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# Munksjö's Q1/2016

**Helsinki, 27 April 2016**

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



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**1** Key financials for Q1/2016

**2** Business Area performance

**3** Outlook

**4** Q&A



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## Key figures for Q1/2016

Clear improvement in operating margin

MEUR	Q1/2016	Q1/2015	Change	FY 2015
Net sales	288.0	280.2	↑	1,130.7
EBITDA	31.0	26.5	↑	93.6
EBITDA margin	10.8%	9.5%	↑	8.3%
Operating result	16.3	13.2	↑	32.7
Net result	6.3	9.7	↓	22.8
EPS (EUR)	0.12	0.19	↓	0.44
Cash flow from operating activities	3.6	-4.6	↑	55.5

Net sales  
+3%

EBITDA  
+17%

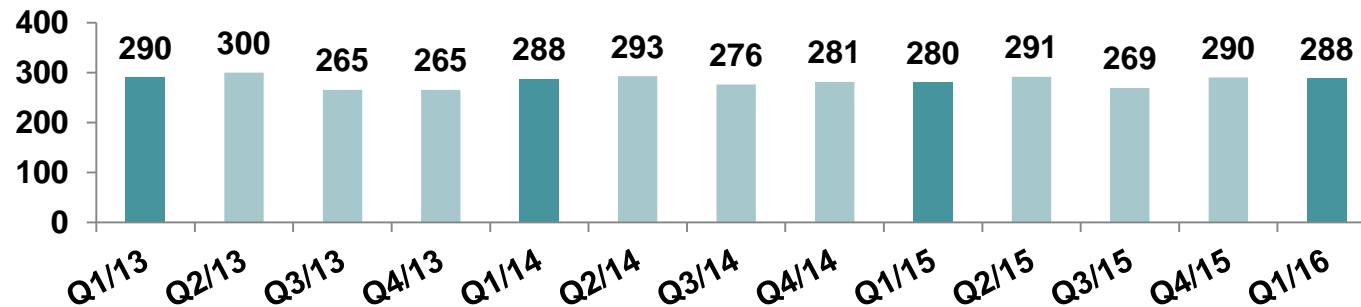
Operating result  
+23%



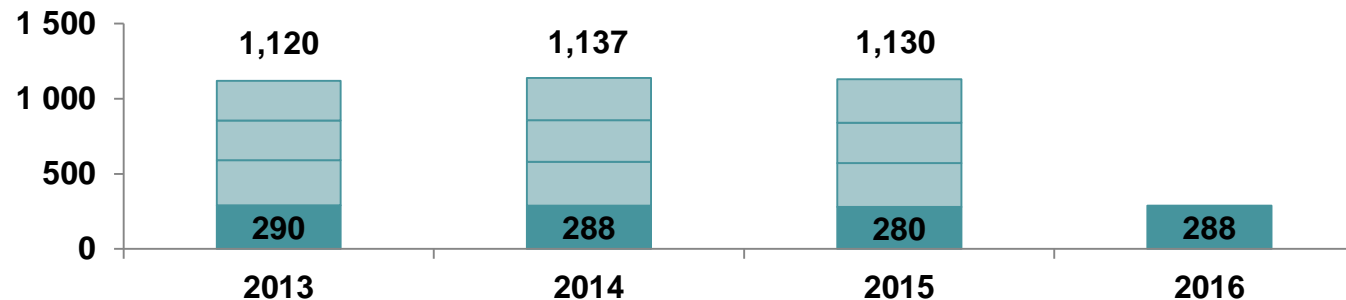
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## Higher volumes compensated for the lower average price

### QUARTERLY NET SALES, MEUR



### ANNUAL AND QUARTERLY NET SALES, MEUR



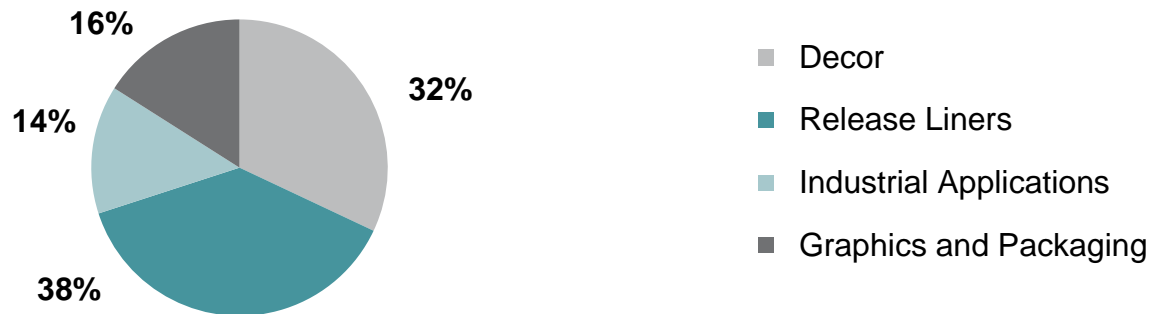
Pro forma figures for 2013. From the first quarter 2014 the reported figure is used.



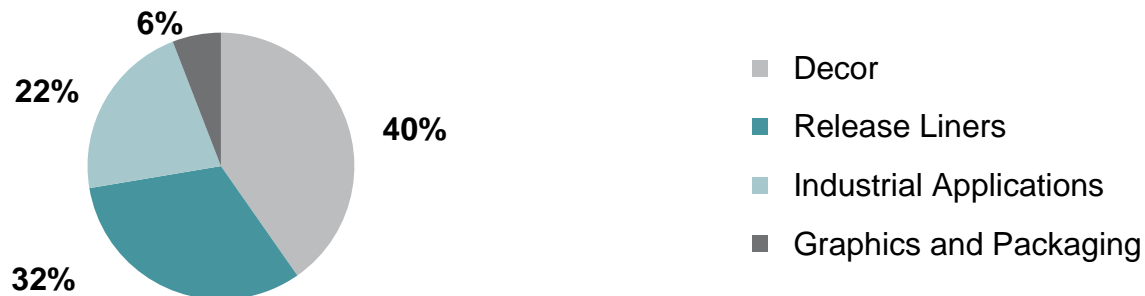
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## Business Area overview for Q1/2016

### Share of net sales\*



### Share of EBITDA (adj.\*\*)\*



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

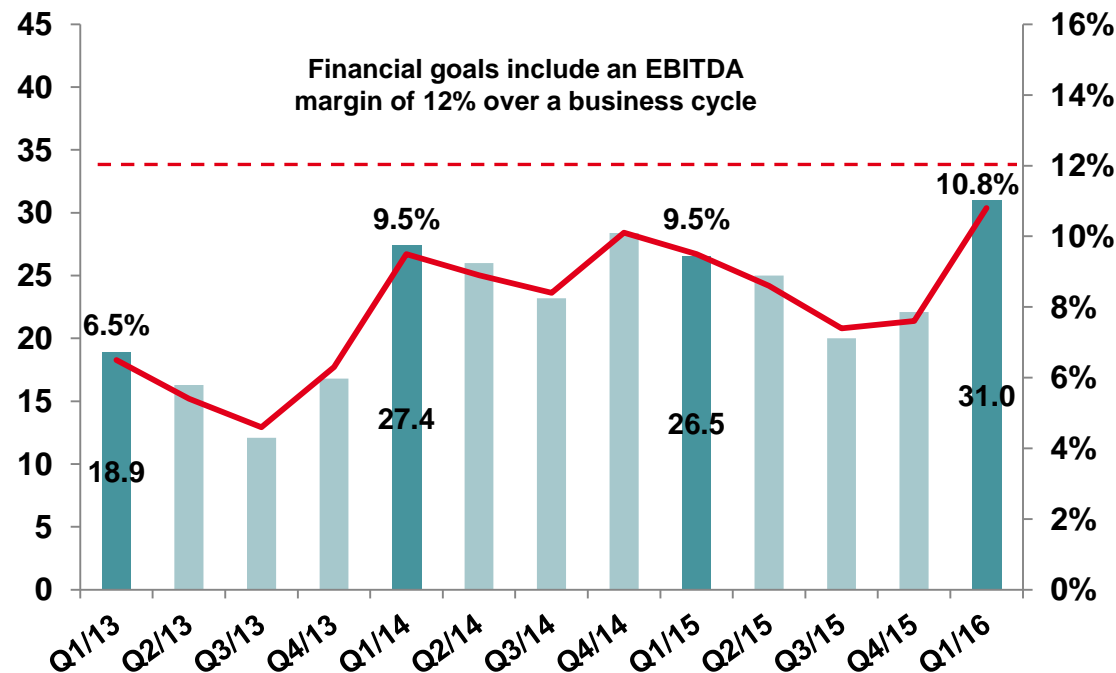


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# Clear margin improvement

## EBITDA and margin development 2013-2016

MEUR



### Q1/16 COMMENTS

- Delivery volumes increased mainly as a result of higher pulp deliveries
- Net sales increased, as higher volumes compensated for the lower average price, driven by the lower sales price for long fibre specialty pulp
- Profitability improvement mainly due to lower variable costs, driven by the lower energy price, lower raw material prices and own actions

\* Adjusted for non-recurring items

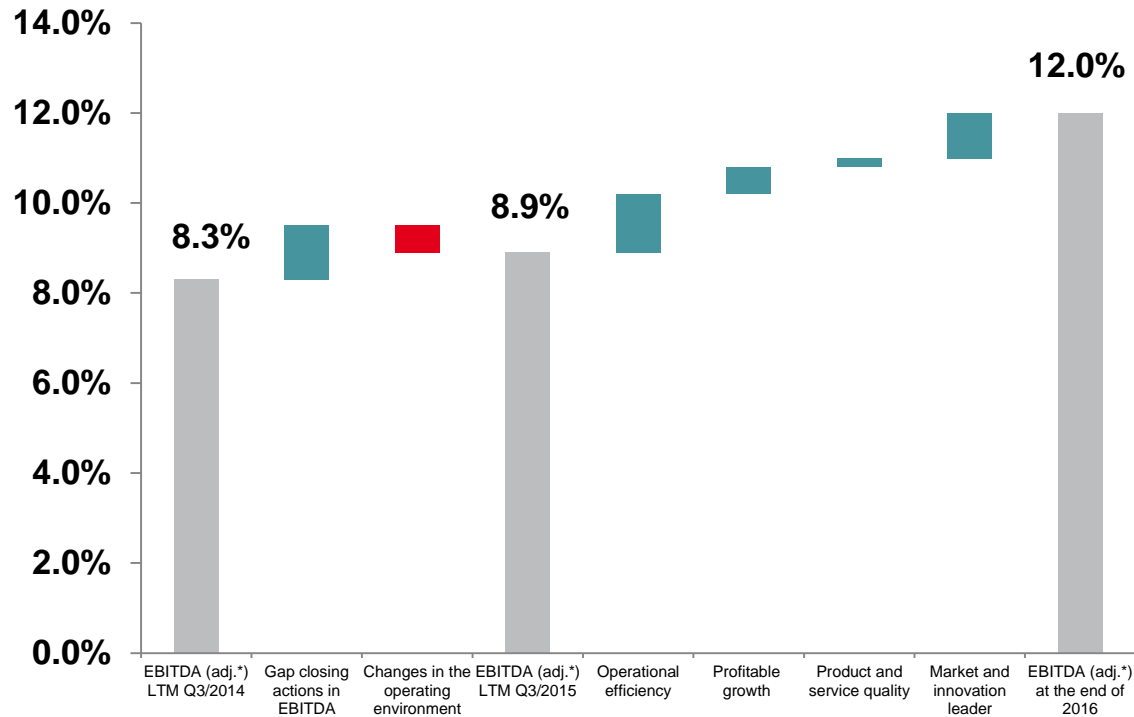
Pro forma figures for the period Q1-Q4/2013. As the combination was completed during 2013, the pro forma information is only presented until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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# Update on profitability improvement plan

Profitability target to be reached at the end of 2016



EBITDA  
Q1/2016:  
**10.8%**

- Majority of actions related to operational efficiency and profitable growth

\* Adjusted for non-recurring items

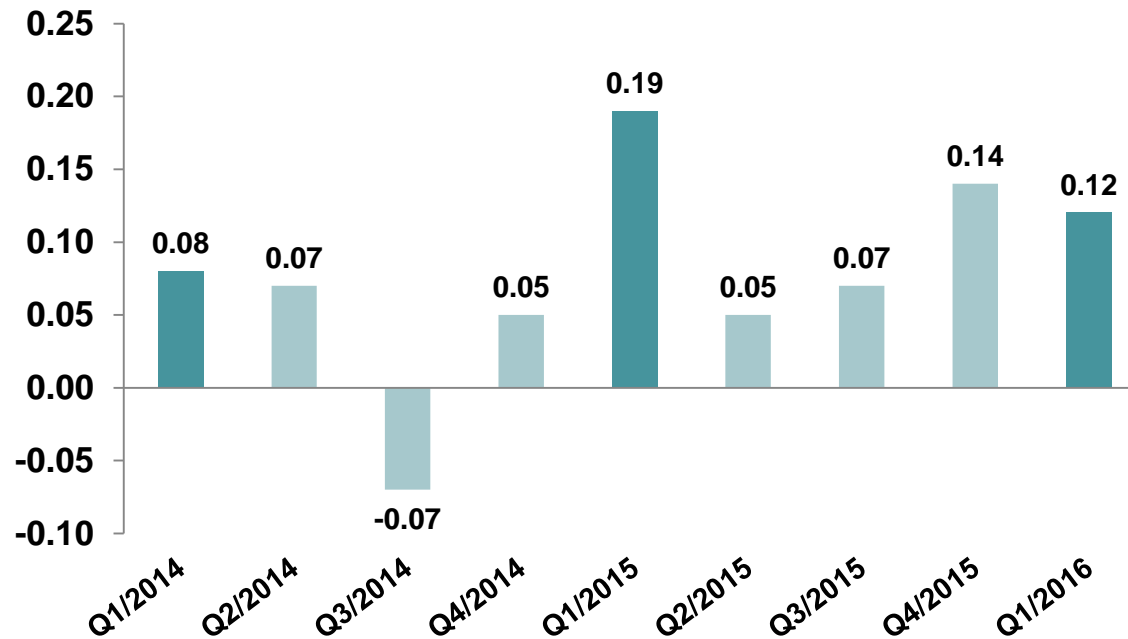


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# Earnings per share development

Improved operating profit but lower net result due to forex on financials

## BASIC EPS (EUR)



## Q1/2016 COMMENTS

- EPS was lower compared to Q1/2015
- Operating profit improved, however EPS affected negatively by forex on financial items

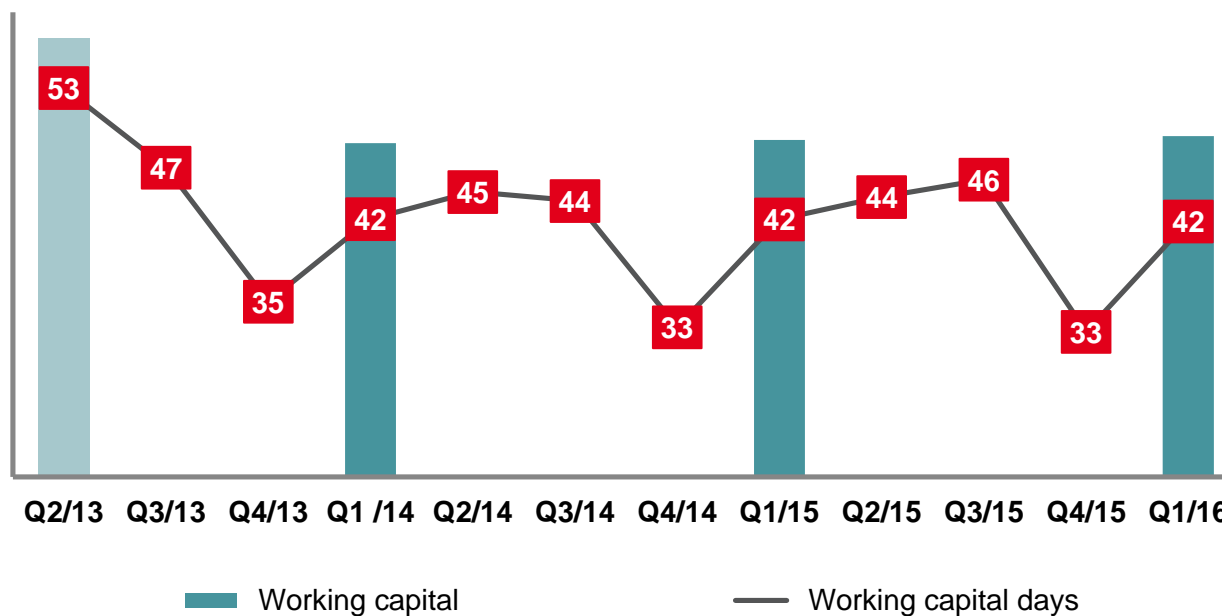




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## Focus on Working Capital management continues

MEUR



Working capital days:  $DIO + DSO - DPO$

Working capital:  $Inventory + Accounts\ receivable - Accounts\ payable$

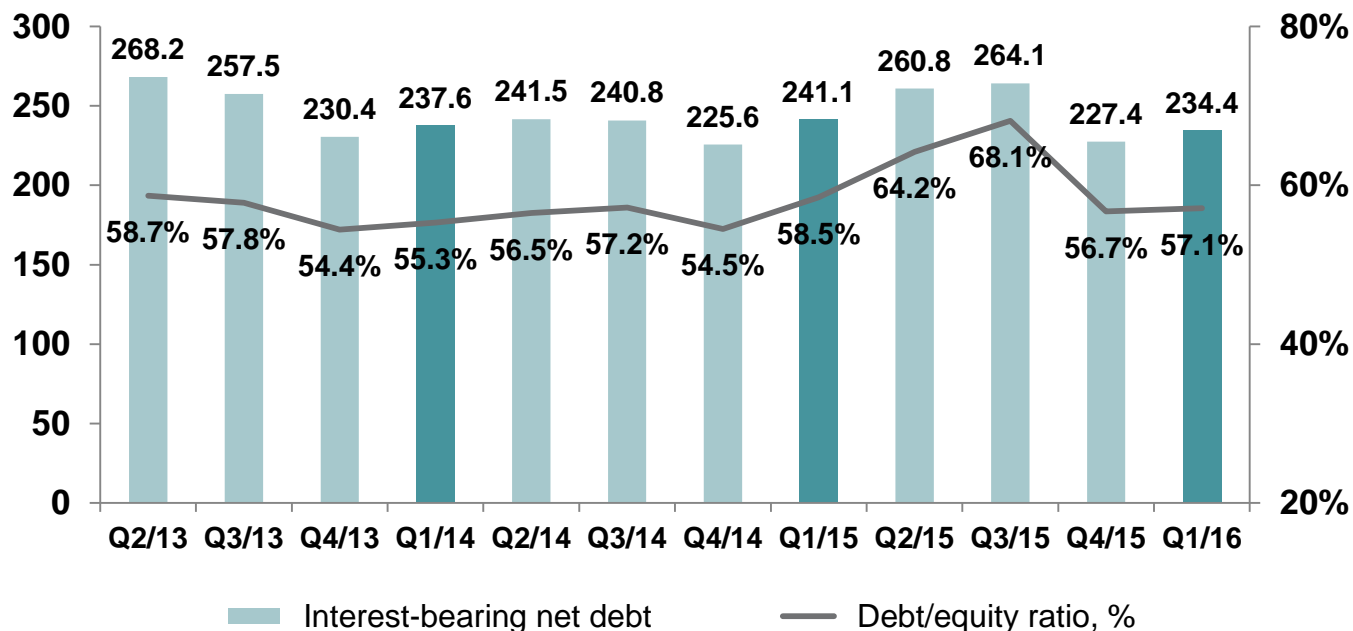
Figures preceding Q1/2014 include LP Europe and Coated Specialties. From the first quarter 2014, the reported figure is used.



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# Net debt development

## NET DEBT AND GEARING, MEUR



Pro forma figures for the period Q2-Q4/2013. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



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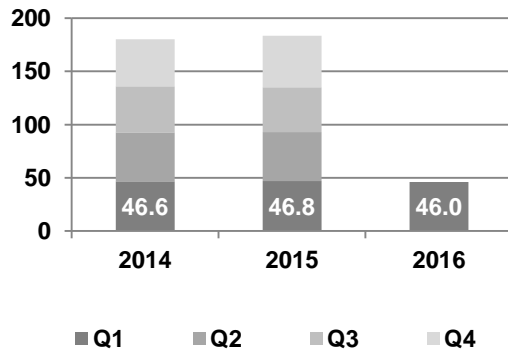
**4** Q&A



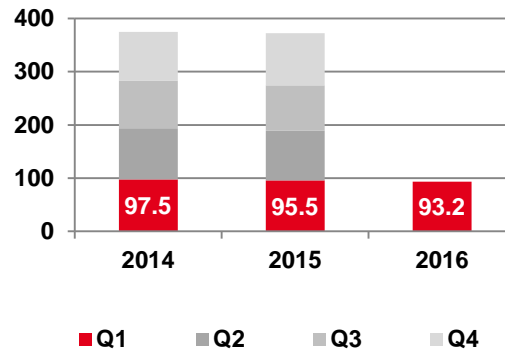
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# Business Area Decor

### DELIVERY VOLUMES, KTON



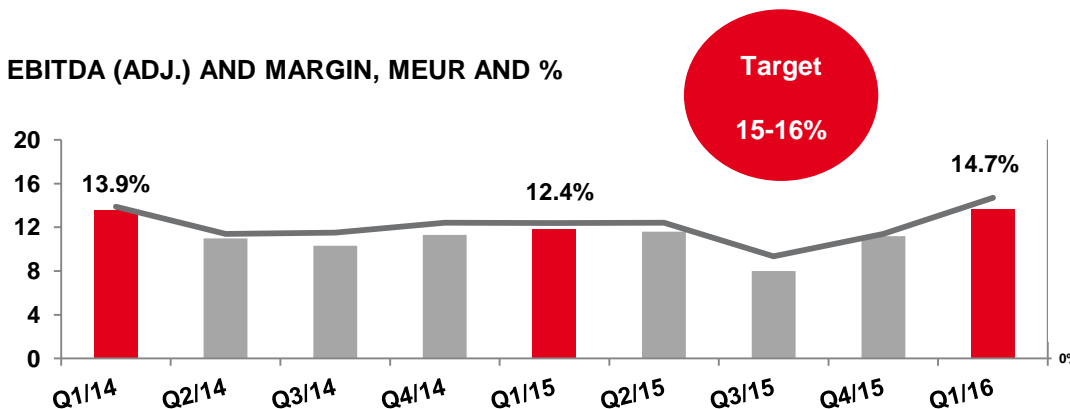
### NET SALES, MEUR



### Q1/2016

- Delivery volumes lower, main markets in Europe remained stable. Asia growing according to plan, but did not fully compensate for negative volume development in countries with increased macroeconomic uncertainty.
- Net sales decreased. Average price decreased due to a less favourable product and geographical mix.
- EBITDA increased, as lower variable costs and profitability improvement actions had a positive effect and compensated for the negative effect of the lower delivery volumes and the lower average price

### EBITDA (ADJ.) AND MARGIN, MEUR AND %

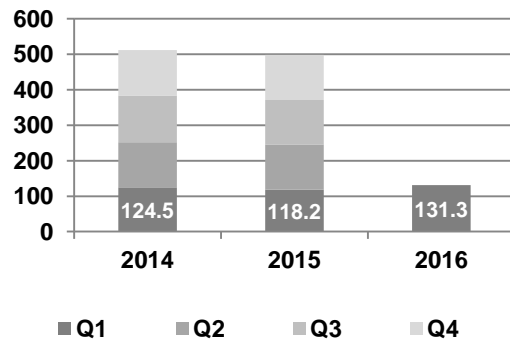




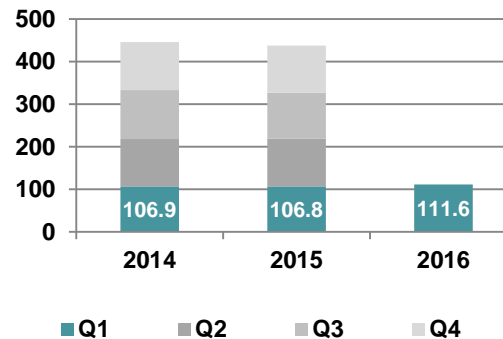
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# Business Area Release Liners

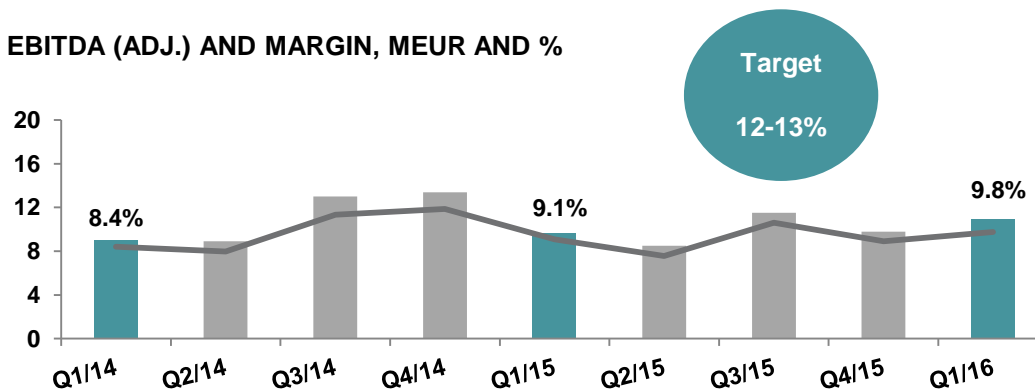
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



## Q1/2016

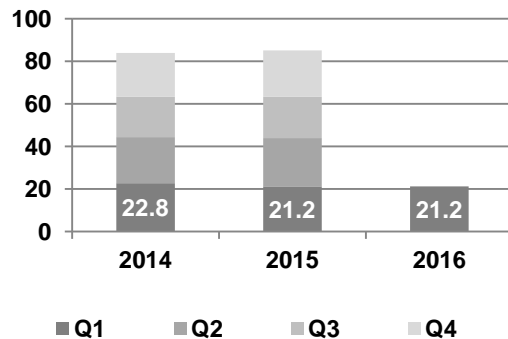
- Delivery volumes increased, mainly as a result of higher specialty pulp deliveries. Delivery volumes higher for Brazilian paper business, as increased export volumes more than compensated for the economic slowdown in Brazil. Volumes for European paper business stable.
- Net sales were higher. Average price was higher for European paper business due to price increases. Net sales and average price in local currency increased for Brazilian paper business. Average price for the business area affected by decrease of sales price in the pulp business, driven by the lower long fibre pulp price.
- EBITDA increased. Positive effect from higher volumes compensated for the lower average price. Variable cost base lower, driven by lower energy prices.
- Result of Brazilian paper business stabilised as a result of the of plan to increase export volumes.



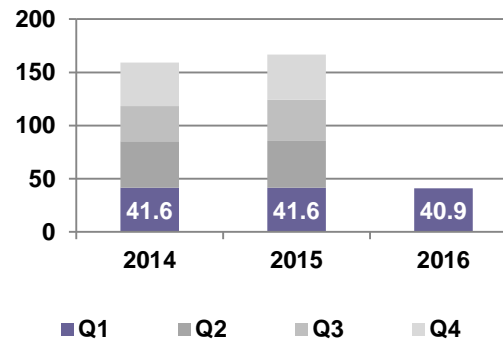
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# Business Area Industrial Applications

### DELIVERY VOLUMES, KTON



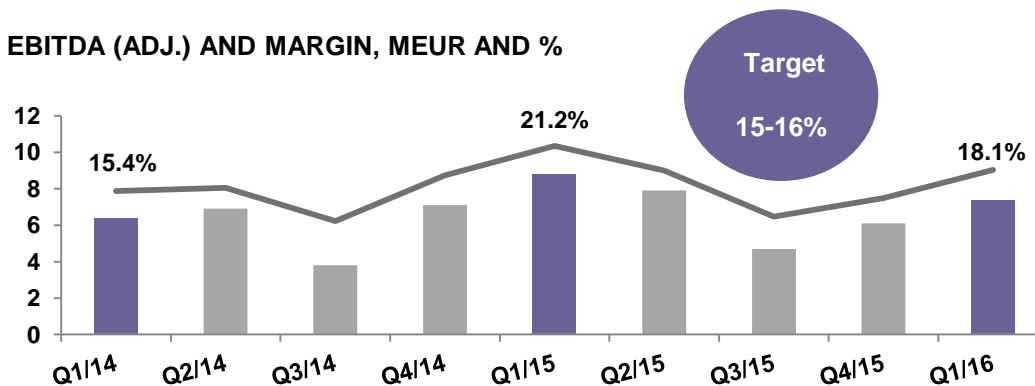
### NET SALES, MEUR



### Q1/2016

- Delivery volumes remained on same level.
- Net sales lower due to a lower average price. Average price lower as a result of less favourable product mix.
- EBITDA decreased mainly a result of the lower average price and less favourable currency development.

### EBITDA (ADJ.) AND MARGIN, MEUR AND %

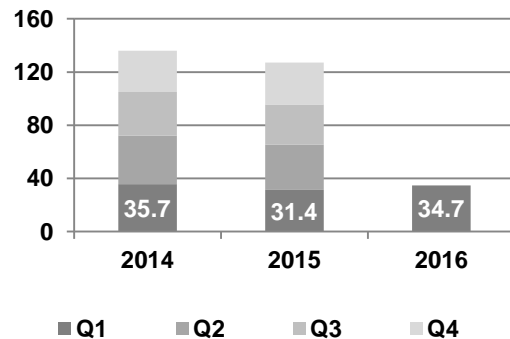




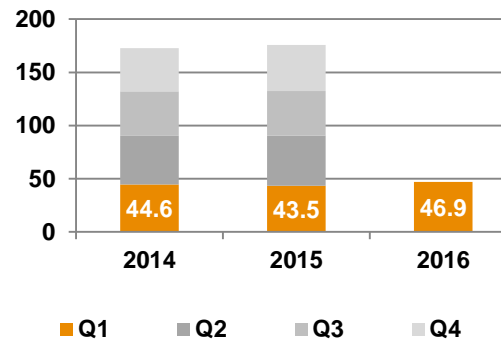
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## Business Area Graphics and Packaging

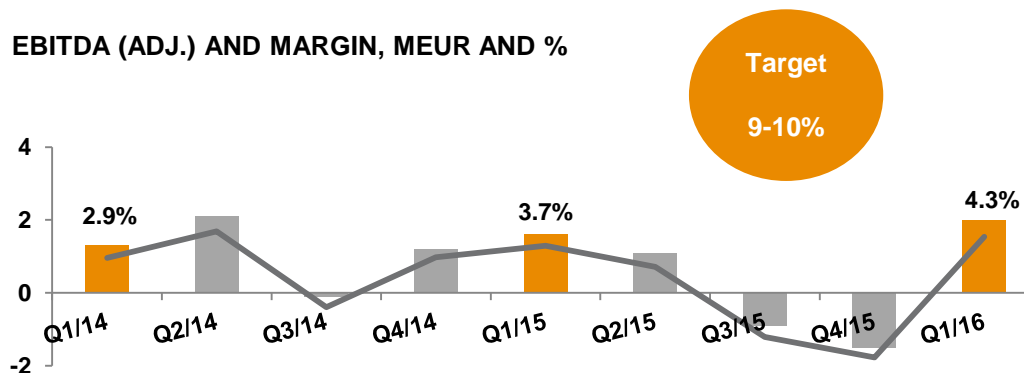
DELIVERY VOLUMES, KTON



NET SALES, MEUR



EBITDA (ADJ.) AND MARGIN, MEUR AND %



### Q1/2016

- Total delivery volumes increased, challenging competitive situation in certain product segments, mainly coated papers, continues.
- Net sales increased as an effect of the higher volumes. Average price decreased mainly as a result of less favourable product mix.
- EBITDA increased as positive result effect of higher volumes compensated for negative effect of the lower average price. Variable costs were lower, mainly as a result of a lower energy price but also due to profitability improvement actions.
- Programme aiming at a substantial improvement in the financial result progressing according to plan, with the exception of the coated paper business.



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## Outlook and events after the reporting period

### OUTLOOK

- **The demand outlook in 2016** for Munksjö's specialty paper products is expected to **remain stable and reflect the seasonal pattern**
- **The EBITDA margin in 2016 is expected to improve** compared with 2015 driven by the on-going profitability improvement plan including increased operational efficiency, profitable growth, product and service quality leadership and utilising the position as a market and innovation leader
- **The annual maintenance and vacation shutdowns** in the second and third quarter, as well as the **shutdowns at the end of 2016, are expected to follow the seasonal pattern and to be carried out to about the same extent as in 2015**. The next maintenance shut down at the pulp production facility in Aspa in Sweden will be carried out in September 2016 and therefore affect the financial result of the third quarter
- **The cash flow effect of capital expenditure** for fixed assets for 2016 is expected to be MEUR 35-40

### EVENTS AFTER REPORTING PERIOD

- **Decisions taken by the AGM 2016**, and the organisation meeting of the Board of Directors
  - ➔ The return of equity of **EUR 0.30 per share** was paid to the shareholders on **19 April 2016**





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# Q&A

## Future events:

<b>Q1-Q2/2016</b>	<b>Wednesday, 27 July 2016</b>
<b>Q1-Q3/2016</b>	<b>Wednesday, 26 October 2016</b>
<b>Full year 2016</b>	<b>Thursday, 16 February 2017</b>

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