

Munksjö Oyj

Interim Report

January – March 2017

This January-March 2017 interim report represents the stand-alone results for Munksjö Oyj. A separate final accounts report for Ahlstrom Corporation's January-March 2017 results is available on www.ahlstrom-munksjo.com.

Any forward-looking statements in the report relate to Ahlstrom-Munksjö as a combined company.

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Continued profitability improvement building strong platform for Ahlstrom-Munksjö

Highlights of the first quarter 2017

- Net sales increased by 2% to EUR 294.3 (288.0) million.
- Adjusted EBITDA was EUR 37.3 (31.0) million and the adjusted EBITDA margin was 12.7% (10.8%). Items affecting comparability (IAC) amounted to EUR -7.2 (0.0) million, mainly related to the costs associated with the combination with Ahlstrom.
- Operating result was EUR 17.4 (16.3) million and net result EUR 9.9 (6.3) million.
- Earnings per share (EPS) were EUR 0.20 (0.12).
- Operating cash flow was EUR 16.5 (3.6) million.
- On 11 January 2017, the Extraordinary General Meeting (EGM) of Munksjö resolved to approve the combination of Munksjö and Ahlstrom. After approval of the merger by the European Commission on 13 March 2017, the Boards of Directors of Munksjö and Ahlstrom, respectively, on 31 March 2017 resolved to complete the merger.
- On 16 March 2017, the Board of Directors of Munksjö resolved on an extra payment of funds from the reserve for invested unrestricted equity as return of equity of EUR 0.45 per share, based on the authorisation granted by the EGM on 11 January 2017. The payment date was 27 March 2017.

Events after the reporting period

- On 1 April 2017, the merger between Munksjö and Ahlstrom was registered by the Finnish Trade Register and trading in the merger consideration shares commenced on 3 April 2017.
- On 6 April 2017, the Board of Directors of Ahlstrom-Munksjö resolved on a new dividend policy, with the aim to distribute a stable, over time increasing dividend, to be paid biannually. The Board of Directors proposes to the Annual General Meeting on 16 May 2017 that it resolves on the payment of funds from the reserve for invested unrestricted equity as return of equity of EUR 0.23 per share, which would be paid in September 2017.
- On 6 April 2017, the Board of Directors of Ahlstrom-Munksjö confirmed the payout of the long-term share-based incentive programs 2014-2016 and 2016-2018 for the members of the management team and other key personnel of Munksjö.

KEY FIGURES (MEUR)	Jan-Mar		Change, %	Jan-Dec 2016
	2017	2016		
Net sales	294.3	288.0	2%	1,142.9
EBITDA (adj.*)	37.3	31.0	20%	136.7
EBITDA margin, % (adj.*)	12.7	10.8		12.0
EBITDA	30.1	31.0	-3%	130.1
EBITDA margin, %	10.2	10.8		11.4
Operating result (adj.*)	24.6	16.3	51%	81.5
Operating margin, % (adj.*)	8.4	5.7		7.1
Operating result	17.4	16.3	7%	74.9
Operating margin, %	5.9	5.7		6.6
Net result	9.9	6.3	57%	43.3
Earnings per share (EPS), EUR	0.20	0.12	62%	0.85
Interest-bearing net debt	184.7	234.4	-21%	169.5

* Adjusted for items affecting comparability (IAC)

Unless otherwise indicated, the figures in parentheses refer to the figures for the equivalent period in 2016. This financial report is unaudited.

Comment from Jan Åström, President and CEO

“The first quarter of 2017 showed continued strength in terms of volumes and sales growth as well as profitability of Munksjö on a stand-alone basis. I am also pleased that Ahlstrom’s sales and result development in first quarter was very strong, giving a solid foundation for the future as one company, Ahlstrom-Munksjö.

We have now started the integration work and we confirm the earlier announced plan to reach EUR 35 million in synergies. We are also working right now on identifying further business synergies, such as the integration of the former business area Graphics and Packaging into the new business area Specialities, to develop a combined product and service offering.

Through the combination a strong and well established platform will be created with multiple growth opportunities. I am honoured to lead our combined team of talented employees and look forward to our future as Ahlstrom-Munksjö.”

Outlook

The outlook for the financial year 2017 is given for the combined Ahlstrom-Munksjö operations.

Market outlook: The demand outlook for 2017 for Ahlstrom-Munksjö’s fibre-based products is expected to remain stable at the current good level for most of the product segments and to reflect the seasonal pattern. Price increases are implemented as customer contracts expire to mitigate for raw material price increases in certain segments, particularly in the Decor and Release Paper Europe businesses. The price increases will take effect towards the end of the second quarter.

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

Capital expenditure: The cash flow effect of current capital expenditure for fixed assets in 2017 is expected to be approximately EUR 70 million. In addition, the cash flow impact of the strategic investments in the Arches mill and in Madisonville is expected to be approximately EUR 10 million and EUR 8 million respectively.

As from the release of the combined pro forma figures in May 2017, Ahlstrom-Munksjö will start providing EBITDA development guidance as well as comments on future synergy realizations.

Ahlstrom and Munksjö complete the merger

On 1 April 2017, Ahlstrom Corporation was merged into Munksjö Oyj and the name of the combined company was changed to Ahlstrom-Munksjö Oyj. The combination created a global leader in sustainable and innovative fiber-based solutions with combined annual net sales of approximately EUR 2.15 billion for the full year 2016 and EUR 567 million for Q1 2017, about 6,200 employees and 41 production and converting facilities in 14 countries. The transaction is expected to create significant value for the stakeholders through stronger global growth opportunities and improved operational efficiency. Ahlstrom-Munksjö’s growth ambitions are supported by a strong balance sheet and strong cash flow generation.

Approvals from the Extraordinary General Meetings of Ahlstrom and Munksjö as well as the European Commission were received on 11 January 2017 and 13 March 2017, respectively. In connection with the merger, Ahlstrom and Munksjö distributed funds in the total amount of approximately EUR 46 million, corresponding to EUR 0.49 per share in Ahlstrom and EUR 0.45 per share in Munksjö, in lieu of the companies’ ordinary annual distribution.

Munksjö Oyj and Ahlstrom Corporation were listed companies prior to the merger and hence preparations for the combined opening balance sheet have been initiated only after the completion. Combined pro forma figures will be made available on or about 15 May 2017.

More information of the combined company, such as composition of the management team can be found in the merger prospectus, published on 16 December 2016.

Financial targets for Ahlstrom-Munksjö

Financial targets for the combined company are:

- an EBITDA margin above 14 per cent over a business cycle,
- net gearing below 100 per cent,
- a stable and annually increasing dividend, to be paid biannually.

Webcast and conference call

A combined news conference, call and live webcast will be arranged on the publishing day 26 April 2017 at 10:00 a.m. CEST (11:00 a.m. EEST, 8:00 a.m. GMT) at restaurant Savoy (Eteläesplanadi 14, 7th floor, Helsinki). The January-March 2017 interim report of Munksjö Oyj as well as the Final Accounts Release of Ahlstrom Corporation will be commented on by President and CEO Jan Åström, Deputy CEO Sakari Ahdekivi and CFO Pia Aaltonen-Forsell. The event will be held in English.

Webcast and conference call information

The combined webcast and teleconference can be viewed at:

http://qsb.webcast.fi/m/munksjo/munksjo_2017_0426_q1/

Finnish callers: +358 (0)9 7479 0404

Swedish callers: +46 (0)8 5065 3942

US callers: +1 719 325 2346

UK callers: +44 (0) 330 336 9412

Conference ID: 4282354

To join the conference call, participants are requested to dial one of the numbers above 5-10 minutes prior to the start of the event. An on-demand version of the conference call will be available on Ahlstrom-Munksjö's website later the same day.

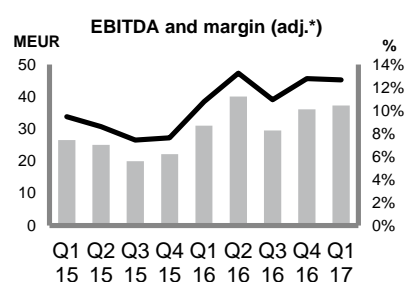
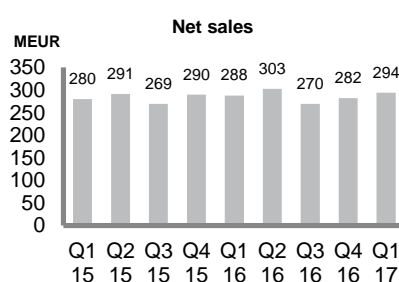
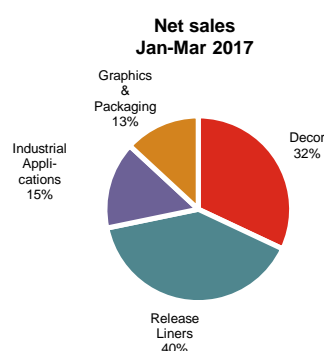
The Munksjö Group

MEUR	Jan-Mar		Change, %	Jan-Dec 2016
	2017	2016		
Net sales	294.3	288.0	2%	1,142.9
EBITDA (adj.*)	37.3	31.0	20%	136.7
EBITDA margin, % (adj.*)	12.7	10.8		12.0
EBITDA	30.1	31.0	-3%	130.1
EBITDA margin, %	10.2	10.8		11.4
Operating result (adj.*)	24.6	16.3	51%	81.5
Operating margin, % (adj.*)	8.4	5.7		7.1
Operating result	17.4	16.3	7%	74.9
Operating margin, %	5.9	5.7		6.6
Net result	9.9	6.3	57%	43.3
Capital expenditure	11.1	9.9	12%	39.2
Employees, FTE	2,751	2,732	1%	2,755

* Adjusted for items affecting comparability (IAC)

First quarter 2017

- Total group delivery volumes increased. The positive volume development was particularly strong in Business Area Industrial Applications and Decor as well as in the European release paper business, but was partly offset by lower volumes in Business Area Graphics and Packaging and the specialty pulp business. The seasonal shutdowns in the first quarter were on the same level as a year ago.
- Adjusted EBITDA increased to EUR 37.3 (31.0) million and the adjusted EBITDA margin was 12.7% (10.8%). The positive result effect was driven by lower variable costs and higher production.
- IAC amounted to EUR -7.2 (0.0) million, whereof EUR 4.1 million were transaction costs related to the merger with Ahlstrom, EUR 1.2 million related to integration costs, and EUR 0.3 million to restructuring expenses. Furthermore, approximately EUR 1.6 million were related to the terminated long-term share-value-based incentive program.
- The operating result was EUR 17.4 (16.3) million and net result EUR 9.9 (6.3) million.
- In the reporting period the currency hedging result impacting operating profit amounted to EUR -0.3 (-0.1) million. Exchange loss on financial assets and liabilities were EUR 0.8 (2.6) million and are reported in financial items.



* Adjusted for items affecting comparability

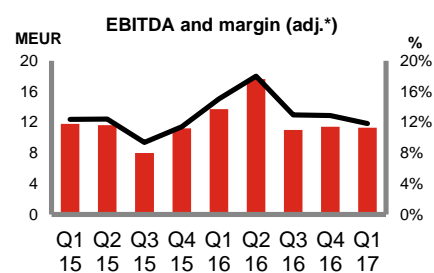
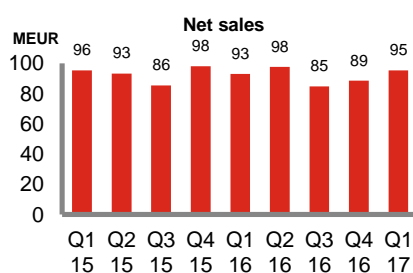
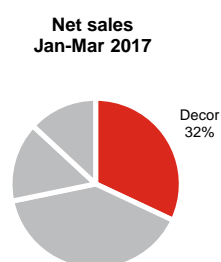
Business Area Decor

MEUR	Jan-Mar			Jan-Dec
	2017	2016	Change, %	2016
Net sales	95.4	93.2	2%	364.6
EBITDA (adj.*)	11.3	13.7	-18%	53.7
EBITDA margin, % (adj.*)	11.8	14.7		14.7
EBITDA	11.3	13.7	-18%	53.7
EBITDA, margin %	11.8	14.7		14.7
Operating result (adj.*)	9.8	11.7	-16%	46.3
Operating margin, % (adj.*)	10.3	12.6		12.7
Operating result	9.8	11.7	-16%	46.3
Operating margin, %	10.3	12.6		12.7
Capital expenditure	1.8	3.3	-45%	6.9
Deliveries, tonnes	48,600	46,000	6%	182,800
Production, tonnes	49,100	48,200	2%	187,600
Employees, FTE	853	834	2%	846

* Adjusted for items affecting comparability (IAC)

First quarter 2017

- Total delivery volumes were higher.
- Net sales increased by 2% to EUR 95.4 (93.2) million mainly due to higher volumes. The average price decreased mainly due to a less favourable product and geographical mix.
- Adjusted EBITDA was EUR 11.3 (13.7) million and the adjusted EBITDA margin was 11.8% (14.7%). Profitability improvement actions and higher volumes had a positive result effect, which however did not fully compensate for the negative result effect of the lower average price.
- Price increases have been implemented in the end of the first quarter to mitigate the increase in raw material costs. The price increases will take effect towards the end of the second quarter 2017.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 9.8 (11.7) million and the operating margin 10.3% (12.6%)



* Adjusted for items affecting comparability

Business Area Release Liners

MEUR	Jan-Mar		Change, %	Jan-Dec 2016
	2017	2016		
Net sales	118.6	111.6	6%	448.4
EBITDA (adj.*)	19.5	10.9	79%	59.6
EBITDA margin, % (adj.*)	16.4	9.8		13.3
EBITDA	19.5	10.9	79%	59.6
EBITDA margin, %	16.4	9.8		13.3
Operating result (adj.*)	12.2	3.9	n.m.	31.3
Operating margin, % (adj.*)	10.3	3.5		7.0
Operating result	12.2	3.9	n.m.	31.3
Operating margin, %	10.3	3.5		7.0
Capital expenditure	2.6	2.7	-4%	11.3
Deliveries, tonnes	132,200	131,300	1%	515,300
Production, tonnes	122,400	123,000	0%	495,000
Employees, FTE	825	850	-3%	843

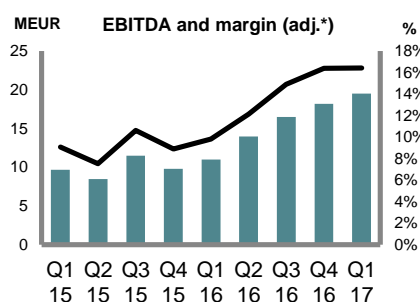
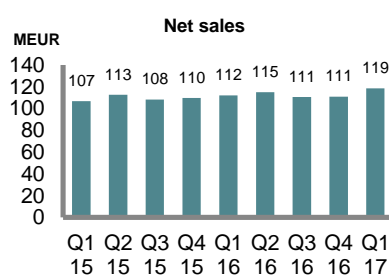
* Adjusted for items affecting comparability (IAC)

A change marked as n.m. indicates that the percentage change is not meaningful

First quarter 2017

- Total delivery volumes were higher. Deliveries were higher in the European paper business and stable in the Brazilian paper business. Specialty pulp business volumes decreased.
- Net sales increased by 6% to EUR 118.6 (111.6) million and the average price for the business area was higher. The average price for the specialty pulp business was higher while average prices remained stable in the European paper business. Average price in reported currency increased for the Brazilian paper business, but was lower in local currency.
- Adjusted EBITDA increased to a record first quarter level of EUR 19.5 (10.9) million and the adjusted EBITDA margin was 16.4% (9.8%). The profitability improvement was mainly related to the higher average price, profitability improvement actions and lower variable costs.
- Price increases for Release Papers in Europe are implemented to mitigate for increasing raw material costs. The price increases are implemented as contracts are expiring, and will take effect towards the end of the second quarter 2017.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 12.2 (3.9) million and the operating margin 10.3% (3.5%).

Net sales
Jan-Mar 2017



* Adjusted for items affecting comparability

Business Area Industrial Applications

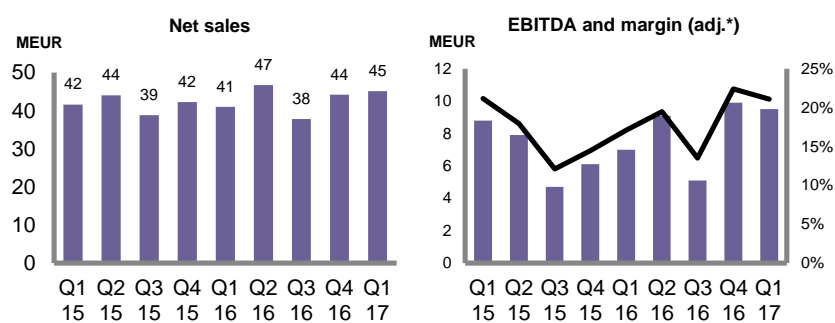
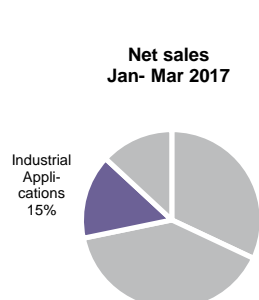
MEUR	Jan-Mar			Jan-Dec
	2017	2016	Change, %	2016
Net sales	45.1	40.9	10%	169.6
EBITDA (adj.*)	9.5	7.4	28%	31.5
EBITDA margin, % (adj.*)	21.1	18.1		18.6
EBITDA	9.5	7.4	28%	31.1
EBITDA margin, %	21.1	18.1		18.3
Operating result (adj.*)	7.7	5.3	45%	23.9
Operating margin, % (adj.*)	17.1	13.0		14.1
Operating result	7.7	5.3	45%	23.5
Operating margin, %	17.1	13.0		13.9
Capital expenditure	3.9	1.2	n.m.	8.7
Deliveries, tonnes	23,400	21,200	10%	87,200
Production, tonnes	23,700	22,800	4%	88,000
Employees, FTE	591	573	3%	588

* Adjusted for items affecting comparability (IAC)

A change marked as n.m. indicates that the percentage change is not meaningful

First quarter 2017

- Total delivery volumes increased by 10%.
- Net sales increased by 10% to EUR 45.1 (40.9) million. The average price was stable.
- Adjusted EBITDA increased to EUR 9.5 (7.4) million and the adjusted EBITDA margin was 21.1% (18.1%). The positive profitability development was mainly a result of higher volumes.
- There were no IAC in the reporting period or in the corresponding period last year.
- Operating result was EUR 7.7 (5.3) million and the operating margin 17.1% (13.0%).



* Adjusted for items affecting comparability

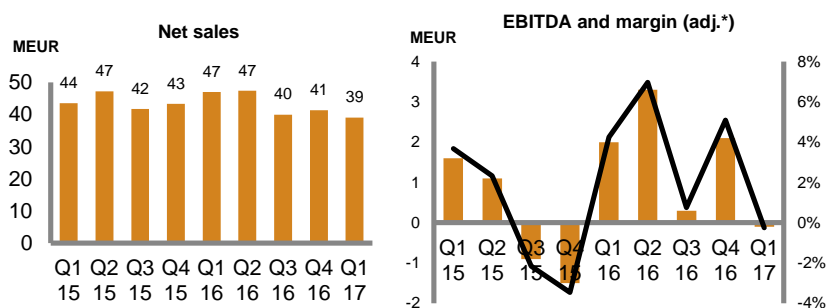
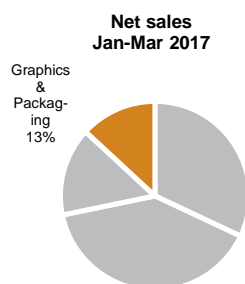
Business Area Graphics and Packaging

MEUR	Jan-Mar		Change, %	Jan-Dec 2016
	2017	2016		
Net sales	39.1	46.9	-17%	175.6
EBITDA (adj.*)	-0.1	2.0	-105%	7.7
EBITDA margin, % (adj.*)	-0.3	4.3		4.4
EBITDA	-0.4	2.0	-120%	7.7
EBITDA margin, %	-1.0	4.3		4.4
Operating result (adj.*)	-1.8	-0.9	-100%	-2.6
Operating margin, % (adj.*)	-4.6	-1.9		-1.5
Operating result	-2.1	-0.9	-133%	-2.6
Operating margin, %	-5.4	-1.9		-1.5
Capital expenditure	1.6	1.6	0%	7.6
Deliveries, tonnes	29,800	34,700	-14%	131,100
Production, tonnes	30,400	35,200	-14%	131,200
Employees, FTE	413	413	0%	416

* Adjusted for items affecting comparability (IAC)

First quarter 2017

- Total delivery volumes decreased because of the challenging competitive situation in certain product segments, mainly coated papers.
- Net sales decreased by 17% to EUR 39.1 (46.9) million. The average price was lower as result of a less favourable product and customer mix.
- Adjusted EBITDA decreased and was EUR -0.1 (2.0) million and the adjusted EBITDA margin was -0.3% (4.3%). The lower profitability was mainly caused by lower volumes. .
- IAC amounted to EUR -0.3 (0.0) million, mainly related to restructuring.
- Operating result was EUR -2.1 (-0.9) million and the operating margin -5.4% (-1.9%).



* Adjusted for items affecting comparability

Cash flow

The cash flow from operating activities amounted to EUR 16.5 (3.6) million in the first quarter of 2017. The continued improved operating result had a positive effect on cash flow from operating activities.

The operating cash flow was affected by EUR -0.3 (-2.9) million related to the settlement of provisions recorded in previous periods and EUR -2.0 (-2.0) million of income taxes.

Capital expenditure

The cash flow related to capital expenditure for January-March 2017 amounted to EUR -11.1 (-9.9) million. The capital expenditure was mainly of operative nature and includes maintenance, cost improvement and efficiency improvement investments.

The cash flow effect of the strategic capital expenditure related to the investment in the Arches mill, France, decided in 2016, is estimated to approximately EUR 10 million. The rebuild is planned to take place in two steps during the seasonal shutdowns in the summer and at the end of 2017.

Financial position

Financing

Munksjö has a EUR 345 million term loan and revolving credit facilities agreement, with a maturity of five years since September 2014, and a SEK 570 million term loan signed and implemented in December 2015, with a maturity of five years. The interest payable under both agreements depends on the ratio of consolidated net debt to consolidated EBITDA. At the end of the first quarter of 2017, the weighted average interest rate on bank debt was approximately 2.1% (end of the fourth quarter 2016: 2.5%; end of the first quarter 2016: 2.8%).

Interest-bearing net debt was EUR 184.7 million at 31 March 2017 (31 December 2016: 169.5; 31 March 2016: 234.4), resulting in a net debt/equity ratio of 43.2% (31 December 2016: 38.7%; 31 March 2016: 57.1%).

Shareholders' equity at 31 March 2017 amounted to EUR 427.4 million (31 December 2016: 437.7; 31 March 2016: 410.6) and total assets was EUR 1,175.8 million (31 December 2016: 1,186.5; 31 March 2016: 1,162.0).

Following the merger a new financing has been arranged for Ahlstrom-Munksjö and will consist of multicurrency term facilities and a revolving credit facility as well as a bridge facility. Furthermore, following the completion of the merger, the effective date for the amendments to the terms and conditions of the EUR 100 million senior unsecured callable fixed rate notes due 2019, originally issued by Ahlstrom Corporation and transferred to Ahlstrom-Munksjö in the merger, occurred on 1 April 2017. The merger also constitutes a corporate restructuring event as defined under the terms and conditions of the EUR 100 million hybrid capital notes originally issued by Ahlstrom Corporation and transferred to Ahlstrom-Munksjö in the merger. Ahlstrom-Munksjö has decided to redeem the hybrid bond in accordance with its terms and conditions.

Net financial items

Net financial items for January-March 2017 amounted in total to EUR -3.7 (-6.4) million, of which EUR 2.0 (2.8) million is interest rate expenses, EUR 0.3 (0.8) million is other finance costs. The rest is mainly items not affecting the cash flow, including EUR 0.2 (0.2) million of amortisation of capitalised bank fees and foreign exchange gains and losses on financial assets and liabilities of EUR -0.8 (-2.6) million. The net financial items for the period include realised interest rate swaps of EUR -0.2 (-0.3) million. At the end of the reporting period, the fair value of unrealised interest rate swaps amounted to EUR -0.7 (-1.9) million.

Hedging

At the end of the reporting period the fair value of unrealised hedges excluding interest rate swaps amounted to EUR 0.5 (-0.6) million. The operating result for January-March 2017 includes realised hedges of EUR -0.3 (-0.2) million. The realised hedges were mainly currency-related hedge losses. Hedging activities are managed centrally and mainly reported in segment 'Other'.

Taxes

The income tax charge for the reporting period was EUR -3.8 (-3.6) million representing an effective rate of 28.2% (36.7%). The effective tax rate is the statutory corporate tax rate as adjusted for non-deductible expenses, income not subject to income tax, valuation or revaluation of losses and prior year adjustments. Total cash taxes paid for the reporting period amounted to EUR -2.0 (-2.0) million.

Earnings per share

Earnings per share (EPS) in the first quarter of 2017 increased to EUR 0.20 (0.12). The increase compared to the first quarter of 2016 was mainly related to the effect of the improved operating profit of EUR 0.03 and lower exchange losses on financial items of EUR 0.03.

Employees

The average number of employees (FTEs) in the first quarter of 2017 was 2,751 (2,732). At the end of March 2017, Munksjö had 2,915 (2,912) employees. Of Munksjö's total number of employees at the end of March 38% (38%) were employed in France, 23% (22%) in Sweden, 16% (16%) in Germany, 8% (9%) in Italy, 8% (8%) in Brazil, 6% (6%) in Spain and 1% (1%) in other countries.

Incentive programmes for senior executives and other key personnel

The personnel expenses related to the 2014-2016 incentive program in January-March 2017 were EUR -0.4 (0.5) million.

As a consequence of the planned merger, the Board of Directors of Munksjö decided in December 2016 to terminate Munksjö's long-term share value based incentive program 2016-2018 for the members of the Management Team and other key personnel. The incentive program was decided to terminate on a pro rata basis as of the completion of the merger, thereby cancelling 7/12 of the program (the original award period would have terminated at the end of 2018 and the award would have been payable in the spring of 2019). Read more under Events after the reporting period. In the reporting period recorded costs related to the terminated long-term share-value-based incentive program of EUR 1.6 (0.0) million were reported as items affecting comparability.

Risks and uncertainty factors for Ahlstrom-Munksjö

Ahlstrom-Munksjö is exposed to changing market conditions and uncertainty caused by both macroeconomic and industry related events and is exposed to risks that may arise from its operations, changes in the business environment, developments in the global economy or potential changes in the legislative framework. The materialisation of such risks could have a material adverse effect on Ahlstrom-Munksjö's operations, earnings and financial position.

Ahlstrom-Munksjö's significant risks and uncertainty factors mainly consist of developments in demand and prices of sold products, the cost and availability of significant raw materials, financial risks, as well as other business factors including developments on the financial markets. Currently there is a risk related to the availability of titanium dioxide, a key raw material for decor paper, due to shortage in supply. Ahlstrom-Munksjö's key financial risks include interest rate and currency risks, liquidity risk and credit risk. The Group has exposure to tax risks due to potential changes in tax laws or regulations or their application, or as a result of on-going and future tax audits or claims.

Ahlstrom-Munksjö has operations in many countries, and sometimes disputes cannot be avoided in the daily operations. The company is sometimes involved in legal actions, disputes, claims for damages and other procedures. The result of these cannot be predicted, but taking into account all available information to date, the impact is not expected to have a significant impact on the financial position of the company.

More information about risks and uncertainty factors related to Ahlstrom-Munksjö's business and the company's risk management is available on www.ahlstrom-munksjo.com.

Shares and shareholders

Until 31 March 2017, the Munksjö share was traded on Nasdaq Helsinki under the trading symbol MUNK1 and on Nasdaq Stockholm under the trading symbol MUNK1S. The share capital amounted to EUR 15,000,000 and the total number of shares amounted to 51,061,581. All shares carry one vote each and have equal rights.

On 31 March 2017, Munksjö held 300,000 own shares, corresponding to about 0.6 per cent of the total number of shares and votes. The own shares were repurchased during 2015 and will primarily be used for implementing share-based incentive programmes of the company, or for other purposes defined in the authorisation of the Annual General Meeting.

Share development

The reporting period January-March 2017 consisted of 64 (61) trading days on Nasdaq Helsinki and 64 (61) trading days on Nasdaq Stockholm.

The trading volume on Nasdaq Helsinki during the reporting period was 1,746,813 (2,256,208) shares, equivalent to a turnover of EUR 26,273,093 (19,098,996). The daily average trading volume was 27,294 (36,987) shares and the volume-weighted average share price was EUR 14.97 (8.51). The highest share price was EUR 16.24 (9.75) and the lowest EUR 13.85 (7.67). On the last trading day of the reporting period, 31 March 2017, the share price was EUR 13.94 (9.75) and the corresponding market capitalisation was EUR 707.6 million (494.9). The market capitalisation figures have been adjusted with the shares held by the company at the end of the reporting period.

The trading volume on Nasdaq Stockholm during the reporting period was 276,025 (664,635) shares, equivalent to a turnover of SEK 39,422,798 (53,349,761). The daily average trading volume was 4,313 (10,896) shares and the volume-weighted average share price was SEK 142.84 (80.27). The highest share price was SEK 155.50 (90.75) and the lowest SEK 132.25 (71.75). On the last trading day of the reporting period, 31 March 2017, the share price was SEK 133.50 (90.75).

At the end of March 2017, Munksjö had 12,087 (10,331) shareholders in the register maintained by Euroclear Finland Oy.

The share turnover during the reporting period for both exchanges was 4.0 (5.8) per cent of the total amount of shares. Munksjö's share is also traded on alternative exchanges, such as BATS. The shares traded on Nasdaq represented 76.3 per cent and the shares traded on the alternative exchanges 23.7 per cent of the total turnover (Source: Fidessa Fragmentation Index, <http://fragmentation.fidessa.com>).

Flagging notifications

During the reporting period, Munksjö received no announcement about major changes with regards to the holdings of the largest shareholders.

The Board of Director's proposal to pay dividend

The Extraordinary General Meeting (EGM) of Munksjö decided on 11 January 2017 to authorise the Board of Directors to resolve, based on the audited financial statements of the company for 2015, on an extra payment of funds from the company's reserve for invested unrestricted equity as return of equity in the total amount of maximum EUR 0.45 per each outstanding share in the company (representing a maximum total amount of approximately EUR 22,842,711 after excluding the treasury shares held by the company) to the shareholders of Munksjö prior to the merger.

On 16 March 2017, the Board of Directors of Munksjö resolved on a return of equity in the amount of EUR 0.45 per each outstanding share, based on the authorisation granted by the EGM. The payment date for the return of equity was 27 March 2017.

After the reporting period, on 6 April 2017, the Board of Directors decided, in connection with the decision on a new dividend policy, to propose to the Annual General Meeting on 16 May 2017 to resolve on the payment of funds from the reserve for invested unrestricted equity as return of equity in the amount of EUR 0.23 per share, which would be paid in September 2017.

Annual General Meeting 2017

The company's Annual General Meeting will be held on 16 May 2017. For more information see the notice at *Events after the reporting period*.

Decisions taken by the Extraordinary General Meeting

An Extraordinary General Meeting (EGM) was held in Helsinki on 11 January 2017 regarding resolutions relating to the proposed combination with Ahlstrom. The EGM made the following decisions.

Resolution on the merger

The EGM resolved to approve the combination of Munksjö's and Ahlstrom Corporation's (Ahlstrom) business operations through a statutory absorption merger of Ahlstrom into Munksjö pursuant to the Finnish Companies Act and approve the merger plan.

Further, the EGM resolved on the amendments to Section 1, the first sentence of Section 2, Section 4 and Section 6 of the Articles of Association of Munksjö, as set out below as part of the merger.

"1 § The name of the Company is Ahlstrom-Munksjö Oyj. The domicile of the Company is Helsinki.";

"2 § The Company's field of business is to engage in the manufacture, converting and sale of fiber-based solutions and products and in other related or supporting activities.";

"4 § The Board of Directors of the Company shall comprise a minimum of four (4) and a maximum of twelve (12) ordinary members."; and

"6 § The Company shall have one (1) auditor, which shall be an audit firm authorised by the Finnish Patent and Registration Office."

The shareholders of Ahlstrom shall receive as merger consideration 0.9738 new shares of Munksjö for each share owned in Ahlstrom, that is, the merger consideration shall be issued to the shareholders of Ahlstrom in proportion to their existing shareholding with a ratio of 0.9738:1. In case the number of shares received by a shareholder of Ahlstrom as merger consideration would be a fractional number, the fractions shall be rounded down to the nearest whole number. Fractional entitlements to new shares of Munksjö shall be aggregated and sold in the market and the proceeds will be distributed pro rata to Ahlstrom's shareholders being entitled to receive fractional entitlements. Any costs related to the sale and distribution of fractional entitlements shall be borne by Munksjö.

Resolution on the number of members of the Board of Directors

The EGM resolved in accordance with the proposal of the Board of Directors that the number of members of the Board of Directors shall be eleven (11).

Resolution on the remuneration of the members of the Board of Directors

The EGM resolved in accordance with the proposal of the Board of Directors that the members of the Board of Directors of Munksjö to be elected for a term of office commencing on the date of registration of the execution of the merger and expiring at the end of the first Annual General Meeting of Munksjö following the date of registration of the execution of the merger be paid the following remuneration: to the Chairman of the Board of Directors EUR 80,000 per year, to the Vice Chairman of the Board of Directors EUR 50,000 per year and EUR 40,000 per year to the other members of the Board of Directors. The Chairman of the Audit Committee shall receive EUR 12,000 per year and the ordinary members of the Audit Committee EUR 6,000 per year each. The Chairman of the Remuneration Committee shall receive EUR 6,000 per year and the ordinary members of the Remuneration Committee EUR 3,000 per year each.

Travel expenses are reimbursed in accordance with the company's travel policy.

The annual remuneration of the members elected hereunder shall be paid in proportion to the length of their term of office.

Election of the members of the Board of Directors

The EGM resolved in accordance with the proposal of the Board of Directors that Peter Seligson, Elisabet Salander Björklund, Sebastian Bondestam, Alexander Ehrnrooth, Hannele Jakosuo-Jansson, Mats Lindstrand and Anna Ohlsson-Leijon, then members of the Board of Directors of Munksjö, be conditionally elected to continue to serve on the Board of Directors and that Hans Sohlström, Jan Inborr, Johannes Gullichsen and Harri-Pekka Kaukonen, then members of the Board of Directors of Ahlstrom, be conditionally elected as members of the Board of Directors for the term commencing on the date of registration of the execution of the merger and expiring at the end of the next Annual General Meeting following the date of registration of the execution of the merger.

Authorisation of the Board of Directors to resolve on the payment of funds from the reserve for invested unrestricted equity

The EGM resolved in accordance with the proposal of the Board of Directors to authorise the Board of Directors of Munksjö to resolve, based on the audited financial statements of the company for 2015, by one or several resolutions, on an extra payment of funds from the company's reserve for invested unrestricted equity as return of equity in the total amount of maximum EUR 0.45 per each outstanding share in the company (representing a maximum total amount of approximately EUR 22,842,711 after excluding the treasury shares held by the company) to the shareholders of Munksjö prior to the completion of the combination. The return of equity shall be paid prior to the registration of the execution of the merger. The authorisation shall be valid until the close of the next Annual General Meeting of Munksjö.

Events after the end of the reporting period

All events after the end of the reporting period refer to the combined company Ahlstrom-Munksjö.

Ahlstrom-Munksjö redeems the EUR 100 million hybrid bond

On 3 April 2017 it was announced that Ahlstrom-Munksjö will redeem the EUR 100 million capital notes (hybrid bond) originally issued by Ahlstrom Corporation on 2 October 2013 and transferred to Ahlstrom-Munksjö in the merger between Ahlstrom Corporation and Munksjö Oyj. The redemption will be made on 3 May 2017 in accordance with the terms and conditions of the hybrid bond. The holders of the hybrid bond are not required to take any action in respect to the redemption.

Flagging notifications

Change in the holding of Ahlström Capital

Ahlstrom-Munksjö received on 3 April 2017 a notification from Ahlström Capital Oy on behalf of AC Invest Five BV and AC Invest Six BV. According to the notification, as a consequence of the merger of Ahlstrom Corporation into Munksjö Oyj, the proportion of Ahlstrom-Munksjö shares owned by AC Invest Five BV, a fully owned indirect subsidiary of Ahlström Capital Oy, had fallen below the thresholds of 15 per cent and 10 per cent on 1 April 2017 (from 18.11% to 9.63%). Furthermore, the proportion of Ahlstrom-Munksjö shares owned by AC Invest Six BV, a fully owned indirect subsidiary of Ahlström Capital Oy, exceeded the threshold of 5 per cent on 1 April 2017 (from 0% to 5.69%). No notification threshold has been crossed on the group level.

Change in the holding of Ilmarinen Mutual Pension Insurance Company

Ahlstrom-Munksjö received on 3 April 2017, a notification from Ilmarinen Mutual Pension Insurance Company that the holding of Ilmarinen had fallen below the 5% threshold as a consequence of the merger of Ahlstrom Corporation into Munksjö Oyj. On 1 April 2017, the direct holding of Ilmarinen amounted to 4,474,546 shares, corresponding to a holding of 4.64% of Ahlstrom-Munksjö's shares and voting rights.

Payout from Munksjö's long-term incentive programs

On 6 April 2017, the Board of Directors of Ahlstrom-Munksjö confirmed the payout of the long-term share-based incentive program for the members of the management team and other key personnel of Munksjö (name of Ahlstrom-Munksjö prior to merger with Ahlstrom; Munksjö approved in May 2014 (the LTIP 2014–2016) and the long-term share-value-based incentive program for the members of the management team and other key personnel of Munksjö approved in June 2016 (the LTIP 2016–2018). Munksjö announced on 16 December 2016 that the Board of Directors had decided to terminate the LTIP 2016–2018 as of the completion of the merger of Ahlstrom into Munksjö, which occurred on 1 April 2017.

Pursuant to the terms and conditions of the LTIP 2014–2016 and the LTIP 2016–2018, the rewards granted thereunder were payable partially in cash and partially in shares of Ahlstrom-Munksjö. The Board of Directors of Ahlstrom-Munksjö therefore decided to issue from treasury a total of 237,555 shares in Ahlstrom-Munksjö without consideration to the participants of said programs. The issuance was based on the authorisation granted by Munksjö's Annual General Meeting held on 6 April 2016. The shares were transferred to the participants 7-12 April 2017. The participants of the programs also received a cash payment for tax purposes in proportion to the value of the transferred shares. Following the transfer, Ahlstrom-Munksjö holds 62,445 own shares, corresponding to approximately 0.065 per cent of the total shares and votes in Ahlstrom-Munksjö.

Permanent committees of the Board of Directors

On 6 April 2017, the Board of Directors of Ahlstrom-Munksjö resolved to appoint three permanent Board committees, being the Audit Committee, the Strategy Committee (new) and the Human Resources Committee (previously Remuneration Committee).

The members of the Audit Committee are Elisabet Salander Björklund (Chairman), Alexander Ehrnrooth and Harri-Pekka Kaukonen. All the members of the Audit Committee are considered independent of the company and its significant shareholders, except Alexander Ehrnrooth, who is not considered independent of a significant shareholder of the company.

The members of the new Strategy Committee are Peter Seligson (Chairman), Alexander Ehrnrooth and Jan Inborr. All the members of the Strategy Committee are considered independent of the company and its significant shareholders, except Alexander Ehrnrooth, who is not considered independent of a significant shareholder of the company.

The members of the Human Resources Committee are Hans Sohlström (Chairman), Johannes Gullichsen and Hannele Jakosuo-Jansson. All the members of the Human Resources Committee are considered independent of the company and its significant shareholders, except Hans Sohlström, who is not considered independent of a significant shareholder of the company.

New dividend policy

On 6 April 2017, the Board of Directors of Ahlstrom-Munksjö resolved on a new dividend policy. According to the new dividend policy, Ahlstrom-Munksjö aims to distribute a stable, over time increasing dividend, to be paid biannually.

Further, to facilitate the transition to biannual distribution of funds, the Board of Directors proposes to the Annual General Meeting on 16 May 2017 that it resolves on the payment of funds from the reserve for invested unrestricted equity as return of equity in the amount of EUR 0.23 per share, which would be paid in September 2017.

Notice of Ahlstrom-Munksjö's Annual General Meeting

Notice is given to the shareholders of Ahlstrom-Munksjö to the Annual General Meeting to be held on Tuesday, 16 May 2017 at 1:00 p.m. (EET) at the Finlandia Hall, Helsinki-hall, Mannerheimintie 13 e, Helsinki, Finland (entrance M3 from Mannerheimintie and K3 from the Karamziniranta street). The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 12:00 noon (EET). Registration for the meeting is requested to be made no later than 12:45 p.m. (EET).

A. Matters on the agenda of the Annual General Meeting

At the Annual General Meeting the following matters will be considered:

1. *Opening of the meeting*
2. *Calling the meeting to order*
3. *Election of persons to scrutinize the minutes and to supervise the counting of votes*
4. *Recording the legality of the meeting*
5. *Recording the attendance at the meeting and adoption of the list of votes*
6. *Presentation of the Financial Statements, the Report of the Board of Directors and the Auditor's Report for the year 2016*
 - Review by the President & CEO
7. *Adoption of the Financial Statements*
8. *Resolution on the use of the profit shown on the balance sheet and the payment of dividend*

There being no distributable retained earnings in the balance sheet of Munksjö Oyj as per 31 December 2016, the Board of Directors proposes that no dividend be paid for the fiscal year 2016.

9. *Resolution on the payment of funds from the reserve for invested unrestricted equity*

The Board of Directors proposes that the Annual General Meeting resolves, based on the financial statements of the company for 2016, on the payment of funds from the reserve for invested unrestricted equity as return of equity in the amount of EUR 0.23 per share. The return of equity shall be paid in September 2017 to a shareholder who on the record date of the payment is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd or in the register of shareholders maintained by Euroclear Sweden AB, which, together with the payment date, shall be resolved by the Board of Directors in its meeting scheduled for 4 September 2017. The record date of the payment would be 6 September 2017 and the payment date 13 September 2017, at the latest.

10. *Resolution on the discharge of the members of the Board of Directors and the President & CEO from liability*
11. *Resolution on the remuneration of the members of the Board of Directors and the Shareholders' Nomination Board*

The Shareholders' Nomination Board (Nomination Board) proposes that the annual remuneration of the Board of Directors, Board Committees and Nomination Board is as follows: The Chairman of the Board shall receive EUR 100,000 a year, the Vice Chairmen EUR 80,000 each and the ordinary members EUR 60,000 each. The Chairman of the Audit Committee shall annually receive EUR 12,000 and the ordinary members of the committee EUR 6,000 each.

The Nomination Board proposes that the Chairman of the Strategy Committee shall annually receive EUR 12,000 and the ordinary members of the committee EUR 6,000 each, and that the Chairman of the Human Resources Committee shall annually receive EUR 8,000 and the ordinary members EUR 4,000 each.

The Chairman of the Shareholders' Nomination Board shall annually receive EUR 8,000 and the ordinary members EUR 4,000 each. Travel expenses are proposed to be reimbursed in accordance with the company's travel policy.

12. Resolution on the number of members of the Board of Directors

The Shareholders' Nomination Board proposes that the number of members of the Board of Directors be nine (9).

13. Election of members of the Board of Directors

The Nomination Board proposes that Hans Sohlström, Peter Seligson, Elisabet Salander Björklund, Alexander Ehrnrooth, Jan Inborr, Harri-Pekka Kaukonen, Johannes Gullichsen and Hannele Jakosuo-Jansson are to be re-elected. Pernilla Walfridsson is proposed to be elected new member of the Board. Anna Ohlsson-Leijon, Mats Lindstrand and Sebastian Bondestam have informed the Nomination Board that they are not available for re-election.

The Nomination Board recommends that Hans Sohlström is elected Chairman of the Board of Directors and Peter Seligson and Elisabet Salander Björklund are elected Vice Chairmen of the Board of Directors.

Ms. Pernilla Walfridsson (born 1973), Swedish citizen, M.Sc. (Business Administration), is currently the CFO at Bygghmax Group AB (publ) since 2005. Prior to joining Bygghmax, she was the CFO at Power Hemelektronik AB during 2003–2005 and has held managerial positions in IKEA during 1998–2002. She is the Chairman of the Board's Audit Committee in NetOnNet Group AB. Ms. Walfridsson is independent of the company and its significant shareholders.

The members of the Board of Directors are elected for the period ending at the close of the next Annual General Meeting. All the nominees are considered independent of the company and of the significant shareholders of the company, except for Alexander Ehrnrooth and Hans Sohlström, who are not independent of significant shareholders of the company. Alexander Ehrnrooth is not independent of the company's significant shareholder Viknum AB, in the parent company of which, Virala Corporation, he is the President and CEO and a member of the Board of Directors. Hans Sohlström is not independent of the company's significant shareholders AC Invest Five B.V. and AC Invest Six B.V., in the parent company of which, Ahlström Capital Oy, he is the President and CEO. The nominees have given their consent to the election. CVs of the proposed members of the Board of Directors are available on the company's website at www.ahlstrom-munksjo.com/agm.

14. Resolution on the remuneration of the Auditor

Upon the recommendation of the Audit Committee, the Board of Directors proposes that the auditor's remuneration be paid according to invoicing accepted by the company.

15. Election of Auditor

Upon the recommendation of the Audit Committee, the Board of Directors proposes that KPMG Oy Ab be re-elected as the company's auditor. KPMG Oy Ab has designated Authorized Public Accountant Anders Lundin as the Responsible Auditor.

16. Authorisation of the Board of Directors to resolve on the repurchase and distribution of the company's own shares as well as to accept them as pledge

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to resolve on the repurchase and the distribution of the company's own shares as well as on the acceptance of them as pledge on the following conditions:

The number of shares to be repurchased or accepted as pledge by virtue of the authorisation shall not exceed 8,000,000 own shares in the company, subject to the provisions of the Finnish Companies' Act on the maximum amount of shares owned by or pledged to the company or its subsidiaries. The shares may be repurchased or accepted as pledge in one or several instalments and in another proportion than that of the existing shareholdings of the shareholders in the company. The shares shall be repurchased in public trading at the prevailing market price by using unrestricted shareholders' equity.

The Board of Directors is authorised to resolve on all other terms and conditions regarding the repurchase of the company's own shares or their acceptance as pledge.

By virtue of the authorisation, the Board of Directors has the right to resolve on the distribution of a maximum of 8,000,000 own shares held by the company in one or several instalments.

The authorisation includes the right for the Board of Directors to resolve upon all terms and conditions of the distribution of shares held by the company, including the right to derogate from the pre-emptive right of the shareholders. The shares may be used e.g. as consideration in acquisitions and in other arrangements as well as to implement the company's share-based incentive plans or for other purposes determined by the Board of Directors. The Board of Directors has also the right to resolve on the distribution of the shares in public trading for the purpose of financing possible acquisitions.

The authorisation also includes the right for the Board of Directors to resolve on the sale of the shares accepted as a pledge. The authorisations are valid until the close of the next Annual General Meeting, however, no longer than eighteen (18) months from the close of the Annual General Meeting.

17. Closing of the meeting

B. Documents of the Annual General Meeting

The aforesaid proposals of the Board of Directors and Shareholder's Nomination Board relating to the agenda of the Annual General Meeting as well as this notice are available on the company's website at www.ahlstrom-munksjo.com/agm. Other documents, which according to the Companies Act shall be kept available for the shareholders, will be available on the above-mentioned website as from 25 April 2017, at the latest.

The proposals of the Board of Directors and Shareholder's Nomination Board as well as the other documents mentioned above are also available at the meeting. Copies of these documents will be sent to shareholders upon request. The minutes of the meeting will be available on the above-mentioned website as from 30 May 2017, at the latest.

C. Instructions for participants in the Annual General Meeting

1. The right to participate and registration

Each shareholder, who is registered on the record date of the Annual General Meeting, on 4 May 2017, in the shareholders' register of the company maintained by Euroclear Finland Ltd., has the right to participate in the Annual General Meeting. A shareholder whose shares are registered on his/her personal Finnish book-entry account is registered in the shareholders' register of the company. A shareholder, who wishes to participate in the Annual General Meeting, shall register for the meeting by giving prior notice of participation on 11 May 2017 at 4:00 p.m. (EET) at the latest.

Such notice can be given:

- on the company's website www.ahlstrom-munksjo.com/agm,
- by email to yhtiokokous@ahlstrom-munksjo.com,
- by mail to Ahlstrom-Munksjö, AGM, Alvar Aallon katu 3 C, P.O. Box 329, FI-00101 Helsinki, Finland, or
- by phone during office hours from 10:00 a.m. to 4:00 p.m. (EET) to +46 (0)10 250 10 54

In connection with the registration, a shareholder shall state his/her name, personal identification number, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of such proxy representative. The personal data given to Ahlstrom-Munksjö is used only in connection with the Annual General Meeting and with the processing of related registrations.

Pursuant to Chapter 5, Section 25 of the Companies Act, a shareholder who is present at the Annual General Meeting has the right to request information with respect to the matters to be considered at the meeting.

2. Proxy representative and powers of attorney

A shareholder may participate in the Annual General Meeting and exercise his/her rights at the meeting also by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the Annual General Meeting. When a shareholder participates in the Annual General Meeting by means of several proxy representatives representing the shareholder with shares at different book-entry accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the general meeting.

Possible proxy documents should be delivered to the address above before the last date of registration. A template for a proxy is available at the company's website mentioned above.

3. Holders of nominee registered shares

A holder of nominee registered shares has the right to participate in the Annual General Meeting by virtue of such shares, based on which he/she on the record date of the Annual General Meeting, on 4 May 2017, would be entitled to be registered in the shareholders' register of the company maintained by Euroclear Finland Ltd. The right to participate in the Annual General Meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd. at the latest by 11 May 2017 by 10:00 a.m. (EET). As regards nominee registered shares this constitutes due registration for the Annual General Meeting.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the temporary shareholders' register of the company, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the Annual General Meeting, into the temporary shareholders' register of the company at the latest by the time stated above.

Further information on these matters can also be found on the company's website mentioned above.

4. Participation in the Annual General Meeting for shareholder whose shares are registered in Euroclear Sweden AB

A shareholder, whose shares are registered in the register of the company's shareholders maintained by Euroclear Sweden AB, shall, to fulfill the requirements to attend the Annual General Meeting note the following:

- (i) the shareholder has to be entered in the register of the company's shareholders maintained by Euroclear Sweden AB on 4 May 2017, at the latest, and
- (ii) the shareholder must contact Euroclear Sweden AB and request temporary registration in the shareholders' register of the company maintained by Euroclear Finland Ltd. Such request shall be submitted to Euroclear Sweden AB on a designated form available on the company's website www.ahlstrom-munksjo.com/agm. The request must be received by Euroclear Sweden AB on 4 May 2017, at the latest.

A shareholder whose shares are nominee registered in the register of the company's shareholders maintained by Euroclear Sweden AB, shall, in order to fulfill the requirement (i) above temporarily register his/her shares under his/her name in the register. A shareholder who wishes such temporary registration must contact his/her custodian bank well in advance before 4 May 2017 and ask the custodian bank to temporarily register the shareholder in the register of the company's shareholders maintained by Euroclear Sweden AB.

5. Other instructions and information

On the date of this notice to the Annual General Meeting, 6 April 2017, the total number of shares in Ahlstrom-Munksjö amount to 96,438,573 and said shares have 96,438,573 votes in total.

Stockholm, 26 April 2017

Board of Directors

For further information, please contact

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

Pia Aaltonen-Forsell, CFO, tel. +46 10 250 1029

Future financial reports

The complete IR calendar is available on www.ahlstrom-munksjo.com/investors. Ahlstrom-Munksjö's interim report for January-June 2017 will be published on **Tuesday 25 July 2017**.

The financial reports are published in English, Finnish and Swedish and are available at www.ahlstrom-munksjo.com after the publication. Ahlstrom-Munksjö observes a 30 day silent period preceding the announcement of financial results.

Interim financial statements (unaudited)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME			
MEUR	Jan-Mar		Jan-Dec
	2017	2016	2016
Net sales	294.3	288.0	1,142.9
Other operating income	2.1	2.0	7.5
Total income	296.4	290.0	1,150.4
Operating costs			
Changes in inventories	0.2	1.9	2.7
Materials and supplies	-137.6	-141.5	-544.2
Other external costs	-74.8	-65.8	-266.2
Personnel costs	-54.1	-53.6	-212.6
Depreciation and amortisation	-12.7	-14.7	-55.2
Total operating costs	-279.0	-273.7	-1,075.5
Share of profit in equity accounted investments	0.0	0.0	0.0
Operating result	17.4	16.3	74.9
Net financial items	-3.7	-6.4	-15.9
Profit before tax	13.7	9.9	59.0
Taxes	-3.8	-3.6	-15.7
Net profit	9.9	6.3	43.3
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	1.7	4.1	11.0
Change in cash flow hedge reserve	-0.1	-1.7	-2.4
Cash flow hedge transferred to this year's result	0.5	0.5	3.1
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans	-	-	-3.3
Tax attributable to other comprehensive income	-0.1	0.3	0.7
Total comprehensive income	11.9	9.5	52.4
Net result attributable to:			
Parent company's shareholders	9.9	6.1	43.1
Non-controlling interests	0.0	0.2	0.2
Comprehensive income attributable to:			
Parent company's shareholders	11.9	9.3	52.2
Non-controlling interests	0.0	0.2	0.2
<i>Average number of outstanding shares*</i>	50,761,581	50,761,581	50,761,581
Basic earnings per share, EUR	0.20	0.12	0.85
Diluted earnings per share, EUR	0.20	0.12	0.85

* As adjusted for treasury shares

CONDENSED STATEMENT OF FINANCIAL POSITION		31 Mar		31 Dec
MEUR	2017	2016	2016	
ASSETS				
Non-current assets				
Tangible assets	419.5	424.4	421.1	
Goodwill	226.2	224.6	226.1	
Other intangible assets	43.1	44.5	43.1	
Equity accounted investments	2.2	2.3	2.2	
Other non-current assets	6.1	3.1	9.0	
Deferred tax assets	39.9	51.1	40.8	
Total non-current assets	737.0	750.0	742.3	
Current assets				
Inventory	159.7	157.8	158.2	
Accounts receivable	122.3	122.7	104.8	
Other current assets	32.7	37.9	33.5	
Current tax assets	2.2	4.0	1.7	
Cash and cash equivalents	121.9	89.6	146.0	
Total current assets	438.8	412.0	444.2	
TOTAL ASSETS	1,175.8	1,162.0	1,186.5	
EQUITY AND LIABILITIES				
Equity				
	427.4	410.6	437.7	
Non-current liabilities				
Non-current borrowings	285.3	304.9	293.5	
Other non-current liabilities	0.9	2.2	0.9	
Pension obligations	54.6	51.9	54.7	
Deferred tax liabilities	66.7	73.2	66.6	
Provisions	16.8	20.9	16.0	
Total non-current liabilities	424.3	453.1	431.7	
Current liabilities				
Current borrowings	21.3	23.1	22.0	
Accounts payable	160.1	148.2	162.9	
Liabilities to equity accounted investments	6.8	7.7	7.1	
Accrued expenses and deferred income	108.4	106.3	98.7	
Current tax liabilities	13.4	3.2	11.9	
Other current liabilities	14.1	9.8	14.5	
Total current liabilities	324.1	298.3	317.1	
Total liabilities	748.4	751.4	748.8	
TOTAL EQUITY AND LIABILITIES	1,175.8	1,162.0	1,186.5	

CONDENSED STATEMENT OF CHANGES IN EQUITY									
MEUR	Share capital	Reserve for invested unrestricted equity	Other reserves	Treasury shares	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2016	15.0	269.3	388.1	-3.1	-20.9	-251.2	397.2	4.1	401.3
Result for the period	-	-	-	-	-	6.1	6.1	0.2	6.3
Other comprehensive income	-	-	-0.9	-	4.1	-	3.2	-	3.2
Total comprehensive income	0.0	0.0	-0.9	-3.1	4.1	6.1	9.3	0.2	9.5
Purchase of Munksjö Oyj shares	-	-	-	-	-	-	0.0	-	0.0
Return of capital and dividends	-	-	-	-	-	-	0.0	-0.3	-0.3
Employee share incentive plan	-	-	-	-	-	0.1	0.1	-	0.1
Balance at 31 March 2016	15.0	269.3	387.2	-3.1	-16.8	-245.0	406.6	4.0	410.6
Result for the period	-	-	-	-	-	37.0	37.0	-	37.0
Other comprehensive income	-	-	-1.0	-	6.9	-	5.9	-	5.9
Total comprehensive income	0.0	0.0	-1.0	0.0	6.9	37.0	42.9	0.0	42.9
Purchase of Munksjö Oyj shares	-	-	-	-	-	-	0.0	-	0.0
Return of capital and dividends	-	-15.2	-	-	-	-	-15.2	-	-15.2
Transaction costs on share issue	-	-	-1.2	-	-	-	-1.2	-	-1.2
Employee share incentive plan	-	-	-	-	-	0.6	0.6	-	0.6
Balance at 31 December 2016	15.0	254.1	385.0	-3.1	-9.9	-207.4	433.7	4.0	437.7
Result for the period	-	-	-	-	-	9.9	9.9	0.0	9.9
Other comprehensive income	-	-	0.3	-	1.7	-	2.0	-	2.0
Total comprehensive income	0.0	0.0	0.3	0.0	1.7	9.9	11.9	0.0	11.9
Return of capital and dividends	-	-22.8	-	-	-	-	-22.8	-0.3	-23.1
Employee share incentive plan	-	-	-	-	-	0.9	0.9	-	0.9
Balance at 31 March 2017	15.0	231.3	385.3	-3.1	-8.2	-196.6	423.7	3.7	427.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS			
MEUR	Jan-Mar		Jan-Dec
	2017	2016	2016
Operating profit	17.4	16.3	74.9
Depreciation	12.7	14.7	55.2
Income taxes paid and received	-2.0	-2.0	-1.3
Interest paid and received	-2.7	-2.8	-11.6
Cash flow from operating activities before change in working capital	25.4	26.2	117.2
Change in inventories	-1.5	-2.4	-2.8
Change in operating liabilities	6.3	-9.5	-5.6
Change in operating receivables	-13.7	-10.7	5.5
Cash generated from operating activities	16.5	3.6	114.3
Purchase of tangible assets	-11.1	-9.9	-39.2
Cash flow used in investing activities	-11.1	-9.9	-39.2
Dividends	-20.8	-0.3	-15.5
Repayment of borrowings	-8.4	-8.5	-18.4
Cash flow from financing activities	-29.2	-8.8	-33.9
CASH FLOW FOR THE PERIOD	-23.8	-15.1	41.2
Cash and cash equivalents at the beginning of the period	146.0	105.1	105.1
Currency effects on cash and cash equivalents	-0.3	-0.4	-0.3
Cash and cash equivalents at the end of the period	121.9	89.6	146.0

Notes to the interim financial statements

Accounting principles

This unaudited consolidated quarterly interim report has been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Furthermore, all percentages are subject to possible rounding differences. The accounting principles applied remain unchanged compared with the Annual Report 2016 of Munksjö.

SEGMENT INFORMATION 2017						
Jan-Mar 2017						
MEUR	Decor	Release Liners	Industrial Applications	Graphics and Packaging	Others and eliminations	Total
Net sales, external	94.7	116.3	44.7	39.1	-3.9	290.9
Net sales, internal	0.7	2.3	0.4	0.0		3.4
Net sales	95.4	118.6	45.1	39.1	-3.9	294.3
Operating result	9.8	12.2	7.7	-2.1	-10.2	17.4
Operating margin, %	10.3%	10.3%	17.1%	-5.4%		5.9%
Net financial items						-3.7
Taxes						-3.8
Net result						9.9
Other information						
Capital expenditure	1.8	2.6	3.9	1.6	1.2	11.1
Return on operating capital, % (adj.*)	20.3%	14.1%	28.0%	-6.0%		13.7%
Depreciation	1.5	7.3	1.8	1.7	0.4	12.7
Employees, FTE	853	825	591	413	69	2,751

* Adjusted for items affecting comparability (IAC)

SEGMENT INFORMATION 2016						
Jan-Mar 2016						
MEUR	Decor	Release Liners	Industrial Applications	Graphics and Packaging	Others and eliminations	Total
Net sales, external	91.7	109.6	40.5	46.3	-0.1	288.0
Net sales, internal	1.5	2.0	0.4	0.6	-4.5	0.0
Net sales	93.2	111.6	40.9	46.9	-4.6	288.0
Operating result	11.7	3.9	5.3	-0.9	-3.7	16.3
Operating margin, %	12.6%	3.5%	13.0%	-1.9%		5.7%
Net financial items						-6.4
Taxes						-3.6
Net result						6.3
Other information						
Capital expenditure	3.3	2.7	1.2	1.6	1.1	9.9
Return on operating capital, % (adj.*)	21.9%	5.8%	27.5%	-21.3%		6.4%
Depreciation	2.0	7.0	2.1	2.9	0.7	14.7
Employees, FTE	834	850	573	413	62	2,732

* Adjusted for items affecting comparability (IAC)

SEGMENT FINANCIAL INFORMATION PER QUARTER									
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
	2017	2016	2016	2016	2016	2015	2015	2015	2015
Net sales, MEUR									
Decor	95.4	88.7	84.9	97.8	93.2	98.2	85.5	93.4	95.5
Release Liners	118.6	111.0	110.7	115.1	111.6	109.9	108.3	112.6	106.8
Industrial Applications	45.1	44.2	37.8	46.7	40.9	42.2	38.8	44.0	41.6
Graphics and Packaging	39.1	41.3	40.0	47.4	46.9	43.3	41.7	47.2	43.5
Other and eliminations	-3.9	-2.8	-3.8	-4.1	-4.6	-3.6	-5.0	-6.0	-7.2
Group	294.3	282.4	269.6	302.9	288.0	290.0	269.3	291.2	280.2
EBITDA (adj.*), MEUR									
Decor	11.3	11.4	11.0	17.6	13.7	11.2	8.0	11.6	11.8
Release Liners	19.5	18.2	16.5	14.0	10.9	9.8	11.5	8.5	9.7
Industrial Applications	9.5	9.9	5.1	9.1	7.4	6.1	4.7	7.9	8.8
Graphics and Packaging	-0.1	2.1	0.3	3.3	2.0	-1.5	-0.9	1.1	1.6
Other and eliminations	-2.9	-5.5	-3.4	-3.9	-3.0	-3.5	-3.3	-4.1	-5.4
Group	37.3	36.1	29.5	40.1	31.0	22.1	20.0	25.0	26.5
EBITDA, MEUR									
Decor	11.3	11.4	11.0	17.6	13.7	11.2	8.0	11.6	11.8
Release Liners	19.5	18.2	16.5	14.0	10.9	9.8	8.1	8.5	9.7
Industrial Applications	9.5	9.5	5.1	9.1	7.4	6.1	4.7	7.9	8.8
Graphics and Packaging	-0.4	2.1	0.3	3.3	2.0	-1.5	-1.4	1.1	1.6
Other and eliminations	-9.8	-11.7	-3.4	-3.9	-3.0	-3.5	-4.3	-6.5	-5.4
Group	30.1	29.5	29.5	40.1	31.0	22.1	15.1	22.6	26.5
Operating result (adj.*), MEUR									
Decor	9.8	9.6	9.0	16.0	11.7	9.0	6.0	9.7	9.9
Release Liners	12.2	11.1	9.3	7.0	3.9	2.9	4.7	1.3	2.5
Industrial Applications	7.7	8.4	3.2	7.0	5.3	4.1	2.7	5.9	6.9
Graphics and Packaging	-1.8	-0.4	-2.1	0.8	-0.9	-3.6	-3.0	-1.0	-0.3
Other and eliminations	-3.3	-5.7	-3.9	-4.1	-3.7	-3.9	-3.6	-4.4	-5.8
Group	24.6	23.0	15.5	26.7	16.3	8.5	6.8	11.5	13.2
Operating result, MEUR									
Decor	9.8	9.6	9.0	16.0	11.7	9.0	6.0	9.7	9.9
Release Liners	12.2	11.1	9.3	7.0	3.9	2.9	1.3	1.3	2.5
Industrial Applications	7.7	8.0	3.2	7.0	5.3	4.1	2.7	5.9	6.9
Graphics and Packaging	-2.1	-0.4	-2.1	0.8	-0.9	-3.6	-3.5	-1.0	-0.3
Other and eliminations	-10.2	-11.9	-3.9	-4.1	-3.7	-3.9	-4.6	-6.8	-5.8
Group	17.4	16.4	15.5	26.7	16.3	8.5	1.9	9.1	13.2
Delivered volumes, metric tonnes									
Decor	48,600	44,700	43,100	49,000	46,000	48,300	42,100	46,200	46,800
Release Liners	132,200	124,300	126,400	133,300	131,300	127,100	125,900	127,500	118,200
Industrial Applications	23,400	22,600	19,300	24,100	21,200	21,700	19,500	22,700	21,200
Graphics and Packaging	29,800	31,900	29,700	34,800	34,700	31,500	30,300	34,000	31,400
Other and eliminations	-3,400	-3,000	-2,800	-3,800	-3,700	-2,900	-3,300	-3,900	-4,600
Group	230,600	220,500	215,700	237,400	229,500	225,700	214,500	226,500	213,000
Production volumes, metric tonnes									
Decor	49,100	45,600	43,400	50,400	48,200	44,500	42,400	48,100	46,700
Release Liners	122,400	125,600	121,000	125,400	123,000	120,600	121,600	115,700	118,000
Industrial Applications	23,700	22,600	19,100	23,500	22,800	20,300	18,500	23,200	22,900
Graphics and Packaging	30,400	31,400	28,100	36,500	35,200	27,000	31,300	34,900	35,300
Other and eliminations	-3,400	-2,800	-3,100	-4,500	-2,800	-2,500	-2,900	-3,200	-4,100
Group	222,200	222,400	208,500	231,300	226,400	209,900	210,900	218,700	218,800

* Adjusted for items affecting comparability

RECONCILIATION OF ADJUSTED EBITDA AND EBIT MEUR	Jan-Mar		Jan-Dec
	2017	2016	2016
EBITDA (adj.*)	37.3	31.0	136.7
Depreciation and amortisation	-12.7	-14.7	-55.2
EBIT (adj.*)	24.6	16.3	81.5
Transaction costs related to business acquisitions	-4.1		-4.1
Integration costs	-1.2		
Restructuring expenses	-0.3		-0.4
Terminated long-term share-value-based incentive program	-1.6		-2.1
Items affecting comparability in EBIT	-7.2		-6.6
Operating profit (IFRS)	17.4	16.3	74.9

* Adjusted for items affecting comparability

CONSOLIDATED KEY RATIOS	Jan-Mar		Jan-Dec
	2017	2016	2016
<i>Margins (adj*)</i>			
EBITDA margin, %	12.7%	10.8%	12.0%
Operating margin, %	8.4%	5.7%	7.1%
<i>Return (Rolling 12 continuous)</i>			
Return on operating capital, % (adj.*)	13.7%	6.4%	12.3%
Return on shareholders' equity, %	11.0%	1.6%	10.2%
<i>Capital structure at period's end</i>			
Operating capital, MEUR	650.1	670.3	643.2
Shareholders' equity, MEUR	427.4	410.6	437.7
Interest-bearing net debt, MEUR	184.7	234.4	169.5
Debt/equity ratio, %	43.2%	57.1%	38.7%
Equity/assets ratio, %	36.3%	35.3%	36.8%
<i>Per share (before and after dilution)</i>			
Earnings per share, EUR	0.20	0.12	0.85
Shareholders' equity per share, EUR	8.4	8.0	8.6
Average number of shares	50,761,581	50,761,581	50,761,581
Capital expenditure, MEUR	11.1	9.9	39.2
Employees, FTE	2,751	2,732	2,755

CURRENCY RATES	Closing rate			Average rate		
	31 Mar	31 Mar	31 Dec	Jan-Mar	Jan-Mar	Jan-Dec
	2017	2016	2016	2017	2016	2016
SEK	9.53	9.23	9.55	9.51	9.33	9.47
USD	1.07	1.14	1.05	1.06	1.10	1.11
BRL	3.38	4.12	3.43	3.35	4.31	3.86

Calculation of key figures

EBITDA

Operating result before depreciation and amortisation.

EBITDA margin

EBITDA as a percentage of net sales.

Operating margin

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

Return on shareholders' equity

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

Operating capital

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

Return on operating capital

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

Net Interest-bearing liability

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

Debt/equity ratio

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

Equity/assets ratio

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

Earnings per share

Result for the period divided by the average number of shares outstanding.

Equity per share (EPS)

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

Employees, FTE

Number of hours worked divided by normal annual working hours.

Interest bearing liabilities and assets

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

Items affecting comparability

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