



Made by Munksjö™

# Munksjö Oyj

Interim Report  
January-September 2013



## Munksjö Oyj – Integration proceeding according to plan

### Highlights of the third quarter 2013

- Net sales for the third quarter increased to MEUR 245,1 (146,3), as a result of the first phase of the business combination.
- Adjusted EBITDA was MEUR 11,0 (10,1).
- Operating result adjusted for non-recurring items amounted to MEUR -0,2 (3,8). Most of the non-recurring items, totalling MEUR -1,9 (-4,6), was mainly costs for activities for achieving synergies.
- Operating result was MEUR -2,1 (-0,8).
- Earnings per share (EPS) were EUR -0,2 (-0,6).

### Highlights of the reporting period January–September 2013

- At the end of May, the first phase of the business combination was completed.
- Trading with Munksjö Oyj's shares commenced on the Helsinki Stock Exchange 7 June.
- Net sales increased to MEUR 607,6 (448,0), primarily as a result of the completion of the first phase of the business combination.
- Adjusted EBITDA was MEUR 39,0 (33,4).
- Operating result adjusted for non-recurring items amounted to MEUR 13,1 (15,0). Most of the non-recurring items, totalling MEUR -32,5 (-7,2), relates to the business combination.
- Operating result was MEUR -19,4 (profit of 7,8).
- Earnings per share (EPS) were EUR -1,3 (-0,5).
- Interest-bearing net debt at the end of the reporting period was MEUR 257,5 (245,0), equivalent to a gearing of 66,8% (118,0%).

KEY FIGURES (MEUR)	Jul–Sep		Jan–Sep		Full year 2012
	2013	2012	2013	2012	
Net sales	245,1	146,3	607,6	448,0	607,1
EBITDA (adj*)	11,0	10,1	39,0	33,4	42,3
EBITDA margin, % (adj*)	4,5	6,9	6,4	7,5	7,0
EBITDA	9,1	5,5	6,5	26,2	32,8
EBITDA margin, %	3,7	3,7	1,1	5,8	5,4
Operating result (adj*)	-0,2	3,8	13,1	15,0	16,9
Operating margin, % (adj*)	-0,1	2,6	2,2	3,3	2,8
Operating result	-2,1	-0,8	-19,4	7,8	7,5
Operating margin, %	-0,9	-0,5	-3,2	1,7	1,2
Net result	-7,3	-6,7	-31,2	-5,8	-10,4
Earnings per share (EPS), EUR	-0,2	-0,6	-1,3	-0,5	-0,9
Interest-bearing net debt	257,5	245,0	257,5	245,0	217,3

\*Adjusted for non-recurring items

**Munksjö Oyj** was created as a result of the combination between Munksjö AB, Sweden and the Label and Processing business area of Ahlstrom Corporation, Finland. In addition to the financial performance for the reporting period January–September 2013, this interim report provides pro forma figures reflecting the business combination. Information of how the pro forma figures were derived is provided in the notes to the Financial Statements under the heading 'Business combination', on page 26.

Unless otherwise indicated, the figures in parentheses refer to the figures for the equivalent period in 2012. This interim report is unaudited. It is published in Swedish, Finnish and English. In case of any discrepancies between the three versions, the Swedish text shall prevail.

## **▲ Munksjö's President and CEO, Jan Åström**

“This is the second interim report issued by Munksjö Oyj since the completion of the business combination in May. Integration efforts are proceeding at full intensity. The projects enabling the business combination have now been brought to completion while the more long-term projects have been initiated. Synergy benefits are expected to reach MEUR 20-25, of which a level of 60 per cent should be achieved in 12 months and the final target level in 36 months.

The second phase of the combination, in which Ahlstrom's specialty papers business in Jacarei, Brazil is combined with Munksjö, is expected to be completed by the end of the current year. With this, the business combination will be concluded in its entirety.

Normally, demand for our specialty papers decreases in July and August because of the holiday season in Europe. As in the past, we have responded to this seasonal change in demand by shutting down the production facilities for the holidays and perform planned maintenance operations. This year's stop had the same magnitude as previous years.

In terms of volumes, demand for many of Munksjö's products is higher than in 2012, even though the market conditions for specialty papers continued to be challenging in the third quarter.

The programme to substantially improve profitability in business area Graphics and Packaging has now been launched and the first results in financial performance were noticeable in September. The programme foresees a combination of reduced costs, redistribution of volumes from Munksjö's other business areas, investments in quality and product development as well as benefits from the on-going integration process. We are building the foundation to be able to deliver on our financial target of 12 per cent EBITDA-margin.

I am pleased with the current development and the results we have achieved during the first four months with the new Munksjö and I am looking forward to the completion of the transaction with Jacarei during the fourth quarter.”

## **▲ Outlook for 2013**

The market development and demand has recovered after the holiday shutdowns. However the market situation in the business areas Release Liners and Graphics and Packaging remains challenging. The anticipated decrease in the result, compared to last year, for these two business areas is expected to exceed the positive impact of the synergy benefits and stand-alone savings. The result for the fourth quarter will be affected by non-recurring items due to the measures taken to achieve synergy benefits, as well as the programme for improving profitability in the business area Graphics and Packaging.

## **▲ Webcast and conference call**

A combined news conference, conference call and live webcast for investors, analysts and media will be arranged on the publishing day, 19 November, 2013, at 10.00 am GET (11.00 am EET, 9.00 am UK time) at restaurant Savoy, room Salikabinetti (Eteläesplanadi 14, 7th floor, Helsinki). The report will be presented by President and CEO Jan Åström. The event will be held in English.

The conference call and live webcast can be followed on the Internet and an on-demand version of the webcast will be available on the same webpage later the same day.

To join the conference call, participants are requested to dial one of the numbers below 5 to 10 minutes prior to the start of the event.

*Webcast and conference call information:*

US callers: +1 334 323 6201

UK callers: +44 (0)20 7162 0077

Conference ID: 937161

[Link to the webcast](#)

## **▲ Forming a global leader in specialty paper – combining Munksjö AB with Ahlstrom's Label and Processing business area**

On 28 August 2012, Munksjö Oyj, Munksjö AB, EQT and Ahlstrom Corporation agreed on the intent to form a global leader in specialty papers by combining Munksjö AB with Ahlstrom's Label and Processing business area in Europe (LP Europe) and Brazil (Coated Specialties). In 2012, the new company had in aggregate net sales of EUR 1,2 billion, approximately 3 000 employees, 15 production sites in Europe, Brazil and China, and a worldwide sales organisation. The operations are divided into four business areas: Decor, Release Liners, Industrial Applications, and Graphics and Packaging.

The business combination is a natural step in Munksjö's strategy to focus on growth within specialty papers. Munksjö Oyj is the world's largest specialty paper company with a strong position in selected market segments. The acquisition will boost competitiveness and efficiency while offering further potential for organic and strategic growth.

The combination of the operations will be completed in two phases. Phase 1, the combination of Munksjö AB with LP Europe, was effected on 27 May 2013 following regulatory approvals from the European Commission's Competition Authority and the Brazilian Competition Authority (CADE).

The approval by the European Commission's Competition Authority was conditional on the divestiture of Ahlstrom's production lines for abrasive paper backings and pre-impregnated decor papers in Osnabrück, Germany, to a third party. On 18 October 2013, Ahlstrom issued a stock exchange release announcing that the company has started the divestiture process.

LP Europe was combined with Munksjö AB as follows: first, a demerger of Ahlstrom was carried out, followed by the acquisition of Munksjö AB in exchange for new shares in Munksjö Oyj, and finally by a directed share issue by Munksjö Oyj to Ahlstrom, EQT, Munksjö AB and certain institutional investors.

In the second phase of the transaction, Coated Specialties will be combined with Munksjö Oyj through the execution of a demerger. The conditions for the execution of the Coated Specialties demerger were not fulfilled prior to the expiration of the demerger decision made by Ahlstrom's Extraordinary General Meeting on 27 November 2012, and therefore Ahlstrom convened a new Extraordinary General Meeting to resolve on a new partial demerger of Coated Specialties. Ahlstrom's Extraordinary General Meeting approved 4 July 2013 the demerger of the Coated Specialties in accordance with the demerger plan. Munksjö Oyj's and Ahlstrom's respective boards signed 13 May 2013 a new partition plan and cancelled the previous plan because not all approvals by the Authorities were obtained before the previous resolution expired.

The Coated Specialties business in Jacarei, Brazil, will be included in Munksjö's business area Release Liners once the second phase of the business combination is completed. It is expected to take place before the end of 2013.

Trading of Munksjö Oyj's shares commenced on the Helsinki Stock Exchange (NASDAQ OMX Helsinki Oy) on 7 June 2013. Upon execution of the demerger of Coated Specialties, the shareholders in Ahlstrom will receive, as demerger consideration, new shares in Munksjö Oyj. Further details on share trading and the demerger consideration can be found in the notes to this interim report under the heading 'Shares and shareholders'.

Further details on the business combination is provided in the notes to this interim report under the heading 'Business Combination'.

### **Synergy benefits and integration**

Annual synergy benefits resulting from the business combination are expected to reach between MEUR 20-25 related to procurement, production efficiency, economies of scale and improved overall performance and efficiency within the organisation. Sixty per cent of the total synergy level is expected to be achieved after the first 12 months and the remaining part within the following two years.

Non-recurring items to achieve synergies are estimated to MEUR 10-15 and the ambition is that the majority shall affect this year's result. Annual cost savings as a result of the separation of the specialty paper operations from Ahlstrom's other business operations, will amount to MEUR 10-15 annually.

Integration efforts were launched in May when the first phase of the business combination was completed and are continuing according to plan. The synergy benefits gained by the end of the third quarter are equivalent to approximately 30 per cent of the total expected annual synergy level.


**The Munksjö Group**

MEUR	Jul–Sep		Jan–Sep		Full year 2012
	2013	2012	2013	2012	
<b>Reported <sup>1)</sup></b>					
Net sales	245,1	146,3	607,6	448,0	607,1
EBITDA (adj*)	11,0	10,1	39,0	33,4	42,3
EBITDA margin, % (adj*)	4,5	6,9	6,4	7,5	7,0
EBITDA	9,1	5,5	6,5	26,2	32,8
EBITDA, margin %	3,7	3,7	1,1	5,8	5,4
Operating result (adj*)	-0,2	3,8	13,1	15,0	16,9
Operating margin, % (adj*)	-0,1	2,6	2,2	3,3	2,8
Operating result	-2,1	-0,8	-19,4	7,8	7,5
Operating margin, %	-0,9	-0,5	-3,2	1,7	1,2
Net result	-7,3	-6,7	-31,2	-5,8	-10,4
Capital expenditure	7,6	4,7	14,4	9,4	14,8
Employees, FTE	2 594	1 684	2 073	1 684	1 679
<b>Pro forma I (incl. LP Europe) <sup>2)</sup></b>					
Net sales	245,1	255,7	788,6	790,4	1 055,6
EBITDA** (adj*)	11,0	13,0	43,6	48,2	69,2
EBITDA** margin, % (adj*)	4,5	5,1	5,5	6,1	6,6
EBITDA**	9,1	8,4	38,0	14,1	32,9
EBITDA**, margin %	3,7	3,3	4,8	1,8	3,1
Delivery volumes, tonnes	192 500	193 933	601 302	598 947	796 900
<b>Pro forma II (incl. LP Europe and Coated Specialties) <sup>3)</sup></b>					
Net sales	265,1	281,0	855,1	866,1	1 154,6
EBITDA** (adj*)	12,1	13,2	47,3	53,3	76,6
EBITDA** margin, % (adj*)	4,6	4,7	5,5	6,2	6,6
EBITDA**	9,8	8,6	41,3	18,7	39,8
EBITDA**, margin %	3,7	3,1	4,8	2,2	3,4
Delivery volumes, tonnes	218 292	219 087	676 357	674 932	897 371

\* Adjusted for non-recurring items

\*\* Does not include stand-alone cost savings or synergies with the exception of those obtained after 27 May linked to LP Europe business. Further information, under the heading Pro forma information in the notes to the interim report.

1) Includes LP Europe from 27 May 2013

2) Includes LP Europe from 1 January 2012

3) Includes LP Europe and Coated Specialties from 1 January 2012

## Reported

### Third quarter 2013

Planned maintenance operations were carried out during the third quarter as part of the yearly shutdowns for the holiday season. While the scope of the maintenance work corresponded to plan but the negative impact on the financial result was slightly higher than last year.

Net sales increased to MEUR 245,1 (146,3). The acquired business contributed an additional MEUR 105,1 to net sales.

EBITDA adjusted for non-recurring items was MEUR 11,0 (10,1) and the adjusted EBITDA margin 4,5% (6,9%). Operating result adjusted for non-recurring items was MEUR -0,2 (profit of 3,8). As previously communicated in connection to the financial result for the second quarter, the non-recurring items were primarily related to the measures taken to achieve synergy benefits and amounted to MEUR -1,9 (-4,6).

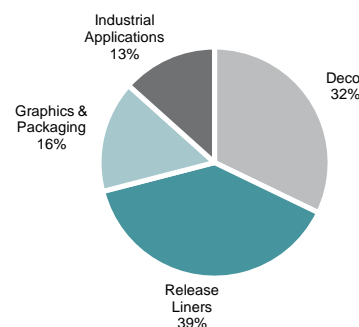
Operating result was MEUR -2,1 (-0,8).

### January–September 2013

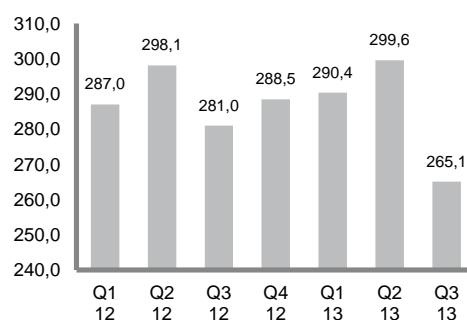
The market conditions for Munksjö's four business areas varied during the reporting period. A more detailed description for each area is provided on the following pages. Munksjö's net sales increased to MEUR 607,6 (448,0). The acquired business contributed an additional MEUR 152,0 to net sales.

While somewhat lower prices on raw material during the first nine

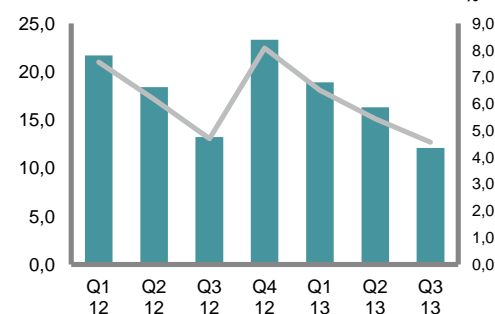
### Net sales pro forma II Jan-Sep 2013



### MEUR Net sales pro forma II



### MEUR EBITDA & Margin pro forma II\*



\*) Adjusted for non-recurring items

ACQUIRED OPERATIONS MEUR	Jul– Sept 2013	27 May– Sept 2013
Net sales	105,1	152,0
EBITDA (adj*)	1,0	3,3
EBITDA-margin % (adj*)	1,0	2,2
EBITDA	0,0	0,1
EBITDA, margin, %	0,0	0,1
Operating result (adj*)	-3,6	-3,0
Operating margin % (adj*)	-3,4	-2,0
Operating result	-4,7	-6,2
Operating margin, %	-4,5	-4,1
Delivery volumes, tonnes	91 500	132 500

\*) Adjusted for non-recurring items

months had a positive effect on profitability, the less favourable product mix reduced the effect. Operating profit adjusted for non-recurring items was MEUR 13,1 (15,0) and operating margin 2,2% (3,3%).

Most of the non-recurring items totalling MEUR -32,5 (-7,2) were mainly related to costs for the business combination. Munksjö has made a commitment to pay certain costs arising from the divestiture of part of the business in Osnabrück, Germany, required by the European Commission's Competition Authority as a condition for regulatory approval. This commitment is included in the non-recurring items in the amount of MEUR 13,5. The cost was booked in the second quarter.

The operating result was MEUR -19,4 (7,8) and net result MEUR -31,2 (-5,8).

## **Pro forma II**

### **Third quarter 2013**

Pro forma II net sales decreased by 5,6% to MEUR 265,1 (281,0). Pro forma II EBITDA adjusted for non-recurring items was MEUR 12,1 (13,2).

### **January-September 2013**

Pro forma II net sales decreased slightly by 1,3% to MEUR 855,1 (866,1). Apart from Release Liners, all business areas had higher or equivalent net sales than the corresponding period last year. Net sales within Release Liners decreased slightly in Europe as a result of lower volumes. Year-on-year, the BRL (Brazilian Real) weakened significantly against the Euro, which has affected the net sales and result of the Brazilian operation measured in Euro.

Pro forma II EBITDA adjusted for non-recurring items was MEUR 47,3 (53,3). The lower result is mainly related to the business areas Release Liners and Graphics and Packaging.

## Decor business area

MEUR	Jul-Sep		Jan-Sep		Full year 2012
	2013	2012	2013	2012	
<b>Reported *</b>					
Net sales	86,8	90,2	278,3	268,8	368,4
EBITDA (adj*)	6,0	7,0	25,0	21,6	30,3
EBITDA margin, % (adj*)	6,9	7,7	9,0	8,0	8,2
EBITDA	5,5	7,0	24,2	21,4	29,7
EBITDA, margin %	6,3	7,7	8,7	8,0	8,1
Operating result (adj*)	3,5	4,5	17,3	14,1	19,6
Operating margin, % (adj*)	4,0	5,0	6,2	5,2	5,3
Operating result	3,0	4,5	16,5	13,8	19,1
Operating margin, %	3,5	5,0	5,9	5,2	5,2
Capital expenditure	1,5	1,4	3,1	3,3	4,7
Deliveries, tonnes	41 500	41 200	132 000	121 000	166 500
Employees, FTE	889	916	888	916	911

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

### Reported

#### Third quarter 2013

In September, after a traditionally weaker summer period, demand was restored to normal level typical for the time of the year. Planned maintenance operations were carried out at the business area's production sites during the holiday shutdowns.

Net sales declined by 3,8% to MEUR 86,8 (90,2).

The increase in volumes characterising the first half of 2013, levelled off slightly during the third quarter. The average price charged by the business area decreased relative to the same period in 2012. This was partly due to successive price adjustments and partly to a less favourable product and geographical mix.

Lower raw material costs driven by the decreasing price of titaniumdioxide had a positive impact on the financial result. At the same time, a slightly longer shutdown period compared to 2012 and increased sales related costs, reduced the financial result.

EBITDA adjusted for non-recurring items decreased to MEUR 6,0 (7,0), while the adjusted EBITDA margin was 6,9% (7,7%). Operating profit adjusted for non-recurring items was MEUR 3,5 (4,5) and operating margin 4,0% (5,0%).

The operating result was MEUR 3,0 (4,5) and operating margin 3,5% (5,0%).

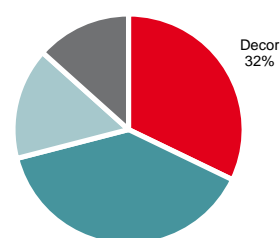
#### January-September 2013

Net sales increased by 3,5% to MEUR 278,3 (268,8) primarily as a result of the increased volumes mentioned above. In particular, demand for pre-impregnated decor paper (PRIP) was higher during the first nine months of the year relative to the same period in 2012.

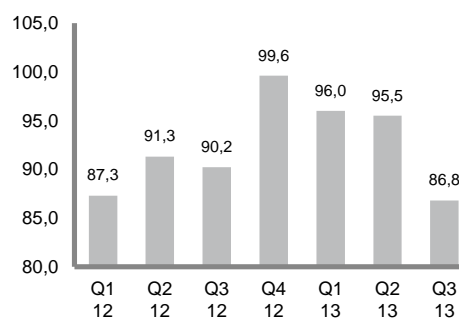
EBITDA adjusted for non-recurring items increased to MEUR 25,0 (21,6), while the adjusted EBITDA margin was 9,0% (8,0%). Operating profit adjusted for non-recurring items was MEUR 17,3 (14,1) and the adjusted operating margin 6,2% (5,2%).

The operating result was MEUR 16,5 (13,8) and operating margin 5,9% (5,2%).

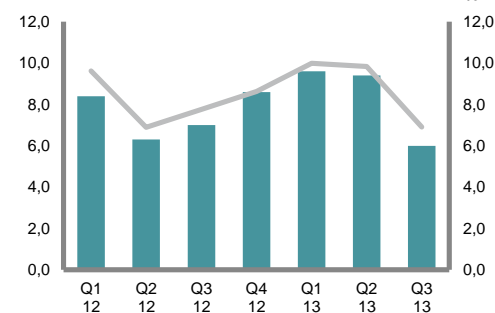
Net sales pro forma II  
Jan-Sep 2013



MEUR Net sales



MEUR EBITDA & Margin\*



\*) Adjusted for non-recurring items

## Release Liners business area

MEUR	Jul-Sep		Jan-Sep		Full year 2012
	2013	2012	2013	2012	
<b>Reported <sup>1)</sup></b>					
Net sales	85,3	23,8	161,8	73,8	98,2
EBITDA (adj*)	6,0	2,1	9,8	6,2	4,8
EBITDA margin, % (adj*)	7,0	8,9	6,1	8,4	4,9
EBITDA	5,8	2,1	8,6	6,2	4,8
EBITDA margin, %	6,8	8,9	5,3	8,4	4,9
Operating result	1,0	0,5	0,1	1,3	-1,8
Operating margin, %	1,2	2,0	0,1	1,7	-1,9
Operating result (adj*)	0,8	0,5	-1,1	1,3	-1,8
Operating margin, % (adj*)	0,9	2,0	-0,7	1,7	-1,9
Capital expenditure	1,8	1,0	3,4	1,6	3,3
Deliveries, tonnes	101 900	46 200	213 400	137 800	184 600
Employees, FTE	646	170	381	170	169
<b>Pro forma I (incl. LP Europe) <sup>2)</sup></b>					
Net sales	85,3	90,0	269,5	281,1	368,2
EBITDA** (adj*)	6,0	5,6	13,5	19,6	28,3
EBITDA** margin, % (adj*)	7,0	6,2	5,0	7,0	7,7
EBITDA**	5,8	5,6	13,1	18,6	27,3
EBITDA**, margin, %	6,8	6,2	4,9	6,6	7,4
Delivery volumes, tonnes	101 900	103 139	305 900	318 654	420 411
<b>Pro forma II (incl. LP Europe and Coated Specialties) <sup>3)</sup></b>					
Net sales	105,3	115,3	336,0	356,8	467,2
EBITDA** (adj*)	7,1	5,8	17,2	24,7	35,7
EBITDA** margin, % (adj)	6,7	5,0	5,1	6,9	7,6
EBITDA**	6,5	5,8	16,4	23,2	34,2
EBITDA** margin, %	6,2	5,0	4,9	6,5	7,3
Delivery volumes, tonnes	127 692	128 293	380 955	394 639	520 882

\* Adjusted for non-recurring items

\*\* Does not include stand-alone cost savings or synergies with the exception of those obtained after 27 May linked to LP Europe business. Further information, under the heading Pro forma information in the notes to the interim report.

1) Includes LP Europe from 27 May 2013

2) Includes LP Europe from 1 January 2012

3) Includes LP Europe and Coated Specialties from 1 January 2012

### Reported

In the previous year, this business area consisted only of the Group's pulp production facility in Aspa.

### Third quarter 2013

Net sales increased to MEUR 85,3 (23,8) primarily as a result of the business combination. The acquired business contributed an additional MEUR 63,9 to net sales.

EBITDA adjusted for non-recurring items increased to MEUR 6,0 (2,1) while the adjusted EBITDA margin was 7,0% (8,9%). Operating profit adjusted for non-recurring items was MEUR 1,0 (0,5) and operating margin 1,2% (2,0%).

The operating result was MEUR 0,8 (0,5) and operating margin 0,9% (2,0%).

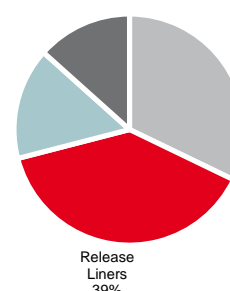
### January-September 2013

Net sales by the business area increased to MEUR 161,8 (73,8), as a result of the completion of the first phase of the business combination. The acquired business contributed an additional MEUR 90,0 to net sales.

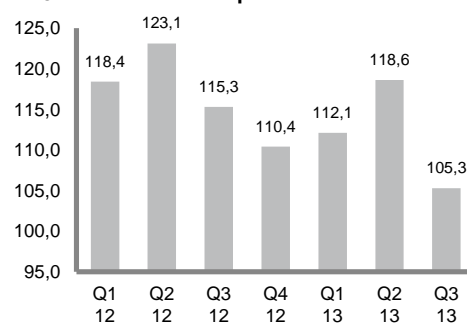
EBITDA adjusted for non-recurring items increased to MEUR 9,8 (6,2) while the adjusted EBITDA margin was 6,1% (8,4%). Operating profit adjusted for non-recurring items was MEUR 0,1 (1,3) and the operating margin 0,1% (1,7%).

The operating result was MEUR -1,1 (profit of 1,3) and operating margin -0,7% (1,7%).

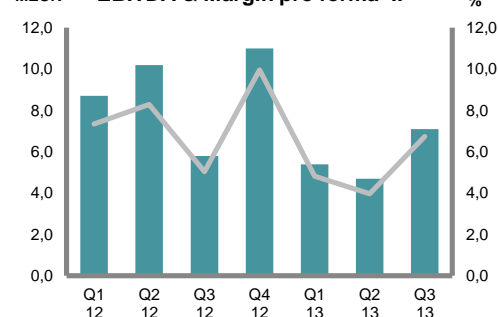
Net sales pro forma II  
Jan-Sep 2013



MEUR Net sales pro forma II



MEUR EBITDA & Margin pro forma II\*



\*) Adjusted for non-recurring items

ACQUIRED OPERATIONS MEUR	July- Sept 2013	27 May- Sep 2013
Net sales	63,9	90,0
EBITDA (adj*)	2,3	4,3
EBITDA-margin % (adj*)	3,6	4,8
EBITDA	2,2	3,1
EBITDA margin, %	3,4	3,4
Operating result (adj*)	-0,9	0,0
Operating margin % (adj*)	-1,4	0,0
Operating result	-1,1	-1,2
Operating margin, %	-1,7	-1,3
Delivery volumes, tonnes	57 900	81 500

\*) Adjusted for non-recurring items



**Pro forma II****Third quarter 2013**

Pro forma II net sales were MEUR 105,3 (115,3). In spite of lower pulp volumes delivered, the pulp business has improved the result through increased prices and lower production costs. The market for release papers has been characterised by intense competition and as a result net sales decreased somewhat.

The result is also affected by higher raw material and energy costs. Translation of the Brazilian operations to Euro has also had an effect, as the Brazilian Real has weakened against the Euro compared to the same period 2012. Adjusted pro forma II EBITDA was MEUR 7,1 (5,8) and the adjusted EBITDA margin 6,7% (5,0%).

**January-September 2013**

During the third quarter, the global market for the business area continued to be characterised by intense competition.

Pro forma II net sales were MEUR 336,0 (356,8).

Adjusted pro forma II EBITDA was MEUR 17,2 (24,7) and the adjusted operating margin 5,1% (6,9%).

## Industrial Applications business area

MEUR	Jul-Sep		Jan-Sep		Full year
	2013	2012	2013	2012	2012
<b>Reported *</b>					
Net sales	35,6	33,5	115,7	111,2	148,2
EBITDA (adj*)	1,7	1,4	10,4	10,6	12,2
EBITDA margin, % (adj*)	4,8	4,2	9,0	9,6	8,2
EBITDA	1,7	1,2	9,9	10,4	11,7
EBITDA margin, %	4,8	3,5	8,6	9,4	7,9
Operating result (adj*)	-0,2	-0,5	4,7	5,1	4,7
Operating margin, % (adj*)	-0,6	-1,4	4,1	4,6	3,2
Operating result	-0,2	-0,7	4,2	4,9	4,2
Operating margin, %	-0,6	-2,1	3,6	4,4	2,9
Capital expenditure	2,5	2,2	4,5	4,5	5,9
Deliveries, tonnes	18 500	17 700	60 600	57 600	76 100
Employees, FTE	560	576	562	567	568

\* Adjusted for non-recurring items

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

### Reported

#### Third quarter 2013

The increase in volumes, especially within abrasive backings and thin paper that characterised the first six months, decreased somewhat in the third quarter.

Net sales increased by 6% to MEUR 35,6 (33,5) mainly as a result of an increase in volumes.

The holiday shutdown affected the result to a similar extent as last year. EBITDA adjusted for non-recurring items was MEUR 1,7 (1,4). Operating result adjusted for non-recurring items was MEUR -0,2 (-0,5) and operating margin -0,6% (-1,4%).

The operating result was MEUR -0,2 (-0,7).

#### January-September 2013

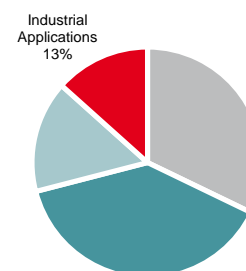
Net sales increased by 4,0% to MEUR 115,7 (111,2).

As in the first half of the year, the increase in volumes was not fully reflected in the financial result due to the decrease in the average price, as a consequence of a less favourable product mix.

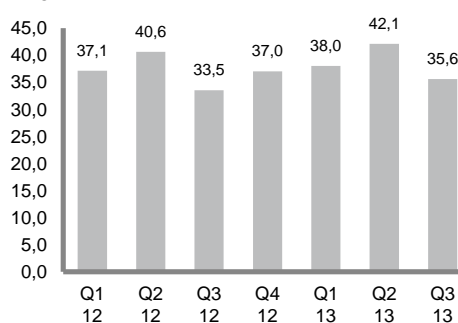
EBITDA adjusted for non-recurring items was MEUR 10,4 (10,6). Operating profit adjusted for non-recurring items was MEUR 4,7 (5,1) and the operating margin 4,1% (4,6%).

The operating result was MEUR 4,2 (4,9) and operating margin 3,6% (4,4%).

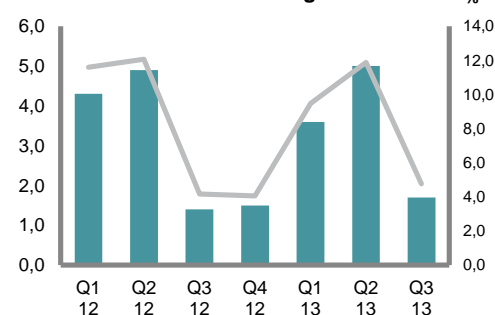
Net sales pro forma II  
Jan-Sep 2013



MEUR Net sales



MEUR EBITDA & Margin\*



\*) Adjusted for non-recurring items

## Graphics and Packaging business area

MEUR	Jul-Sep		Jan-Sep		Full year
	2013	2012	2013	2012	2012
<b>Reported <sup>1)</sup></b>					
Net sales	41,2	-	62,0	-	-
EBITDA (adj*)	-1,3	-	-1,0	-	-
EBITDA margin, % (adj*)	-3,2	-	-1,6	-	-
EBITDA	-2,2	-	-3,0	-	-
EBITDA margin, %	-5,3	-	-4,8	-	-
Operating result (adj*)	-2,7	-	-3,0	-	-
Operating margin, % (adj*)	-6,6	-	-4,8	-	-
Operating result	-3,6	-	-5,0	-	-
Operating margin, %	-8,7	-	-8,1	-	-
Capital expenditure	1,0	-	1,2	-	-
Deliveries, tonnes	33 600	-	51 000	-	-
Employees, FTE	448	-	200	-	-
<b>Pro forma I &amp; II <sup>2)</sup></b>					
Net sales	41,2	43,1	135,5	135,0	178,4
EBITDA** (adj*)	-1,3	-0,6	-0,1	1,5	3,7
EBITDA** margin, % (adj*)	-3,2	-1,4	-0,1	1,1	2,1
EBITDA**	-2,2	-0,6	-1,0	0,4	2,6
EBITDA** margin, %	-5,3	-1,4	-0,7	0,3	1,5
Delivery volumes, tonnes	33 600	33 894	112 902	108 093	142 289

\* Adjusted for non-recurring items

\*\* \*\* Does not include stand-alone cost savings or synergies with the exception of those obtained after 27 May linked to LP Europe business. Further information, under the heading Pro forma information in the notes to the interim report.

1) Includes LP Europe from 27 May 2013

2) Includes LP Europe from 1 January 2012. Coated Specialties does not impact this business area.

### Reported

As the business area became part of the Group in connection with the business combination, no financial performance for the corresponding period last year is reported.

### Third quarter 2013

Net sales were MEUR 41,2. The holiday shutdown in the business area's two production facilities had a negative impact on the financial performance.

EBITDA adjusted for non-recurring items was MEUR -1,3 and the adjusted EBITDA margin -3,2%. Operating result adjusted for non-recurring items was MEUR -2,7 and the operating margin -6,6%.

The operating result was MEUR -3,6 and operating margin -8,7%.

### January-September 2013

Net sales were MEUR 62,0.

EBITDA adjusted for non-recurring items was MEUR -1,0 and the adjusted EBITDA margin -1,6%. Operating result adjusted for non-recurring items was MEUR -3,0 and operating margin -4,8%.

The operating result was MEUR -5,0 and operating margin -8,1%.

### Pro forma II

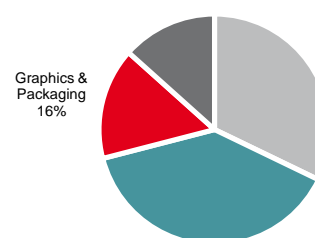
#### Third quarter 2013

Volumes and net sales decreased slightly during the third quarter. Pro forma II net sales were MEUR 41,2 (43,1).

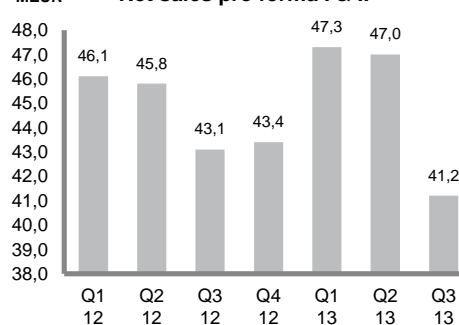
Adjusted pro forma II EBITDA was MEUR -1,3 (-0,6).

A programme was launched during the third quarter to substantially improve the business area's financial performance. The programme includes measures such as reducing fixed costs, increasing capacity utilisation and adjusting the product mix to improve competitiveness. Part of the programme is subject to consultations and communications

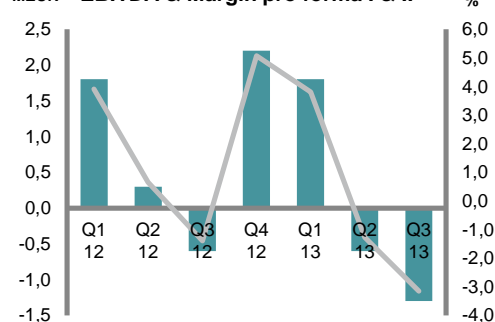
Net sales pro forma II  
Jan-Sep 2013



MEUR Net sales pro forma I & II



MEUR EBITDA & Margin pro forma I & II\* %



\*) Adjusted for non-recurring items

ACQUIRED OPERATIONS	July-Sept 2013	27 May-Sept 2013
MEUR		
Net sales	41,2	62,0
EBITDA (adj*)	-1,3	-1,0
EBITDA-margin % (adj*)	-3,2	-1,6
EBITDA	-2,2	-3,0
EBITDA margin, %	-5,3	-4,8
Operating result (adj*)	-2,7	-3,0
Operating margin % (adj*)	-6,6	-4,8
Operating result	-3,6	-5,0
Operating margin, %	-8,7	-8,1
Delivery volumes, tonnes	33 600	51 000

\*) Adjusted for non-recurring items

with the relevant trade unions in compliance with national laws and regulations.

The revised strategy to replace low-margin products in the product portfolio had a slightly negative impact on capacity utilisation and thus financial performance.

At the end of the second quarter, price increases were announced, which are expected to have a positive impact on financial performance in the fourth quarter of 2013.

#### **January-September 2013**

Demand showed no signs of growth during the first nine months of the year in the largest geographic markets of the business area, and the business area's profitability challenges remain. Pro forma II net sales were MEUR 135,5 (135,0). Adjusted pro forma II EBITDA was MEUR -0,1 (1,5).

## **▲ Balance sheet, financing, cash flow and taxes**

In connection with the business combination described above in the section 'Forming a global leader in specialty paper – combining Munksjö AB with Ahlstrom's Label and Processing business area', Munksjö Oyj in May 2013 entered into a MEUR 365 Term and Revolving Facilities Agreement.

The facilities consist of MEUR 295 term loan facilities to provide financing for the repayment of certain existing loans of Munksjö AB to credit institutions, and for the repayment of the debt assumed by Munksjö Oyj towards Ahlstrom Corporation in connection with the LP Europe demerger, and MEUR 70 revolving credit facility to provide working capital financing for Munksjö Oyj and its subsidiaries. At 30 September 2013, MEUR 315 of the total facilities of MEUR 365 had been utilised.

MEUR 100 of the term loan facility has bi-annual repayments of MEUR 10 commencing December 2013 and finishing March 2018. The remaining MEUR 195 is also repayable in March 2018. If the Coated Specialties demerger and the following combination do not occur before 30 June 2014, Munksjö Oyj will be required to repay MEUR 40, however Ahlstrom has undertaken to provide the funds for such a possible prepayment.

The interest payable under the facilities agreement depends on the ratio of consolidated senior net debt to consolidated EBITDA of the Group. Currently, the weighted average interest rate is approximately 4,2 per cent.

As a consequence of the net debt adjustment mechanism agreed upon in the business combination, Munksjö AB's shareholders received a net debt compensation amounting to MEUR 11,5. This net debt compensation was invested in a directed share issue of Munksjö Oyj. Munksjö AB following the receipt of the new shares in Munksjö Oyj distributed the new shares to its shareholders in the form of a dividend in kind.

Ahlstrom, EQT III Limited through Munksjö Luxembourg Holding S.à.r.l. and the institutional investors, made equity investments in Munksjö Oyj's directed share issue of MEUR 128,5 divided between the investors as follows: Ahlstrom MEUR 78,5, EQT III Limited MEUR 25,0, Varma Mutual Pension Insurance Company MEUR 6,25 and Ilmarinen Mutual Pension Insurance Company MEUR 18,75.

<b>Summary of financing activities</b>	<b>MEUR</b>
Dividends to Munksjö AB shareholders	-11,5
Proceeds from directed share issue	128,5
Cost of share issue	-6,2
Proceeds from facilities agreement	315,0
Cost of new borrowings (excluding legal fees)	-9,6
Repayment of LP Europe debt	-154,3
Repayment of Munksjö AB borrowings	-264,3

Interest-bearing net debt amounted to MEUR 257,5 at 30 September 2013 (30 September 2012: 245,0 31 December 2012: 217,3), resulting in a gearing of 66,8% (30 September 2012: 118,0%, 31 December 2012: 108,9%). As the balance sheet per 30 September 2013 does not include the assets related to the Coated Specialties business, the pro forma II-gearing including all assets and liabilities related to Coated Specialties would be approximately 9 percentage points lower than the reported gearing.

Shareholders' equity at the end of the second quarter amounted to MEUR 385,7 (30 September 2012: 207,6, 31 December 2012: 199,5) and total assets increased to MEUR 1 101,3 (30 September 2012: 698,0; 31 December 2012: 679,0). The increase in equity and assets is mainly related to the business combination.

### **Net financial items**

Net financial items for the first nine months amounted to MEUR -15,3 (-12,5) of which MEUR 2,1 relates to the write off of capitalised bank fees of the existing Munksjö AB borrowings and MEUR 0,8 relating to the new facilities of Munksjö Oyj. A further MEUR 9,7 of fees related to the new facilities have been capitalised and will be amortised over the duration of these facilities. The net financial cost for the period includes realised losses on interest rate swaps of MEUR 0,1 (2,6). At the end of the second quarter, the fair value of unrealised interest rate swaps amounted to MEUR 0,1 (-1,2).

### **Hedging**

Munksjö Oyj is hedging part of its future expected net cash flow in foreign currencies. Hedging activities are managed centrally and reported in segment 'other'.

At the end of the quarter the market value of unrealised currency hedges amounted to MEUR 0,3 (0,6). The operating result for January to September 2013 includes realised currency hedges of MEUR 0,1 (1,5). The value of the unrealised electricity hedges was MEUR -0,1 (-0,6) at the end of the quarter. During the first nine months of 2013 realised electricity hedges of MEUR -0,3 (-0,8) were recognised in operating result. At the end of Q2, Munksjö

Oyj had unrealised pulp hedges amounting to MEUR -0,3 (-0,6). The pulp hedges had a MEUR 0,1 (-0,6) effect on operating result during the first nine of 2013.

### Cash flow

The cash flow for the operating activities amounted to MEUR 24,5 (24,7). The cash outflow from capital expenditure amounted to MEUR -14,4 (-9,4), and from the financing activities MEUR -2,8 (-0,9).

### Capital expenditure

Capital expenditure for the first nine months amounted to MEUR 14,4 (9,4) and was mainly related to smaller investments for maintenance. The comparative figures are only related to Munksjö AB. The largest recent investment project during the year has been a wet pulp loading station in Aspa to receive pulp from Billingsfors leading to better capacity utilisation in Billingsfors, and lower production cost per tonne. The construction commenced at the end of 2012 and was completed in May 2013.

### Taxes

The income tax benefit for the nine months period ended was MEUR 3,5 (-1,1), representing an effective rate of 10 per cent. The tax benefit is a function of losses in local jurisdictions. The low effective rate is mainly due to the significant level of non-deductible expenses related to the combination.

## ▲ Company structure and Management Team

Munksjö is organised in four business areas and five group functions. The Business Areas are Decor, Release Liners, Industrial Applications and Graphics and Packaging. The five group functions include Finance, Human Resources and Communications, Strategic Development, Legal and Sales Offices.

The Management Team consists of the CEO, functional managers and managers of the various business areas. The members of the Management Team are nominated by the CEO and appointed by the Board of Directors. The members of the Management Team report to the CEO.

The management team consists of;

Jan Åström	President and CEO
Kim Henriksson	Executive Vice President and Chief Financial Officer
Daniele Borlatto	Executive Vice President and President Release Liners
Åsa Fredriksson	Senior Vice President HR and Communications
Anna Bergquist	Senior Vice President Strategic Development
Gustav Adlercreutz	Senior Vice President and General Counsel
Christian Mandl	Business Area Manager Manufacturing Decor
Norbert Mix	Business Area Manager Sales and Marketing Decor
Dan Adrianzon	President Industrial Applications
Roland Le Cardiec	President Graphics and Packaging

Complete profiles of the members of the Management Team are available at [www.munksjo.com](http://www.munksjo.com).

## ▲ Employees

The average number of employees (FTE's) in the second quarter was 2 594 (1 684). For the period January to September, the reported number of employees (FTE's) was in average 2 073 (1 684). The reported number is a calculated average with only four month of the combined business entities included. At the end of September 2013, Munksjö had 2 699 (1 761) number of employees and the average number of employees (FTE's) for September was 2 587 (1 671).

Of Munksjö's total number of employees at the end of the second quarter 41% (27%) were employed in France, 23% (36%) in Sweden, 18% (26%) in Germany, 11% (0%) in Italy, 6% (9%) in Spain and 1% (2%) in other countries.

## ▲ Risks and uncertainty factors

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 materialisation of such risks could have an adverse effect on Munksjö's operations, earnings and financial position.

Munksjö's significant risks and uncertainty factors mainly consist of developments in demand and prices of products sold, the cost of significant raw materials, changes in currency exchange rates and the general business environment including developments on the financial markets. Munksjö may also have difficulties integrating the

businesses of Munksjö AB and Ahlstrom's Label and Processing business and the expected benefits and synergies of the business combination may not realise.

Munksjö's key operational and strategic risks are the possible volatility or increases in raw material prices and energy costs as well as availability of materials and energy. The Group's most significant cost items are wood, pulp, titanium dioxide and energy. 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 ongoing and future tax audits. On Group level, the most significant risks relate to changes in exchange and interest rates. The Swedish units are more exposed to currency fluctuations due to the majority of their revenues transacted in currencies other than the Swedish krona.

For a more detailed description of the Group's risks and uncertainty factors, see the summary and securities notes published 17 May 2013 and 28 June 2013 respectively, together with the registration document published on 16 November 2012 available at <http://www.munksjo.com/munksjo-a-new-global-specialty-paper-company-is-created/>.

## **▲ Authorisations to repurchase and distribute the company's own shares**

On 13 May, 2013 the shareholders of Munksjö resolved on the following issues.

### **Authorisation to repurchase own shares**

The Board of Directors was authorised to repurchase at maximum 600 000 own shares of the company, however taking into account the provisions of the Finnish Companies Act concerning the maximum amount of own shares held by the company. The own shares may be repurchased in one or several instalments by using the invested unrestricted equity of the company. The authorisation is valid until 30 June 2014.

The shares may be repurchased otherwise than in proportion to the shareholders' holdings in the company through public trading in NASDAQ OMX Helsinki Ltd at the prevailing market price. The shares will be repurchased and paid in accordance with the rules and guidelines of NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The company's own shares may be repurchased for the development of the Company's capital structure, for consideration used in acquisitions or industrial reorganisations, for financing acquisitions of assets related to the company's business and as part of the incentive plan for company management as well as otherwise for further distribution, holding by the company or for annulment. The Board of Directors shall resolve on all other terms and conditions for the repurchase of own shares.

### **Current authorisation for a share issue**

The Board of Directors was authorised to resolve on the issuance of at maximum 600 000 new shares of the company or own shares held by the company in a share issue as described below. The authorisation may be used in one or several instalments either against consideration or without consideration. The authorisation is valid until 30 June 2014.

The Board of Directors is authorised to resolve on to whom and in which order the shares will be issued. The Board of Directors may decide on the issuance of shares in deviation from the shareholders' pre-emptive rights. The Board of Directors may use the authorisation for the development of the company's capital structure, for consideration used in acquisitions or industrial reorganisations, for financing acquisitions of assets related to the company's business or as a part of the incentive plan for company management. The shares may be conveyed also through public trading. The Board of Directors shall be authorised to resolve on all other terms and matters relating to the share issue in the same way as the General Meeting of shareholders would be entitled to decide.

### **Used authorisation for a share issue**

The Board of Directors was authorized to resolve on the issuance of at maximum 28 000 000 new shares of the company in a share issue as described below. The authorisation may be used in one or several instalments either against consideration or without consideration. The Board of Directors is authorised to resolve on to whom and in which order the shares will be issued. The Board of Directors may decide on the issuance of shares in deviation from the shareholders' pre-emptive rights. The Board of Directors shall be authorised to resolve on all other terms and matters relating to the share issue in the same way as the General Meeting of shareholders would be entitled to decide.

The authorisation was valid until 30 June, 2013 and was used on 24 May 2013 as part of the completion of the first phase of the combination between Munksjö AB and Ahlstrom's Label and Processing business. For further details, see Munksjö's stock exchange release published on 24 May, 2013.

## **▲ Approval of demerger and demerger plan related to Coated Specialties**

The Board of Directors of Munksjö Oyj on 13 May 2013 signed a new demerger plan, according to which all the assets and liabilities that belong to Ahlstrom's Label and Processing business in Brazil (Coated Specialties) will be transferred to Munksjö Oyj through a partial demerger. The previous demerger plan concerning Coated Specialties

was cancelled due to the fact that the conditions for implementing the demerger were not fulfilled prior to the expiration of the decision made by Ahlstrom's Extraordinary General Meeting on 27 November 2012.

In accordance with the Coated Specialties demerger plan, the shareholders of Munksjö Oyj, resolved on 17 May 2013, on the date of implementation of the demerger, to issue new shares for the payment of the demerger consideration for Coated Specialties. Pursuant to the demerger plan, the shareholders of Ahlstrom Corporation shall, in connection with the implementation of the demerger, receive a demerger consideration as described in this interim report in the section titled 'Shares and shareholders'. No demerger consideration will be paid on the basis of own shares held by Ahlstrom Corporation. The shareholders further resolved to approve the above mentioned partial demerger and to approve the Coated Specialties demerger plan, as proposed and approved by the Board of Directors. The shareholders also authorised the Board of Directors to decide on any other matter related to the implementation of the demerger, including notification of the final number of shares issued as demerger consideration, as well as to take all other measures required for the implementation of the demerger.

## **▲ Shares and shareholders**

The trading in Munksjö Oyj's shares commenced on the Helsinki Stock Exchange (NASDAQ OMX Helsinki Ltd) on 7 June, 2013 under the trading symbol MUNK1. All shares carry one vote each and have equal rights.

Munksjö Oyj's Board of Directors on 24 May 2013, based on the authorisation by the shareholders of Munksjö Oyj on 13 May 2013 and as part of the completion of the combination of Munksjö AB and Ahlstrom's Label and Processing business, resolved to issue in the aggregate 12 306 807 new shares to the shareholders of Munksjö AB against the transfer of all of the shares in Munksjö AB to the company. The Board of Directors also, based on the same authorisation, resolved to issue in the aggregate 14 865 357 new shares to Ahlstrom Corporation, Munksjö Luxembourg Holding S.à r.l. (EQT), Munksjö AB, Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company.

Further, a total of 11 597 326 new shares in Munksjö Oyj were issued as demerger consideration to Ahlstrom's shareholders in connection to the execution of the first phase of the combination. Following the registration of the new shares issued in connection with the demerger and the other share issues as described above, the share capital of Munksjö Oyj amounts to EUR 15 000 000 and the total number of shares to 38 769 590. Munksjö does not hold any own shares.

For the reported trading period consisting of 81 trading days, the volume of trades on the Helsinki Stock Exchange was 286 436 shares, equivalent to a turnover of EUR 1 574 286. The daily average trading volume was 3 536 shares and the volume weighted average share price was EUR 5,5. The highest share price was EUR 6,10 and the lowest EUR 5,50. On the last trading day of the reported trading period, 30 September, 2013, the share price was EUR 4,86 (28 June 2013: 5,50) and the corresponding market capitalisation was MEUR 188 (28 June, 2013: MEUR 213).

Munksjö Oyj's largest shareholder is Munksjö Luxembourg Holding S.à r.l., the parent company of which is EQT's fund EQT III, that at the end of the third quarter 2013 held 32,1% of all shares and votes. Munksjö has not been informed of any significant change in holdings among its largest shareholders during the reporting period.

Information regarding the largest shareholders of Munksjö is regularly updated on the Investor website at [www.munksjo.com](http://www.munksjo.com).

### **Demerger consideration in connection with the demerger of Coated Specialties**

Upon execution of the demerger concerning Coated Specialties, the shareholders of Ahlstrom Corporation will receive as demerger consideration 0.265 new shares in Munksjö Oyj for each share owned in Ahlstrom Corporation.

If the number of shares that a shareholder may as demerger consideration is a fraction, it is rounded down to the nearest integer. An estimated 12 290 256 new shares in Munksjö be issued as demerger consideration to the shareholders of Ahlstrom in the Coated Specialties demerger. After implementation of the demerger Munksjö has approximately 51 059 846 shares. Sharing payments are paid not on the basis of own shares held by Ahlstrom Abp.

### **Change of the silent period**

As of 1 January 2014 Munksjö will observe a 21 day silent period preceding the announcement of financial results. During the silent period Munksjö does not comment on issues related to its financial standing, markets or future outlook or arrange or participate in any one-on-one meetings with the media, analysts or investors. Currently Munksjö observes a silent period lasting from the end of the quarter to the day on which the financial results are announced.

Should an event during the silent period require immediate disclosure, Munksjö will disclose the information without delay in compliance with disclosure rules and may also comment on the event concerned.



The change in the silent period does not affect the duration of the closed trading window, during which Munksjö's insiders are not allowed to trade in the company's securities. Munksjö's closed window will continue to last from the end of each calendar quarter until the day after the announcement of financial results.

## **▲ Board Committees elected and Nomination Board appointed**

The Board of Directors of Munksjö Oyj has elected an Audit Committee and a Remuneration Committee to assist the Board in its operations. Further, the Board has in June 2013 elected Fredrik Cappelen as the Deputy Chairman of the Board.

### **Board Committees**

The primary task of the Audit Committee is to assist the Board in fulfilling its supervisory responsibilities and prepare certain accounting and auditing matters to be handled by the Board. In June 2013, the Board of Directors decided that the Audit Committee consists of the following three members: Elisabet Salander Björklund (chairman), Jarkko Murtoaro and Sebastian Bondestam.

The Remuneration Committee's principal task is to assist the Board in the efficient preparation and handling of the matters pertaining to the appointment and dismissal of the CEO and other executives and their remuneration. In June 2013, the Board of Directors decided that the Remuneration Committee consists of the following three members: Peter Seligson (chairman), Fredrik Cappelen and Hannele Jakosuo-Jansson.

### **Nomination Board**

On 13 May, 2013 the shareholders of Munksjö Oyj unanimously resolved to establish a Nomination Board for an indefinite period to prepare 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. The Nomination Board comprises representatives of the three largest shareholders of the company and, in addition, of the Chairman of the Board and a person nominated by the company's Board of Directors as expert members.

The right to nominate the shareholder representatives lies with those three shareholders whose share of all the voting rights in the company is on 31 May preceding the next Annual General Meeting the largest on the basis of the shareholders' register of Munksjö held by Euroclear Finland. Holdings by a group of shareholders, who have agreed to nominate a joint representative to the Nomination Board, will be summed up when calculating the share of all the voting rights, provided that the shareholders in question present a joint written request to that effect together with a copy of such an agreement to the Chairman of the Board no later than on 30 May preceding the Annual General Meeting. Munksjö has been informed that such an agreement has been made by the following five shareholders; Antti Ahlström Perilliset Oy, Johan Gullichsen, Monica Koivulehto, Andreas Ahlström and Carl Ahlström.

The Nomination Board has been appointed by the following three shareholders: Munksjö Luxembourg Holding S.à.r.l. (EQT), Ilmarinen Mutual Pension Insurance Company and the group of five shareholders together, as described above. These shareholders have appointed the following three persons as their representatives in the Nomination Board: Caspar Callerström (EQT), Timo Ritakallio (Ilmarinen Mutual Pension Insurance Company) and Thomas Ahlström (Antti Ahlström Perilliset Oy and others). Ahlstrom Corporation renounced its right to appoint a representative to the Nomination Board due to which the nomination right transferred to the next largest shareholder.

The Chairman of the Board Peter Seligson will act as one expert member of the Nomination Board in addition to which the Board has elected Fredrik Cappelen as a second expert member of the Nomination Board. The Nomination Board has among its members elected Caspar Callerström as Chairman.

## **▲ Other issues**

Munksjö operates in several countries and from time-to-time disputes arise in the course of day-to-day operations. Munksjö is involved in a number of legal actions, claims and other proceedings. The final outcome of these matters cannot be predicted and taking into account all available information to date the outcome is not expected to have a significant impact on the financial position of the company.

## **▲ Events after the end of the reporting period**

### **Demerger of Label and Processing business in Brazil approved by Ahlstrom's EGM**

On 4 July, 2013 the Extraordinary General Meeting convened by Ahlstrom Corporation resolved to approve the demerger of the Label and Processing business in Brazil (Coated Specialties) in accordance with the demerger plan. Munksjö Oyj's and Ahlstrom Corporation's Board of Directors signed a new demerger plan related to Coated Specialties on 13 May 2013 and cancelled the previous demerger plan. The previous demerger plan was cancelled as not all the relevant regulatory approvals were received before the expiration of the decision made by Ahlstrom's Extraordinary General Meeting on 27 November 2012.

Stockholm, 18 November, 2013

### **Board of Directors**

## **▲ For further information, please contact**

Jan Åström, President and CEO, tel. +46 10 250 1001

Kim Henriksson, CFO, tel. +46 10 250 1015

## **▲ Future financial reports**

Munksjö's full year report for 2013 will be published 13 February 2014. The complete financial calendar for 2014 will be published before year end 2013.

## **Munksjö – Materials for innovative product design**

The Munksjö Group is an international specialty paper company with a unique product offering for a large number of industrial applications and consumer-driven products. Founded in 1862, Munksjö is among the leading producers in the world of high-value added papers within attractive market segments such as Decor paper, Release Liners, Electrotechnical paper, Abrasive backings and Interleaving paper for steel. Given Munksjö's global presence and way of integrating with its customers' operations, the company forms a global service organisation with approximately 3,000 employees. Production facilities are located in France, Sweden, Germany, Italy, Spain and China. Munksjö Oyj is listed on NASDAQ OMX Helsinki. Read more at [www.munksjo.com](http://www.munksjo.com).

## Unaudited interim financial statements

CONDENSED STATEMENT OF COMPREHENSIVE INCOME					
MEUR	July – September		January-September		Full year
	2013	2012*	2013	2012	2012*
Net sales	245,1	146,3	607,6	448,0	607,1
Other operating income	2,4	0,6	4,3	2,2	2,7
<b>Total operating income</b>	<b>247,5</b>	<b>146,9</b>	<b>611,9</b>	<b>450,2</b>	<b>609,8</b>
<b>Operating costs</b>					
Changes in inventories	-3,9	0,9	5,0	9,7	-7,8
Materials and supplies	-129,0	-79,3	-319,8	-241,5	-311,3
Other external costs	-62,4	-36,3	-177,9	-105,9	-142,3
Personnel costs	-43,4	-26,7	-113,3	-86,2	-115,5
Depreciation and amortisation	-11,2	-6,2	-25,9	-18,4	-25,4
<b>Total operating costs</b>	<b>-249,9</b>	<b>-147,6</b>	<b>-631,9</b>	<b>-442,3</b>	<b>-602,3</b>
Share of profit in equity accounted investments	0,3	-0,1	0,6	-0,1	0,0
<b>Operating result</b>	<b>-2,1</b>	<b>-0,8</b>	<b>-19,4</b>	<b>7,8</b>	<b>7,5</b>
Net financial items	-4,9	-6,0	-15,3	-12,5	-16,3
<b>Profit before tax</b>	<b>-7,0</b>	<b>-6,8</b>	<b>-34,7</b>	<b>-4,7</b>	<b>-8,8</b>
Taxes	-0,3	0,1	3,5	-1,1	-1,6
<b>Net profit</b>	<b>-7,3</b>	<b>-6,7</b>	<b>-31,2</b>	<b>-5,8</b>	<b>-10,4</b>
<b>Other comprehensive income</b>					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations for the period	2,8	-8,0	0,5	4,3	3,5
Change in cash flow hedge reserve	1,0	3,9	0,4	4,6	4,0
Cash flow hedge transferred to this year's result	0,4	-0,4	0,2	2,6	3,1
Items that will not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	0,0		0,0		-3,8
Tax attributable to other comprehensive income	-0,3	-1,1	-0,1	-2,0	-0,7
<b>Comprehensive income</b>	<b>-3,4</b>	<b>-12,3</b>	<b>-30,2</b>	<b>3,7</b>	<b>-4,3</b>
<b>Net result attributable to:</b>					
Parent company's shareholders	-7,4	-6,9	-31,4	-6,3	-11,0
Non-controlling interests	0,1	0,2	0,2	0,5	0,6
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	-3,5	-12,5	-30,4	3,2	-4,9
Non-controlling interests	0,1	0,2	0,2	0,5	0,6
<i>Average number of outstanding shares</i>	38 769 590	12 306 807	24 617 332	12 306 807	12 306 807
Earnings per share, EUR	-0,2	-0,6	-1,3	-0,5	-0,9
<i>There were no dilutive effects</i>					

\* The comparative figures have been restated due to the change in presentation currency from Swedish krona to Euro.

<b>CONDENSED STATEMENT OF FINANCIAL POSITION</b>			
<b>MEUR</b>	<b>30 September</b>		<b>31 December</b>
	<b>2013</b>	<b>2012*</b>	<b>2012*</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	408,3	241,0	236,4
Goodwill	225,1	155,5	155,8
Other intangible assets	36,4	11,4	10,7
Equity accounted investments	14,8	2,3	2,2
Other non-current assets	2,1	1,3	2,0
Deferred tax assets	48,1	37,4	27,8
<b>Total non-current assets</b>	<b>734,8</b>	<b>448,9</b>	<b>434,9</b>
<b>Current assets</b>			
Inventory	144,7	112,4	90,5
Accounts receivable	135,1	87,2	80,6
Other current assets	19,4	13,6	11,5
Current tax assets	3,0	3,9	4,4
Cash and cash equivalents	64,3	32,0	57,1
<b>Total current assets</b>	<b>366,5</b>	<b>249,1</b>	<b>244,1</b>
<b>TOTAL ASSETS</b>	<b>1 101,3</b>	<b>698,0</b>	<b>679,0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	<b>385,7</b>	<b>207,6</b>	<b>199,5</b>
<b>Non-current liabilities</b>			
Non-current borrowings	280,7	262,2	259,6
Other non-current liabilities	1,0	1,8	1,9
Pension obligations	48,1	31,6	35,7
Deferred tax liabilities	68,5	38,5	27,6
Provisions	26,3	10,7	10,2
<b>Total non-current liabilities</b>	<b>424,6</b>	<b>344,8</b>	<b>335,0</b>
<b>Current liabilities</b>			
Current borrowings	44,4	14,8	14,8
Accounts payable	139,3	68,7	69,6
Liabilities to equity accounted investments	8,2	3,8	10,1
Accrued expenses and deferred income	88,2	49,6	42,0
Current tax liabilities	2,2	1,1	1,3
Other current liabilities and provisions	8,7	7,6	6,7
<b>Total current liabilities</b>	<b>291,0</b>	<b>145,6</b>	<b>144,5</b>
<b>Total liabilities</b>	<b>715,6</b>	<b>490,4</b>	<b>479,5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 101,3</b>	<b>698,0</b>	<b>679,0</b>

\* The comparative figures have been restated due to the change in presentation currency from Swedish krona to Euro.

CONDENSED STATEMENT OF CHANGES IN EQUITY								
MEUR	Share Capital	Reserve for invested unrestricted equity	Other reserves	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 1 Jan 2012 MSEK*</b>	<b>74</b>	-	<b>4 162</b>	<b>-151</b>	<b>-2 291</b>	<b>1 794</b>	<b>31</b>	<b>1 825</b>
<b>Balance at 1 Jan 2012 MEUR *</b>	<b>7,7</b>	-	<b>394,9</b>	<b>4,6</b>	<b>-206,5</b>	<b>200,7</b>	<b>3,5</b>	<b>204,2</b>
Result for the period		-			-6,3	-6,3	0,5	-5,8
Other comprehensive income		-	3,2	4,3	2,0	9,5		9,5
<b>Total comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>3,2</b>	<b>4,3</b>	<b>-4,3</b>	<b>3,2</b>	<b>0,5</b>	<b>3,7</b>
Dividends						0,0	-0,3	-0,3
<b>Balance at 30 September 2012</b>	<b>7,7</b>	<b>0,0</b>	<b>398,1</b>	<b>8,9</b>	<b>-210,8</b>	<b>203,9</b>	<b>3,7</b>	<b>207,6</b>
Result for the period		-			-4,7	-4,7	0,0	-4,7
Other comprehensive income		-	2,1	-0,8	-4,7	-3,4		-3,4
<b>Total comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>2,1</b>	<b>-0,8</b>	<b>-9,4</b>	<b>-8,1</b>	<b>0,0</b>	<b>-8,1</b>
<b>Balance at 31 December 2012</b>	<b>7,7</b>	<b>0,0</b>	<b>400,2</b>	<b>8,1</b>	<b>-220,2</b>	<b>195,8</b>	<b>3,7</b>	<b>199,5</b>
Result for the period				0,5	-31,4	-30,9	0,2	-30,7
Other comprehensive income			0,3		0,2	0,5		0,5
<b>Total comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>0,3</b>	<b>0,5</b>	<b>-31,2</b>	<b>-30,4</b>	<b>0,2</b>	<b>-30,2</b>
Dividends to Munksjö AB shareholders			-11,5			-11,5	-0,4	-11,9
Munksjö reorganisation and share issue to acquire LP Europe	7,3	98,7				106,0		106,0
Directed share issue		128,5				128,5		128,5
Share exchange and listing costs		-6,2				-6,2		-6,2
<b>Balance at 30 September 2013</b>	<b>15,0</b>	<b>221,0</b>	<b>389,0</b>	<b>8,6</b>	<b>-251,4</b>	<b>382,2</b>	<b>3,5</b>	<b>385,7</b>

\* The comparative figures have been restated due to the change in presentation currency from Swedish krona to Euro.

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
<b>MEUR</b>	<b>January–September</b>		<b>Full year</b>
	<b>2013</b>	<b>2012*</b>	<b>2012*</b>
Cash generated from operations	35,1	37,1	71,0
Income taxes paid	-3,4	-3,7	-4,4
Interest paid and received	-7,2	-8,7	-11,5
<b>Cash flow from operating activities</b>	<b>24,5</b>	<b>24,7</b>	<b>55,1</b>
Purchase of intangible assets	-1,4	0,0	-0,8
Purchase of tangible assets	-13,0	-9,4	-14,0
<b>Cash flow from investing activities</b>	<b>-14,4</b>	<b>-9,4</b>	<b>-14,8</b>
Dividends paid by Munksjö AB	-11,9	-0,3	-0,3
Proceeds from share issue	128,5	-	-
Cost of share issue	-6,2	-	-
Proceeds from Munksjö Oyj borrowings	315,0	-	-
Costs of new borrowings	-9,6	-	-
Repayment of acquired entities' borrowings to Ahlstrom	-154,3	-	-
Repayment of Munksjö AB borrowings	-264,3	-0,6	-1,3
<b>Cash flow from financing activities</b>	<b>-2,8</b>	<b>-0,9</b>	<b>-1,6</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>7,3</b>	<b>14,4</b>	<b>38,7</b>
Cash and cash equivalents at the beginning of the period	57,1	18,0	18,0
Currency effects on cash and cash equivalents	-0,1	-0,4	0,4
<b>Cash and cash equivalents at the end of the period</b>	<b>64,3</b>	<b>32,0</b>	<b>57,1</b>

\* The comparative figures have been restated due to the change in presentation currency from Swedish krona to Euro.

## **▲ 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 2012 Annual Report of Munksjö AB except that the presentation currency has changed from SEK to EUR and the following standards or amendments have been adopted as of 1 January 2013.

As explained in the business combination note, Munksjö AB has been identified as the acquirer for accounting purposes. Accordingly, in Munksjö Oyj’s consolidated financial statements, the share exchange between Munksjö Oyj and the shareholders of Munksjö AB is accounted for as a reorganisation of Munksjö AB and Munksjö AB’s net assets are recorded at predecessor carrying amounts with the historical comparatives of Munksjö AB presented for all periods. As Munksjö Oyj is the new parent and listed company the presentation currency has been changed from Swedish krona to Euro. The choice of presentation currency represents an accounting policy and any change should be applied retrospectively in accordance with IAS 8. The exchange differences on translation of foreign operations recognised in other comprehensive income and the statement of changes in equity in this interim report have been prepared as if the EUR had always been the presentation currency.

IAS 19, ‘Employee benefits’ was amended in June 2011 and is effective for annual periods beginning on or after 1 January 2013. The amendment abolished the use of the corridor method. All actuarial gains and losses must be reported in Other Comprehensive Income “OCI” as they occur; all past service costs are to be recognised immediately; and interest cost and expected return on plan assets has been replaced by a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. The amendment had an immaterial impact on the Group as the existing defined benefit pension Group accounting policy did not use the corridor method and actuarial gains and losses were recognised in OCI. The majority of defined benefit plans are unfunded therefore the impact of calculating expected return on plan assets at the same interest rate applied to discounting the liability was immaterial.

IFRS 13, ‘Fair Value Measurement’ replaces the fair value measurement guidance in the individual standards with a single source of fair value measurement and disclosure requirement guidance. The adoption of the standard had no impact on the reported information of the group.

Amendment to ‘IAS 1 Presentation of Financial Information’ changed the grouping of items in other comprehensive income so that items that may be reclassified to profit and loss at a future point in time are presented separately from items that will never be reclassified.

### **Segment reporting**

Munksjö’s business is organised in four business areas: Decor, Release Liners, Industrial Applications and Graphics and Packaging. As a result of the business combination described in the Business Combinations note the previously reported business segments have been restated to reflect the new management structure. Decor and Industrial Applications remain unchanged, however Specialty pulp which for Munksjö AB was reported separately is now reported as part of Release Liners. The principal markets in which they operate are described below.

#### *Business Area Decor*

The products of Decor business area include Decor Paper and Pharmaceutical Leaflet Paper. Decor Paper is used in furniture, kitchen laminate, flooring and interior/exterior architecture. Pharmaceutical leaflet papers are thin, light-weight papers used by the pharmaceutical and cosmetics industries.

#### *Business Area Release Liners*

The products of Release Liners business area include Release Papers, Coated Specialties and Pulp. Release Papers are used as a carrier of different pressure sensitive adhesives labels and materials, which are mainly used in areas of, inter alia, retail and pricing labelling, for office labelling, and a broad range of self-adhesive tapes and materials for graphic or industrial applications. The business area incorporates Specialty pulp which previously was reported as a separate segment and will also include the Brazilian operation, Coated Specialties, which following the Coated Specialties Demerger will serve the South American market with self-adhesive products and flexible packaging.

#### *Business Area Industrial Applications*

The products of Industrial Applications include specialty papers for industrial use. Examples of products include Abrasive Backings for the production of coated abrasive products to be used to sand or polish materials in many industrial sectors such as automotive, furniture, wood, metal and building/construction industries, Electrotechnical Paper for insulation of transformers, bushings and cables, Spantex® balancing foils for veneer to be used in wood-based panels, Thin Paper for protection in the stainless steel, aluminium and glass industries and Fine Art Paper used for, inter alia, watercolour painting and digital printing.

Business Area Graphics and Packaging

The products of Graphics and Packaging include Flexible Packaging Paper, Metalizing Paper and Graphics & Industrial Paper. Flexible Packaging Paper is used in manufacturing of packaging, mainly in the food industry. Metalizing Paper is mainly used in labels for, inter alia, beverages, primarily beer and other alcoholic drinks and in tobacco package inner liner. Graphics & Industrial Papers refer mainly to uncoated papers for repositionable notes, thermal base paper, interleaving paper, envelope windows and other graphic papers.

<b>SEGMENT INFORMATION 2013</b>						
<b>Jan-Sep 2013</b>						
<b>MEUR</b>	<b>Decor</b>	<b>Release Liners</b>	<b>Industrial Applications</b>	<b>Graphics &amp; Packaging</b>	<b>Others and eliminations</b>	<b>Total</b>
Net sales, external	277,7	156,3	111,6	62,0	0	607,6
Net sales, internal	0,6	5,5	4,1	-	-10,2	0
<b>Net sales</b>	<b>278,3</b>	<b>161,8</b>	<b>115,7</b>	<b>62,0</b>	<b>-10,2</b>	<b>607,6</b>
<b>Operating result</b>	<b>16,5</b>	<b>-1,1</b>	<b>4,2</b>	<b>-5,0</b>	<b>-34,0</b>	<b>-19,4</b>
Operating margin, %	5,9%	-0,7%	3,6%	-8,1%		-3,2%
Net financial items						-15,3
Taxes						3,5
<b>Net result</b>						<b>-31,2</b>
<b>Other information</b>						
Capital expenditure	3,1	3,4	4,5	1,2	2,2	14,4
Depreciation	7,7	9,7	5,7	2,0	0,8	25,9
Employees, FTE	888	381	562	200	42	2 073

<b>SEGMENT INFORMATION 2012</b>						
<b>Jan-Sep 2012</b>						
<b>MEUR</b>	<b>Decor</b>	<b>Release Liners</b>	<b>Industrial Applications</b>	<b>Graphics &amp; Packaging</b>	<b>Others and eliminations</b>	<b>Total</b>
Net sales, external	268,1	70,1	109,8	-	0,0	448,0
Net sales, internal	0,7	3,7	1,4	-	-5,8	-
<b>Net sales</b>	<b>268,8</b>	<b>73,8</b>	<b>111,2</b>	<b>-</b>	<b>-5,8</b>	<b>448,0</b>
<b>Operating result</b>	<b>13,8</b>	<b>1,3</b>	<b>4,9</b>	<b>-</b>	<b>-12,2</b>	<b>7,8</b>
Operating margin, %	5,2%	1,7%	4,4%	-		1,7%
Net financial items						-12,5
Taxes						-1,1
<b>Net result</b>						<b>-5,8</b>
<b>Other information</b>						
Capital Expenditure	3,3	1,6	4,5	-	0,0	9,4
Depreciation	7,6	4,9	5,5	-	0,5	18,4
Employees, FTE	916	170	567	-	31	1 684



SEGMENT FINANCIAL INFORMATION BY QUARTER								
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
	2013	2013	2013	2012	2012	2012	2012	2011
<b>Net sales, MEUR</b>								
Decor	86,8	95,5	96,0	99,7	90,2	91,3	87,3	92,4
Release Liners	85,3	53,1	23,4	24,4	23,8	24,9	25,1	22,9
Industrial Applications	35,6	42,1	38,0	37,0	33,5	40,6	37,1	38,8
Graphics and Packaging	41,2	20,8	-	-	-	-	-	-
Other and eliminations	-3,8	-3,5	-2,9	-1,9	-1,2	-2,7	-1,9	-1,3
<b>Group</b>	<b>245,1</b>	<b>208,0</b>	<b>154,5</b>	<b>159,2</b>	<b>146,3</b>	<b>154,1</b>	<b>147,6</b>	<b>152,8</b>
<b>EBITDA (adj), MEUR</b>								
Decor	6,0	9,3	9,7	8,7	7,0	6,3	8,4	7,0
Release Liners	6,0	4,0	-0,2	-1,4	2,1	3,3	0,8	-2,4
Industrial Applications	1,7	5,0	3,7	1,5	1,4	4,9	4,3	3,6
Graphics and Packaging	-1,3	0,3	-	-	-	-	-	-
Other and eliminations	-1,4	-2,3	-1,5	0,0	-0,4	-3,1	-1,5	-0,8
<b>Group</b>	<b>11,0</b>	<b>16,5</b>	<b>11,5</b>	<b>8,8</b>	<b>10,1</b>	<b>11,3</b>	<b>12,0</b>	<b>7,6</b>
<b>EBITDA, MEUR</b>								
Decor	5,5	9,4	9,3	8,3	7,0	6,1	8,4	6,7
Release Liners	5,8	3,0	-0,2	-1,4	2,1	3,3	0,8	-2,4
Industrial Applications	1,7	4,5	3,7	1,3	1,2	4,9	4,3	3,6
Graphics and Packaging	-2,2	-0,8	-	-	-	-	-	-
Other and eliminations	-1,7	-27,3	-4,2	-1,6	-4,8	-5,2	-1,8	-3,0
<b>Group</b>	<b>9,1</b>	<b>-11,1</b>	<b>8,5</b>	<b>6,6</b>	<b>5,5</b>	<b>9,1</b>	<b>11,6</b>	<b>5,0</b>
<b>Operating result (adj), MEUR</b>								
Decor	3,5	6,8	7,0	5,6	4,5	3,7	5,9	4,6
Release Liners	1,0	1,1	-2,0	-3,1	0,5	1,6	-0,8	-4,0
Industrial Applications	-0,2	3,1	1,8	-0,4	-0,5	3,1	2,5	1,8
Graphics and Packaging	-2,7	-0,3	-	-	-	-	-	-
Other and eliminations	-1,8	-2,4	-1,8	-0,1	-0,6	-3,3	-1,6	-0,8
<b>Group</b>	<b>-0,2</b>	<b>8,3</b>	<b>5,0</b>	<b>1,9</b>	<b>3,8</b>	<b>5,2</b>	<b>6,0</b>	<b>1,6</b>
<b>Operating result, MEUR</b>								
Decor	3,0	6,8	6,7	5,2	4,5	3,5	5,9	4,3
Release Liners	0,8	0,1	-2,0	-3,1	0,5	1,6	-0,8	-4,0
Industrial Applications	-0,2	2,6	1,8	-0,7	-0,7	3,1	2,5	1,8
Graphics and Packaging	-3,6	-1,4	-	-	-	-	-	-
Other and eliminations	-2,1	-27,4	-4,5	-1,8	-5,0	-5,3	-1,9	-3,0
<b>Group</b>	<b>-2,1</b>	<b>-19,3</b>	<b>2,0</b>	<b>-0,3</b>	<b>-0,8</b>	<b>2,9</b>	<b>5,6</b>	<b>-0,9</b>
<b>Delivered volume, metric tonnes</b>								
Decor	41 500	45 900	44 600	45 500	41 200	40 900	38 900	41 200
Release Liners	101 900	67 000	44 500	46 800	46 200	43 500	48 100	41 300
Industrial Applications	18 500	21 800	20 300	18 500	17 700	20 500	19 400	19 300
Graphics and Packaging	33 600	17 400	-	-	-	-	-	-
Other and eliminations	-3 000	-3 900	-3 100	-2 000	-2 000	-2 500	-1 900	-500
<b>Group</b>	<b>192 500</b>	<b>148 200</b>	<b>106 300</b>	<b>108 800</b>	<b>103 100</b>	<b>102 400</b>	<b>104 500</b>	<b>101 300</b>

## Related party transactions

In addition to the existing purchases of wood from the group's associated company in Sweden, Sydved AB and interest on the shareholder loan which was repaid during the quarter there are additional related party transactions as a result of the combination.

In compliance with the combination agreement, Munksjö and Ahlstrom have entered into the following agreements:

- *Transitional Services Agreement* to provide services to each other on a transitional basis. Services include R&D services, finance & accounting, sales administration and IT.
- *Joint Procurement Agreement*. For a period of twelve months after the combination of the LP Europe business, Ahlstrom will provide transitional sourcing services to the LP Europe entities now in Munksjö. Munksjö and Ahlstrom have also entered into a Joint Procurement Agreement to cover certain defined material and service categories.

In addition to the above Munksjö and Ahlstrom have established a joint venture company to own and manage certain assets of the Turin mill site which will be shared by Ahlstrom (filtration) and Munksjö's (Release Liners).

PLEGDED ASSETS AND CONTINGENT LIABILITIES			
MEUR	30 September		31 December
	2013	2012	2012
Property mortgages for other commitments	64,0	94,2	93,3
Escrow bank accounts	1,2	2,7	0,6
Other pledged assets	13,5	14,1	13,0
Chattel mortgages	52,8	202,5	192,8
<b>Total group pledged assets</b>	<b>131,5</b>	<b>313,4</b>	<b>299,6</b>
<b>Guarantees and other contingent liabilities</b>	<b>1,3</b>	<b>1,3</b>	<b>1,4</b>

CONSOLIDATED KEY RATIOS					
	July – September		January–September		Full year
	2013	2012	2013	2012	2012
<i>Margins (adjusted)</i>					
EBITDA margin, %	4,5%	6,9%	6,4%	7,5%	7,0%
Operating margin, %	-0,1%	2,6%	2,2%	3,3%	2,8%
<i>Return (12 months continuous)</i>					
Return on operating capital, % (adjusted)	2,7%	3,6%	2,7%	3,6%	3,9%
Return on shareholders' equity, %	-12,1%	-2,1%	-12,1%	-2,1%	-5,1%
<i>Capital structure at period's end</i>					
Operating capital, MEUR	666,1	450,9	666,1	450,9	413,0
Shareholders' equity, MEUR	385,7	207,6	385,7	207,6	199,5
Interest-bearing net debt, MEUR	257,5	245,0	257,5	245,0	217,3
Debt/equity ratio, %	66,8%	118,0%	66,8%	118,0%	108,9%
Equity/assets ratio, %	35,0%	29,7%	35,0%	29,7%	29,4%
<i>Per share (before and after dilution)</i>					
Earnings per share, EUR	-0,2	-0,6	-1,3	-0,5	-0,9
Shareholders' equity per share, EUR	9,9	16,9	15,7	16,9	16,2
Average number of shares	38 769 590	12 306 807	24 617 332	12 306 807	12 306 807
Capital expenditure, MEUR	7,6	4,7	14,4	9,4	14,8
Employees, FTE	2 594	1 684	2 073	1 684	1 679

CURRENCY RATES						
	Closing rate			Average rate		Full year
	30 Sep	30 Sep	31 Sep	Jan–Sep	Jan–Sep	
	2013	2012	2012	2013	2012	2012
SEK	8,66	8,44	8,62	8,58	8,74	8,71
USD	1,35	1,29	1,32	1,32	1,28	1,28
BRL	3,04	2,62	2,70	2,79	2,46	2,51

## Business Combination

On 28 August 2012 Munksjö Oyj (Munksjö), Ahlstrom Corporation, Munksjö AB and Munksjö Luxembourg Holding S.à r.l. (EQT) entered into a business combination agreement for the purpose of combining the business operations of Ahlstrom Corporation's label and processing business in Europe (LP Europe), Ahlstrom Corporation's label and processing business in Brazil (Coated Specialties) and Munksjö AB into Munksjö (Combination or Combination Agreement).

The combination will be completed in two phases. The first phase of the combination, in which LP Europe was combined with Munksjö AB, was registered on 27 May 2013 through the following transactions as set out below:

- EQT as a majority owner of Munksjö AB, together with certain minority shareholders of Munksjö AB, contributed all their respective Munksjö AB shares to Munksjö in exchange for newly issued shares of Munksjö (Munksjö AB Acquisition).
- Ahlstrom has contributed all the assets and liabilities that belong to LP Europe to Munksjö through a partial demerger, whereby Ahlstrom's shareholders have received newly issued shares of Munksjö as contribution. The execution of the LP Europe Demerger has been registered with the Finnish Trade Register on 27 May 2013.
- Ahlstrom, EQT III Limited through Munksjö Luxembourg Holding S.à r.l., Munksjö AB and certain institutional investors have made an equity investment in Munksjö in the amount of MEUR 128,5 in a directed share issue of Munksjö.
- Munksjö's shares have been listed on the official list of the Helsinki Stock Exchange on 7 June 2013.

The completion of the combination agreement was subject to the receipt of the approval from the European Commission's competition authority. Ahlstrom Corporation and Munksjö AB have provided certain commitments in order to enable the European Commission to declare the Combination compatible with the common market and EEA Agreement. The main commitment is that Ahlstrom's PRIP and abrasive business in Osnabrück, Germany be sold and that the mill is separated to such an extent that Ahlstrom's remaining business in Osnabrück and the operations to be sold can operate independently of each other. The total estimated costs to complete the separation are expected to be MEUR 13,5 shall be borne by Munksjö and have been recorded in the income statement in the 6 month period ended 30 June 2013. The intangible assets and some consignment inventories of the Silco business at Osnabrück have been transferred to Munksjö for a consideration of MEUR 1,0.

In the second phase, which is expected to occur before the end of 2013, Coated Specialties will be combined into Munksjö through the execution of the Coated Specialties demerger, in which Ahlstrom shall contribute all the assets and liabilities that belong to Coated Specialties to Munksjö through a partial demerger, whereby Ahlstrom's shareholders will receive newly issued shares of Munksjö as consideration.

Legally through the Munksjö AB acquisition, Munksjö acquired Munksjö AB by issuing new shares for the shares of Munksjö AB through a share exchange. After this share exchange, Munksjö acquired LP Europe by means of the LP Europe Demerger. Munksjö AB was identified as the acquirer for accounting purposes (IFRS acquiring criteria). Accordingly, in Munksjö's consolidated financial statements, the share exchange between Munksjö and the shareholders of Munksjö AB is accounted for as a reorganisation of Munksjö AB and Munksjö AB's net assets are recorded at predecessor carrying amounts with the historical comparatives of Munksjö AB presented for all periods. Accordingly, LP Europe, as the other party to the Combination is accounted for using the acquisition method with Munksjö AB as the acquirer for accounting purposes.

Munksjö Oyj as the receiving entity in the demerger issued 11 597 326 new shares to Ahlstrom's shareholders as demerger consideration. As there was no quoted market price for the shares at the time of the completion of the combination, the fair value was derived through a valuation mechanism agreed by the parties to the combination for their respective businesses. The arm's length valuation of the combining businesses was determined based on their relative EBITDA contribution as well as EBITDA multiples of relevant peers as adjusted for net debt and pension liabilities. The fair value of the LP Europe business amounted to MEUR 106.

The following table summarizes the consideration transferred for LP Europe, the provisional fair value of assets acquired and liabilities assumed at the acquisition date. Acquisition related costs of MEUR 7,5 have been charged to other external costs in the table consolidated income statement for the period ended 31 December 2012 and MEUR 25,7 for the 6 month period ended 30 June 2013. This includes the MEUR 13,5 costs related to Osnabrück commitments described above.

<b>Total consideration transferred</b>	<b>106,0</b>
<b>Provisionally recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Tangible assets	183,3
Other intangible assets	26,7
Equity accounted investments	12,0
Other non-current assets	0,3
Deferred tax assets	10,8
Inventories	53,9
Accounts receivable	56,7
Other current assets	8,8
Cash and cash equivalents	9,1
Non-current borrowings	-2,5
Pensions obligations	-11,7
Provisions	-0,1
Deferred tax liabilities	-42,2
Current borrowings	-155,0
Accounts payable	-85,3
Accrued expenses and deferred income	-14,9
Current tax liabilities	-0,1
Other current liabilities and provisions	-13,3
<b>Total identifiable net assets</b>	<b>36,8</b>
<b>Goodwill</b>	<b>69,2</b>

The fair value of trade and other receivables is MEUR 65,5 and includes trade receivables with a fair value of MEUR 56,7. The gross contractual amount for trade receivables due is MEUR 57,5 of which MEUR 0,8 is expected to be uncollectible.

The goodwill amount of MEUR 69,2 arises from the acquired workforce and synergies expected to be realised from combining the operations of Munksjö and LP Europe, mainly relating to procurement, production efficiency, economies of scale and improved overall performance and efficiency within the organisation. As part of the synergy plan, Munksjö and Ahlstrom will establish joint sourcing activities. The goodwill is not expected to be deductible for tax purposes.

The revenue and operating result included in the consolidated income statement from 27 May 2013 to 30 September, 2013 contributed by LP Europe was MEUR 152,0 and MEUR -6,2 respectively.

Had LP Europe been consolidated from 1 January 2013, the consolidated income statement for the nine months ended 30 September 2013 would show pro forma revenue of MEUR 788,6 and pro forma operating result of MEUR 4,4.

#### Pro forma information

The following tables present pro forma financial information to illustrate the financial impact of phase I and phase II of the combination as described above in the business combination section. This information is presented for illustrative purposes only. The pro forma statement of comprehensive income for the year-ended 31 December 2012 and for the nine month period ended 30 September 2013, have been compiled assuming that the Combination had been completed on 1 January 2012 and the pro forma statement of financial position as at 30 September has been compiled assuming phase II of the combination had been completed on 30 September 2013.

The effects of the two phases have been illustrated in the pro forma information by presenting separately the effects of Phase I (pro forma I) and the combined effects of Phase I and Phase II (pro forma II).

As explained in the business combination section, Munksjö AB has been identified as the acquirer for accounting purposes. Accordingly, LP Europe, as the other party to the Combination is accounted for using the acquisition method with Munksjö AB as the acquirer for accounting purposes and LP Europe's results are consolidated from 27 May, 2013.

As the Coated Specialties demerger has not been completed, the pro forma II information is based on the preliminary fair value of the new shares to be issued in connection with the combination for the Coated Specialties acquisition and the preliminary fair value of assets acquired and liabilities assumed. These preliminary fair value measurements used for pro forma purposes may differ materially from the final fair value at the actual acquisition date.

The most significant pro forma adjustments to the IFRS reported financial statements are as follows:

- Inclusion of the comprehensive income of LP Europe and Coated Specialties for 12 month period ended 31 December 2012, inclusion of LP Europe's comprehensive income from 1 January 2013 to 27 May, 2013 and Coated Specialties for the nine months period ended 30 September 2013.
- Reallocation of all Combination related transaction costs incurred during 2012 and 2013 as if they had been incurred on 1 January 2012.
- The depreciation and amortisation costs have been adjusted to reflect the higher charge expected as a result of the purchase price allocation.
- The step up in inventory value as a result of the purchase price allocation and the resulting negative impact on earnings has been reallocated to the first quarter of 2012.
- The finance expense for the twelve month period ended 31 December 2012 and nine month period ended 30 September 2013 has been adjusted to reflect the estimated finance cost associated with the refinancing of Munksjö which occurred during Q2 2013 and described in the finance section of this report.
- The Statement of Financial position as at 30 September 2013 has been adjusted as if the Coated Specialties business was acquired as of that date.
- The tax related assets and liabilities in the Statement of financial position and the income tax in the statements of comprehensive income have been adjusted to reflect the pro forma adjustments above.

The pro forma financial information does not reflect the anticipated annual synergy benefits of approximately MEUR 20 to 25, related costs to achieve these synergies of approximately MEUR 10 to 15 or standalone annual cost savings of approximately MEUR 10 to 15 with the exception of those related to the LP Europe business and achieved since 27 May, when the first phase of the transaction was completed.

As described above the consideration for Coated Specialties is preliminary. For the purposes of this pro forma information the consideration is calculated based on Munksjö's share price of EUR 4,86 which corresponds to the quoted closing price of Munksjö's share price as of 30 September 2013 on the Helsinki Stock Exchange. The final consideration transferred for Coated Specialties will be based on the quoted closing price of the Munksjö share price at the date that control over Coated Specialties transfers to Munksjö. A ten percent change in the share price would have a MEUR 6,8 impact on the purchase consideration with a consequential impact on the purchase price allocation.

The following table summarizes the preliminary consideration transferred for Coated Specialties, the provisional fair value of assets acquired and liabilities assumed as at 30 September 2013.

<b>Preliminary consideration transferred</b>	<b>59,7</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Tangible assets	48,4
Other intangible assets	19,0
Other non-current assets	0,2
Inventories	7,8
Accounts receivable	11,5
Other current assets	1,5
Net deferred tax liabilities	-15,6
Provisions	-4,0
Accounts payable	-13,7
Accrued expenses and deferred income	-3,0
Other current liabilities and provisions	-0,9
<b>Total identifiable net assets</b>	<b>51,1</b>
<b>Goodwill</b>	<b>8,6</b>

<b>PRO FORMA KEY FIGURES</b>		
<b>For 9 month period ended and as at 30 September, 2013</b>	<b>Pro forma II</b>	<b>Reported</b>
<i>Margins (adjusted)</i>		
EBITDA margin, %	5,5%	6,4%
Operating margin, %	1,1%	2,2%
<i>Capital structure at period's end</i>		
Operating capital, MEUR	741,4	666,1
Shareholders' equity, MEUR	445,4	385,7
Interest-bearing net debt, MEUR	257,5	257,5
Debt/equity ratio, %	57,8%	66,8%
Equity/assets ratio, %	37,1%	35,0%

**CONSOLIDATED PRO FORMA STATEMENT OF COMPREHENSIVE INCOME FOR 9 MONTH PERIOD ENDED 30 SEPTEMBER, 2013**

MEUR	Munksjö	Pro forma I adjustments	Pro forma I	Pro forma II adjustments	Pro forma II
Net sales	607,6	181,0	788,6	66,5	855,1
Other operating income	4,3	1,8	6,1	2,8	8,9
<b>Total operating income</b>	<b>611,9</b>	<b>182,8</b>	<b>794,7</b>	<b>69,3</b>	<b>864,0</b>
<b>Operating costs</b>					
Changes in inventories	5,0	4,5	9,5	0,8	10,3
Materials and supplies	-319,8	-137,5	-457,3	-34,5	-491,8
Other external costs	-177,9	2,3	-175,6	-24,3	-199,9
Personnel costs	-113,3	-20,6	-133,9	-8,0	-141,9
Depreciation and amortisation	-25,9	-7,7	-33,6	-4,1	-37,7
<b>Total operating costs</b>	<b>-631,9</b>	<b>-159,0</b>	<b>-790,9</b>	<b>-70,1</b>	<b>-861,0</b>
Share of profit in equity accounted investments	0,6	0,0	0,6	0,0	0,6
<b>Operating result</b>	<b>-19,4</b>	<b>23,8</b>	<b>4,4</b>	<b>-0,8</b>	<b>3,6</b>
Net financial items	-15,3	-0,4	-15,7	-0,4	-16,1
<b>Result before tax</b>	<b>-34,7</b>	<b>23,4</b>	<b>-11,3</b>	<b>-1,2</b>	<b>-12,5</b>
Taxes	3,5	0,3	3,8	0,4	4,2
<b>Net result</b>	<b>-31,2</b>	<b>23,7</b>	<b>-7,5</b>	<b>-0,8</b>	<b>-8,3</b>
<b>Other comprehensive income</b>					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations for the period	0,5	-	0,5	-	0,5
Change in cash flow hedge reserve	0,4	-	0,4	-	0,4
Cash flow hedge transferred to this year's result	0,2	-	0,2	-	0,2
Items that will not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	0,0	-	0,0	-	0,0
Tax attributable to other comprehensive income	-0,1	-	-0,1	-	-0,1
<b>Comprehensive income</b>	<b>-30,2</b>	<b>23,7</b>	<b>-6,5</b>	<b>-0,8</b>	<b>-7,3</b>
<b>Net result attributable to:</b>					
Parent company's shareholders	-31,4	23,7	-7,7	-0,8	-8,5
Non-controlling interests	0,2	-	0,2	-	0,2
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	-30,4	23,7	-6,7	-0,8	-7,5
Non-controlling interests	0,2	-	0,2	-	0,2

<b>CONSOLIDATED PRO FORMA STATEMENT OF COMPREHENSIVE INCOME FOR 12 MONTH PERIOD ENDED 31 DECEMBER, 2012</b>					
<b>MEUR</b>	<b>Munksjö</b>	<b>Pro forma I adjustments</b>	<b>Pro forma I</b>	<b>Pro forma II adjustments</b>	<b>Pro forma II</b>
Net sales	607,1	448,5	1 055,6	99,0	1 154,6
Other operating income	2,7	4,5	7,2	0,4	7,6
<b>Total operating income</b>	<b>609,8</b>	<b>453,0</b>	<b>1 062,8</b>	<b>99,4</b>	<b>1 162,2</b>
<b>Operating costs</b>					
Changes in inventories	-7,8	6	-1,8	-0,3	-2,1
Materials and supplies	-311,3	-254,5	-565,8	-45,1	-610,9
Other external costs	-142,3	-148,9	-291,2	-35,6	-326,8
Personnel costs	-115,5	-55,6	-171,1	-11,5	-182,6
Depreciation and amortisation	-25,4	-19,0	-44,4	-7,1	-51,5
<b>Total operating costs</b>	<b>-602,3</b>	<b>-472,0</b>	<b>-1 074,3</b>	<b>-99,6</b>	<b>-1 173,9</b>
Share of result in equity accounted investments	0	0	0	0	0
<b>Operating result</b>	<b>7,5</b>	<b>-19,0</b>	<b>-11,5</b>	<b>-0,2</b>	<b>-11,7</b>
Net financial items	-16,3	-9,5	-25,8	0,1	-25,7
<b>Result before tax</b>	<b>-8,8</b>	<b>-28,5</b>	<b>-37,3</b>	<b>-0,1</b>	<b>-37,4</b>
Taxes	-1,6	-0,3	-1,9	0,8	-1,1
<b>Net result</b>	<b>-10,4</b>	<b>-28,8</b>	<b>-39,2</b>	<b>0,7</b>	<b>-38,5</b>
<b>Other comprehensive income</b>					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations for the period	3,5	-	3,5	-11,5	-8,0
Change in cash flow hedge reserve	4,0	-	4,0	-	4,0
Cash flow hedge transferred to this year's result	3,1	-	3,1	-	3,1
Items that will not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	-3,8	-	-3,8	-	-3,8
Tax attributable to other comprehensive income	-0,7	-	-0,7	-	-0,7
<b>Comprehensive income</b>	<b>-4,3</b>	<b>-28,8</b>	<b>-33,1</b>	<b>-10,8</b>	<b>-43,9</b>
<b>Net result attributable to:</b>					
Parent company's shareholders	-11,0	-28,8	-39,8	0,7	-39,1
Non-controlling interests	0,6	-	0,6	-	0,6
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	-4,9	-28,8	-33,7	-10,8	-44,5
Non-controlling interests	0,6	-	0,6	-	0,6

<b>CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER, 2013</b>			
<b>MEUR</b>	<b>Munksjö</b>	<b>Pro forma II adjustments</b>	<b>Pro forma II</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	408,3	48,4	456,7
Goodwill	225,1	8,6	233,7
Other intangible assets	36,4	19,0	55,4
Equity accounted investments	14,8	0,0	14,8
Other non-current assets	2,1	0,2	2,3
Deferred tax assets	48,1	1,4	49,5
<b>Total non-current assets</b>	<b>734,8</b>	<b>77,5</b>	<b>812,3</b>
<b>Current assets</b>			
Inventory	144,7	7,8	152,5
Accounts receivable	135,1	11,5	146,6
Other current assets	19,4	1,5	20,9
Current tax assets	3,0	0,0	3,0
Cash and cash equivalents	64,3	0,0	64,3
<b>Total current assets</b>	<b>366,5</b>	<b>20,8</b>	<b>387,3</b>
<b>TOTAL ASSETS</b>	<b>1 101,3</b>	<b>98,3</b>	<b>1 199,6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>385,7</b>	<b>59,7</b>	<b>445,4</b>
<b>Non-current liabilities</b>			
Non-current borrowings	280,7	0,0	280,7
Other non-current liabilities	1,0	0,0	1,0
Pensions obligations	48,1	0,0	48,1
Deferred tax liabilities	68,5	16,9	85,4
Provisions	26,3	4,0	30,3
<b>Total non-current liabilities</b>	<b>424,6</b>	<b>21,0</b>	<b>445,6</b>
<b>Current liabilities</b>			
Current borrowings	44,4	0,0	44,4
Accounts payable	139,3	13,7	153,0
Liabilities to equity accounted investments	8,2	0,0	8,2
Accrued expenses and deferred income	88,2	3,0	91,2
Current tax liabilities	2,2	0,0	2,2
Other current liabilities and provisions	8,7	0,9	9,6
<b>Total current liabilities</b>	<b>291</b>	<b>17,6</b>	<b>308,6</b>
<b>Total liabilities</b>	<b>715,6</b>	<b>38,6</b>	<b>754,2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 101,3</b>	<b>98,3</b>	<b>1 199,6</b>



PRO FORMA   SEGMENT INFORMATION						
MEUR	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012
<b>Pro forma Net sales</b>						
Decor	86,8	95,5	96,0	99,6	90,2	91,3
Release Liners	85,3	94,1	90,1	87,1	90,0	97,8
Industrial Applications	35,6	42,1	38,0	37,0	33,5	40,6
Graphics and Packaging	41,2	47,0	47,3	43,4	43,1	45,8
Eliminations and other	-3,8	-3,6	-3,0	-1,9	-1,1	-2,7
<b>Group</b>	<b>245,1</b>	<b>275,1</b>	<b>268,4</b>	<b>265,2</b>	<b>255,7</b>	<b>272,8</b>
<b>Pro forma EBITDA, total</b>						
Decor	5,5	9,4	9,3	8,3	7,0	6,1
Release Liners	5,8	3,7	3,6	8,7	5,6	7,9
Industrial Applications	1,7	4,5	3,6	1,3	1,2	4,9
Graphics and Packaging	-2,2	-0,6	1,8	2,2	-0,6	0,3
Eliminations and other	-1,7	-4,5	-1,9	-1,7	-4,8	-5,2
<b>Group</b>	<b>9,1</b>	<b>12,5</b>	<b>16,4</b>	<b>18,8</b>	<b>8,4</b>	<b>14,0</b>
<b>Non-recurring items by segment</b>						
Decor	0,5	-	0,3	0,3	-	0,2
Release Liners	0,2	0,2			-	-
Industrial Applications	0,0	0,5		0,2	0,2	-
Graphics and Packaging	0,9	-	-	-	-	-
Eliminations and other	0,3	2,3	0,4	1,7	4,4	1,9
<b>Group</b>	<b>1,9</b>	<b>3,0</b>	<b>0,7</b>	<b>2,2</b>	<b>4,6</b>	<b>2,1</b>
<b>Pro forma EBITDA excluding non-recurring items</b>						
Decor	6,0	9,4	9,6	8,6	7,0	6,3
Release Liners	6,0	3,9	3,6	8,7	5,6	7,9
Industrial Applications	1,7	5,0	3,6	1,5	1,4	4,9
Graphics and Packaging	-1,3	-0,6	1,8	2,2	-0,6	0,3
Elimination and other	-1,4	-2,2	-1,5	0,0	-0,4	-3,3
<b>Group</b>	<b>11,0</b>	<b>15,5</b>	<b>17,1</b>	<b>21,0</b>	<b>13,0</b>	<b>16,1</b>
<b>Delivered volume, metric tonnes</b>						
Decor	41 500	45 900	44 600	45 500	41 200	40 900
Release Liners	101 900	99 900	104 100	101 757	103 139	107 235
Industrial Applications	18 500	21 800	20 300	18 500	17 700	20 500
Graphics and Packaging	33 600	40 700	38 602	34 196	33 894	37 457
Eliminations	-3 000	-3 900	-3 100	-2 000	-2 000	-2 500
<b>Group</b>	<b>192 500</b>	<b>204 400</b>	<b>204 502</b>	<b>197 953</b>	<b>193 933</b>	<b>203 592</b>

<b>PRO FORMA II SEGMENT INFORMATION</b>						
<b>MEUR</b>	<b>Jul-Sep 2013</b>	<b>Apr-Jun 2013</b>	<b>Jan-Mar 2013</b>	<b>Oct-Dec 2012</b>	<b>Jul-Sep 2012</b>	<b>Apr-Jun 2012</b>
<b>Pro forma Net sales</b>						
Decor	86,8	95,5	96,0	99,6	90,2	91,3
Release Liners	105,3	118,6	112,1	110,4	115,3	123,1
Industrial Applications	35,6	42,1	38,0	37,0	33,5	40,6
Graphics and Packaging	41,2	47,0	47,3	43,4	43,1	45,8
Eliminations and other	-3,8	-3,6	-3,0	-1,9	-1,1	-2,7
<b>Group</b>	<b>265,1</b>	<b>299,6</b>	<b>290,4</b>	<b>288,5</b>	<b>281,0</b>	<b>298,1</b>
<b>Pro forma EBITDA, total</b>						
Decor	5,5	9,4	9,3	8,3	7,0	6,1
Release Liners	6,5	4,5	5,4	11,0	5,8	10,2
Industrial Applications	1,7	4,5	3,6	1,3	1,2	4,9
Graphics and Packaging	-2,2	-0,6	1,8	2,2	-0,6	0,3
Eliminations and other	-1,7	-4,5	-1,9	-1,7	-4,8	-5,2
<b>Group</b>	<b>9,8</b>	<b>13,3</b>	<b>18,2</b>	<b>21,1</b>	<b>8,6</b>	<b>16,3</b>
<b>Non-recurring items by segment</b>						
Decor	0,5	-	0,3	0,3	-	0,2
Release Liners	0,6	0,2	-	-	-	-
Industrial Applications	0,0	0,5	-	0,2	0,2	-
Graphics and Packaging	0,9	-	-	-	-	-
Eliminations and other	0,3	2,3	0,4	1,7	4,4	1,9
<b>Group</b>	<b>2,3</b>	<b>3,0</b>	<b>0,7</b>	<b>2,2</b>	<b>4,6</b>	<b>2,1</b>
<b>Pro forma EBITDA excluding non-recurring items</b>						
Decor	6,0	9,4	9,6	8,6	7,0	6,3
Release Liners	7,1	4,7	5,4	11,0	5,8	10,2
Industrial Applications	1,7	5,0	3,6	1,5	1,4	4,9
Graphics and Packaging	-1,3	-0,6	1,8	2,2	-0,6	0,3
Elimination and other	-1,4	-2,2	-1,5	0,0	-0,4	-3,3
<b>Group</b>	<b>12,1</b>	<b>16,3</b>	<b>18,9</b>	<b>23,3</b>	<b>13,2</b>	<b>18,4</b>
<b>Delivered volume, metric tonnes</b>						
Decor	41 500	45 900	44 600	45 500	41 200	40 900
Release Liners	127 692	126 600	126 663	126 243	128 293	133 223
Industrial Applications	18 500	21 800	20 300	18 500	17 700	20 500
Graphics and Packaging	33 600	40 700	38 602	34 196	33 894	37 457
Eliminations	-3 000	-3 900	-3 100	-2 000	-2 000	-2 500
<b>Group</b>	<b>218 292</b>	<b>231 100</b>	<b>227 065</b>	<b>222 439</b>	<b>219 087</b>	<b>229 580</b>

**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.

**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 divided by the average number of shares outstanding.

**Equity per share**

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

**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.

**Non-recurring items**

Income or expense arising from activities or events outside of normal activities and of a non-recurring nature.