and after dilution)</i>					
Earnings per share, EUR *	0.17	0.33	0.42	0.45	0.85
Shareholders' equity per share, EUR	10.6	8.2	10.6	8.2	8.6
Number of shares outstanding at the end of the period	96,073,711	50,761,581	96,073,711	50,761,581	50,761,581
Capital expenditure, MEUR	15.4	8.0	26.5	17.9	39.2
Average number of employees, FTE	5,903	2,752	4,327	2,742	2,755

* 1-6/2017 pro forma

SEGMENT FINANCIAL INFORMATION BY QUARTER (PRO FORMA)						
	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
NET SALES, MEUR						
Decor	98.2	95.4	88.7	84.9	97.8	93.2
Filtration and Performance	174.3	169.0	149.5	156.5	159.2	151.9
Industrial solutions	162.5	163.7	155.5	148.4	161.7	152.7
Specialties	151.1	145.9	139.8	141.2	149.5	147.3
Other and eliminations	-9.2	-7.1	-6.1	-7.4	-7.2	-9.3
Group	576.9	566.9	527.5	523.5	561.0	535.9
COMPARABLE EBITDA, MEUR						
Decor	8.1	11.3	11.4	11.0	17.6	13.7
Filtration and Performance	33.1	31.8	19.5	29.7	24.9	20.0
Industrial solutions	27.9	28.4	28.7	21.9	23.5	19.0
Specialties	14.7	17.5	13.2	16.5	19.1	15.7
Other and eliminations	-6.4	-9.5	-11.4	-8.9	-7.8	-8.5
Group	77.4	79.4	61.3	70.2	77.3	59.9
COMPARABLE EBITDA margin, %						
Decor	8.2%	11.8%	12.9%	13.0%	18.0%	14.7%
Filtration and Performance	19.0%	18.8%	13.0%	19.0%	15.6%	13.2%
Industrial solutions	17.2%	17.4%	18.4%	14.8%	14.5%	12.4%
Specialties	9.7%	12.0%	9.4%	11.7%	12.8%	10.7%
Other and eliminations						
Group	13.4%	14.0%	11.6%	13.4%	13.8%	11.2%

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, bringing the total number of shares to 96,438,573. Trading in the new shares commenced on the Nasdaq Helsinki and Nasdaq Stockholm stock exchanges on April 3, 2017.

Provisionally recognized 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	38.9
Inventory	122.0
Trade and other receivables	205.7
Non-current and current borrowings	-308.9
Pension obligations	-55.0
Trade and other liabilities	-345.2
Total identifiable net assets	418.9
Non-controlling interests	-4.8
Goodwill	218.4

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 provisional 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 preliminary goodwill of EUR 218.4 million 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.

CALCULATION OF KEY FIGURES

EBITDA

Operating result before depreciation and amortisation.

EBITDA margin

EBITDA as a percentage of net sales.

Operating margin

Operating result after depreciation and amortisation as a percentage of net sales.

Return on shareholders' equity

Result of the year as a percentage of average shareholders' equity.

Operating capital

Balance sheet total less interest-bearing assets, tax assets and non-interest-bearing operating liabilities, including pension provisions.

Return on operating capital

Operating result as a percentage of operating capital, based on most recent 12 month period.

Net Interest-bearing liability

Interest-bearing assets (including cash and equivalents) less interest-bearing liabilities.

Debt/equity ratio

Interest-bearing net debt divided by shareholders' equity including non-controlling interests.

Equity/assets ratio

Shareholders' equity including non-controlling interests as a percentage of total assets

Earnings per share

Result for the period - Non controlling interest divided by the average number of shares outstanding.

Equity per share (EPS)

Shareholders' equity divided by the number of shares outstanding at the end of the period.

Comparable earnings per share excluding merger related items (PPA)

Comparable result for the period excluding merger related items - Non controlling interest divided by the average number of shares outstanding.

Employees, FTE

Number of hours worked divided by normal annual working hours.

Interest bearing liabilities and assets

Liabilities and assets which have a contractual obligation/right to pay/receive interest to/from a financial institution.

Items affecting comparability

Income or expense arising from exceptional transactions that are not related to recurring business operations.