

Q3/2019

INTERIM REPORT JANUARY-SEPTEMBER 2019



**AHLSTROM
MUNKSJÖ**

STRONG CASH FLOW AND STABLE PROFITABILITY

HIGHLIGHTS DURING AND AFTER THE REPORTING PERIOD

- Q3/2019 comparable EBITDA grew by 16.4% to EUR 83.6 million (actual EUR 71.8 million in Q3/2018)
- Strong operating cash flow of EUR 125.4 million (EUR 28.0 million)
- The market environment remained uncertain and overall rather weak
- Launched a cost saving program of at least EUR 50 million to improve competitiveness
- New products were launched including a plastic-free solution for U-shaped drinking straws and an expanded range of filter media for industrial air applications
- Exploring strategic alternatives for Decor business
- Non-binding memorandum of understanding to divest the fine art paper business

Q3/2019 VS Q3/2018 PRO FORMA

- Net sales EUR 712.9 million (EUR 745.2 million), a decrease of 4.3%.
- Comparable EBITDA EUR 83.6 million (EUR 89.4 million), representing 11.7% (12.0%) of net sales
- Gross margin for products continued to improve, while profitability was impacted by lower volumes
- Net profit EUR 12.0 million (EUR 25.7 million), impacted by higher depreciation and amortization, as well as net financial items
- Earnings per share EUR 0.10 (EUR 0.22)
- Comparable EPS excluding depreciation and amortization arising from PPA EUR 0.22 (EUR 0.33)

1-9/2019 VS 1-9/2018 PRO FORMA

- Net sales EUR 2,216.9 million (EUR 2,262.2 million), a decrease of 2.0%.
- Comparable EBITDA EUR 242.4 million (EUR 258.4 million), representing 10.9% (11.4%) of net sales
- Gross margin for products continued to improve, while profitability was impacted by lower volumes
- Net profit EUR 30.9 million (EUR 73.5 million), impacted by items affecting comparability, depreciation and amortization, as well as net financial items that were higher
- Earnings per share EUR 0.26 (EUR 0.63)
- Comparable EPS excluding depreciation and amortization arising from PPA EUR 0.68 (EUR 0.96)

Q3/2019

ACTUAL
COMPARABLE
EBITDA GREW
BY
16%

COMPARABLE
EBITDA
MARGIN
11.7%

GEARING
85%

In this interim report, the comparison quarterly and full-year figures are presented on a pro forma basis to illustrate the financial impact of the acquisitions of Expera Specialty Solutions and MD Papéis Caieiras, and the merger between Ahlstrom and Munksjö had they been completed at the beginning of 2017. For the basis for presenting pro forma figures, please see appendix 2. Appendix 1, including consolidated financial statements, has been prepared according to International Financial Reporting Standards (IFRS).

PPA = purchase price allocation

KEY FIGURES

Actual (IFRS) Key figures, EUR million, or as indicated	Q3/2019	Q3/2018	Q2/2019	1-9/2019	1-9/2018	2018
Net sales	712.9	565.6	745.3	2,216.9	1,725.8	2,438.0
Comparable EBITDA	83.6	71.8	83.8	242.4	205.6	277.7
Comparable EBITDA margin, %	11.7	12.7	11.2	10.9	11.9	11.4
Items affecting comparability in EBITDA	-5.8	-8.7	-5.7	-26.3	-20.5	-55.1
EBITDA	77.8	63.1	78.1	216.1	185.1	222.6
Comparable operating result excl. depreciation and amortization arising from PPA *	53.4	50.1	53.8	152.4	139.8	186.1
Comparable operating result	40.1	42.4	40.7	113.5	116.9	151.4
Comparable operating result margin, %	5.6	7.5	5.5	5.1	6.8	6.2
Items affecting comparability in operating result	-5.8	-8.7	-5.7	-26.3	-20.5	-62.7
Operating result	34.3	33.7	35.0	87.2	96.3	88.7
Net profit / loss	12.0	19.4	14.8	30.9	62.7	42.9
Earnings per share (basic), EUR	0.10	0.20	0.13	0.26	0.64	0.43
Comparable EPS excl. depreciation and amortization arising from PPA, EUR *	0.22	0.33	0.25	0.68	0.98	1.18
Cash generated from operating activities	125.4	28.0	63.1	218.4	60.7	91.6
Depreciation, amortization and impairment	43.4	29.4	43.1	128.9	88.7	133.9
Capital expenditure	50.6	38.5	38.7	124.8	95.6	160.1
Net debt **	981.7	453.2	1,044.7	981.7	453.2	962.5
Gearing ratio, % **	85.4	43.8	92.8	85.4	43.8	82.8

pro forma Key figures, EUR million, or as indicated	Actual (IFRS) Q3/2019	pro forma Q3/2018	Actual (IFRS) Q2/2019	Actual (IFRS) 1-9/2019	pro forma 1-9/2018	pro forma 2018
Net sales	712.9	745.2	745.3	2,216.9	2,262.2	2,996.9
Comparable EBITDA	83.6	89.4	83.8	242.4	258.4	329.9
Comparable EBITDA margin, %	11.7	12.0	11.2	10.9	11.4	11.0
Items affecting comparability in EBITDA	-5.8	-4.4	-5.7	-26.3	-15.5	-39.6
EBITDA	77.8	85.0	78.1	216.1	242.9	290.3
Comparable operating result excl. depreciation and amortization arising from PPA *	53.4	63.8	53.8	152.4	180.2	225.5
Comparable operating result	40.1	51.6	40.7	113.5	143.6	176.6
Comparable operating result margin, %	5.6	6.9	5.5	5.1	6.3	5.9
Items affecting comparability in operating result	-5.8	-4.4	-5.7	-26.3	-15.5	-47.3
Operating result	34.3	47.2	35.0	87.2	128.1	129.4
Net profit / loss	12.0	25.7	14.8	30.9	73.5	63.2
Earnings per share (basic), EUR	0.10	0.22	0.13	0.26	0.63	0.54
Comparable EPS excl. depreciation and amortization arising from PPA, EUR *	0.22	0.33	0.25	0.68	0.96	1.15
Depreciation, amortization and impairment	43.4	37.8	43.1	128.9	114.8	161.0
Capital expenditure	50.6	44.6	38.7	124.8	110.4	176.3

*Depreciation and amortization arising from PPA (purchase price allocation) comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from 2013.

** Classification of certain balance sheet items between interest-bearing and non-interest-bearing assets and liabilities was redefined. For more information, see appendix 1.

Ahlstrom-Munksjö has adopted the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures (APMs) to reflect the underlying business performance and improve comparability. These measures should, however, not be considered as a substitute for measures of performance in accordance with IFRS. Alternative performance measures are derived from performance measures reported in accordance with IFRS by adding or deducting items affecting comparability (IAC), or purchase price allocation (PPA,) and they are called "comparable". More details on APMs and key figures are available in the appendix 2.

CEO COMMENTS

Our profitability remained stable and cash flow was strong in the third quarter despite the uncertain market environment and rather weak demand. Our gross margin for products continued to improve and reached a new record. However, this positive impact was largely offset by the continued weak volumes. Excluding the machine closure in Stenay, France, our deliveries were 4% lower than in the previous year. As a result, our comparable EBITDA was EUR 84 million, on the same level as in the previous quarter. Excluding the negative EBITDA impact of EUR 6 million from bringing down inventory levels, the result was largely in line with last year's level.

Following our increased focus and active working capital management, I am very pleased with the strong operative cash flow of EUR 125 million, which enabled us to reduce our net debt.

SAVINGS PROGRAM TO SUPPORT PROFITABILITY

The prevailing market environment is not promising much tailwind and we are therefore proceeding with measures to improve competitiveness. We target savings with an overall impact of at least EUR 50 million for the year 2020 compared with 2019. In addition, the integration of the recent acquisitions has proceeded well, and we are on track to exceed the promised synergies.

SUBSTANTIAL STEPS DRIVING STRATEGIC PROGRESS

In September, as a result of our regular assessment of the most value creating structure for our businesses, we announced that we are exploring strategic alternatives for our Decor business. Today, we also announced that we have signed a non-binding memorandum of understanding to divest the fine art business in Arches, France.

In the third quarter, we completed two strategic investments. In the Insulation business, we completed the rebuild of the recovery boiler and debottlenecking of the pulp line in Billingsfors, Sweden, enabling improved environmental performance as well as higher pulp and electrotechnical paper production. In the Coated Specialties business, we expanded coating capabilities in Jacarei, Brazil. Furthermore, we also have continued to introduce new value-added products for our customers, including an expanded range of filter media for industrial air applications and an innovative plastic-free material for technically challenging U-shaped drinking paper straws.

We have implemented actions to improve our competitiveness and drive profitable growth, and we are taking action on our strategic opportunities. Therefore I have confidence in the future despite the weaker market environment.



“Our profitability remained stable and cash flow was strong.”

Hans Sohlström, President and CEO

OUTLOOK FOR 2019

Ahlstrom-Munksjö's pro forma comparable EBITDA reached EUR 330 million in 2018. At the beginning of 2019, customers reacted to signs of slowing economic growth. Demand has slowed in several product segments, and customers have reduced inventories. The overall market environment remains uncertain and demand continues to fluctuate. Ahlstrom-Munksjö will continue its efforts to improve performance and competitiveness. The gross margin for products continued to increase in the first nine months of 2019, and the targeted synergy benefits and cost reduction measures are expected to contribute positively to earnings for the full year.

In the fourth quarter of 2019 scheduled maintenance shutdowns at the Aspa, Mosinee and Thilmany pulp mills are expected to be carried out to about the same extent as in the fourth quarter of 2018, with a negative profitability impact of approximately EUR 6 million.

FINANCIAL PERFORMANCE

NET SALES DEVELOPMENT (COMPARISON WITH PRO FORMA)

Net sales by business area, EUR million	Q3/2019	pro forma Q3/2018	Q2/2019	1-9/2019	pro forma 1-9/2018	pro forma 2018
Decor	99.9	109.1	104.8	318.0	336.8	451.9
Filtration and Performance	159.6	168.3	168.9	500.9	510.0	672.5
Industrial Solutions	161.1	174.5	170.0	500.3	527.8	691.2
North America Specialty Solutions	161.9	157.6	165.6	491.6	470.5	626.0
Specialties	137.4	142.6	142.7	427.6	439.4	580.3
Other and eliminations	-7.1	-6.9	-6.8	-21.6	-22.3	-25.1
Total net sales	712.9	745.2	745.3	2,216.9	2,262.2	2,996.9

PROFIT AND PROFITABILITY DEVELOPMENT (COMPARISON WITH PRO FORMA)

Comparable EBITDA by business area, EUR million	Q3/2019	pro forma Q3/2018	Q2/2019	1-9/2019	pro forma 1-9/2018	pro forma 2018
Decor	5.8	7.0	8.6	21.5	25.6	37.1
Filtration and Performance	31.8	31.2	31.8	93.8	90.1	114.7
Industrial Solutions	20.7	32.9	22.3	60.4	82.0	99.7
North America Specialty Solutions	16.2	15.0	11.8	42.1	44.5	57.0
Specialties	11.7	7.5	11.0	34.3	29.7	37.6
Other and eliminations	-2.7	-4.2	-1.9	-9.8	-13.4	-16.2
Total comparable EBITDA	83.6	89.4	83.8	242.4	258.4	329.9

Comparable EBITDA margin by business area, %	Q3/2019	pro forma Q3/2018	Q2/2019	1-9/2019	pro forma 1-9/2018	pro forma 2018
Decor	5.9	6.5	8.2	6.8	7.6	8.2
Filtration and Performance	19.9	18.5	18.8	18.7	17.7	17.0
Industrial Solutions	12.8	18.8	13.1	12.1	15.5	14.4
North America Specialty Solutions	10.0	9.5	7.1	8.6	9.5	9.1
Specialties	8.5	5.3	7.7	8.0	6.8	6.5
Other and eliminations						
Total comparable EBITDA margin, %	11.7	12.0	11.2	10.9	11.4	11.0

JULY-SEPTEMBER 2019

(Comparison to pro forma)

Net sales amounted to EUR 712.9 million, showing a decrease of 4.3% from the EUR 745.2 million in the third quarter of 2018. In constant currency, net sales declined by 6.7% as delivery volumes fell in all business areas except Industrial Solutions. The average selling price was stable.

Comparable EBITDA was EUR 83.6 million (EUR 89.4 million), representing 11.7% of net sales (12.0%). The result was impacted by lower deliveries and production volumes. Gross margin for products (per metric ton) continued to improve, mainly driven by lower variable costs. The implementation of the IFRS 16 standard had a positive impact of EUR 4.1 million on the EBITDA. Further information is available in appendix 1.

Compared with the second quarter of 2019, comparable EBITDA remained stable (EUR 83.8 million) as lower variable costs, especially for pulp, were offset by lower volumes and selling prices.

Items affecting comparability (IAC) in EBITDA

EBITDA was EUR 77.8 million (EUR 85.0 million). IACs totaled EUR -5.8 million (EUR -4.4 million) and were mainly related to the integration of Expera Specialty Solutions as well as restructuring costs.

The operating result was EUR 34.3 million (EUR 47.2 million). Depreciation, amortization and impairment amounted to EUR 43.4 million (EUR 37.8 million), including depreciation and amortization arising from PPA of EUR 13.2 million (EUR 12.2 million). This increase results from the company's increased capital expenditure.

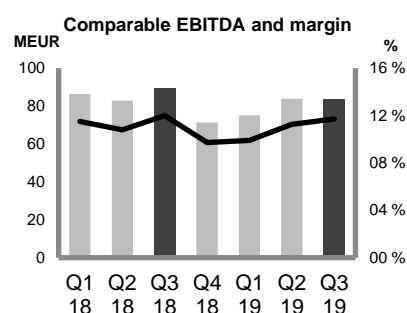
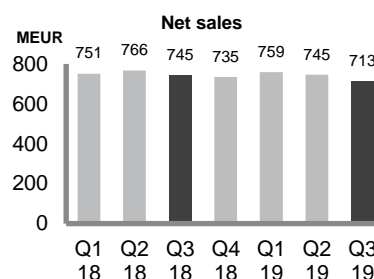
Net financial items increased to EUR -14.8 million (EUR -11.8 million), including net interest expenses of EUR 12.3 million, due to higher net debt.

Profit for the period

Net profit for the period was EUR 12.0 million (EUR 25.7 million), and earnings per share were EUR 0.10 (EUR 0.22). Comparable earnings per share excluding depreciation and amortization arising from PPA were EUR 0.22 (EUR 0.33).

CHANGE IN NET SALES

Q3/2018	MEUR 745
Volume	-5%
Selling price and product mix	-2%
Currency	2%
Q3/2019	MEUR 713



CHANGE IN NET SALES

1-9/2018	MEUR 2,262
Volume	-6%
Selling price and product mix	+2%
Currency	+2%
1-9/2019	MEUR 2,217

Reconciliation of EBITDA to comparable EBITDA EUR million	Actual (IFRS) Q3/2019	pro forma Q3/2018	Actual (IFRS) Q2/2019	Actual (IFRS) 1-9/2019	pro forma 1-9/2018	pro forma 2018
EBITDA	77.8	85.0	78.1	216.1	242.9	290.3
Transaction costs	-1.1	-0.1	-0.5	-1.9	-1.2	-1.3
Integration costs	-2.4	-3.6	-2.0	-11.1	-11.5	-22.0
Restructuring costs	-1.9	-0.2	-2.3	-11.9	-2.6	-15.9
Other	-0.4	-0.4	-0.9	-1.3	-0.2	-0.3
Total items affecting comparability in EBITDA	-5.8	-4.4	-5.7	-26.3	-15.5	-39.6
Comparable EBITDA	83.6	89.4	83.8	242.4	258.4	329.9

Full reconciliation is available in the appendix 2.

JANUARY-SEPTEMBER 2019

(Comparison to pro forma)

Net sales decreased to EUR 2,216.9 million from the EUR 2,262.2 million in January-September 2018, showing a decline of 2.0%. In constant currency, net sales fell by 4.1%. Higher selling prices in all business areas had a positive impact on net sales. Delivery volumes fell in all business areas.

Comparable EBITDA decreased to EUR 242.4 million (EUR 258.4 million), representing 10.9% of net sales (11.4%). The result was impacted by lower sales volumes. Gross margin for products (per metric ton) continued to improve as increased selling prices more than offset higher variable costs. Fixed costs were stable. The implementation of the IFRS 16 standard had a positive impact of EUR 12.1 million on the EBITDA. Further information is available in appendix 1.

Items affecting comparability (IAC) in EBITDA

EBITDA was EUR 216.1 million (EUR 242.9 million). IACs totaled EUR -26.3 million (EUR -15.5 million) and were mainly related to the integration of Expera Specialty Solutions as well as restructuring costs.

The operating result was EUR 87.2 million (EUR 128.1 million). Depreciation, amortization and impairment amounted to EUR 128.9 million (EUR 114.8 million), including depreciation and amortization arising from PPA of EUR 38.9 million (EUR 36.5 million). The increase is a result of the company's increased capital expenditure.

Net financial items increased to EUR -38.2 million (EUR -29.8 million), including net interest expenses of EUR 36.1 million, due to higher net debt.

Profit for the period

Net profit for the period was EUR 30.9 million (EUR 73.5 million), and earnings per share were EUR 0.26 (EUR 0.63). Comparable earnings per share excluding depreciation and amortization arising from PPA were EUR 0.68 (EUR 0.96).

FINANCING AND CASH FLOW

NET FINANCIAL ITEMS

July-September 2019 (comparison with actual)

Net financial items increased to EUR -14.8 million (EUR -6.6 million) due to higher net debt. The figure includes net interest expenses of EUR 12.3 million, a currency exchange loss of EUR 0.5 million and other financial expenses of EUR 2.1 million. At the end of the reporting period, the weighted average interest rate, excluding lease liabilities, was 3.1%.

January-September 2019 (comparison with actual)

Net financial items increased to EUR -38.2 million (EUR -12.0 million) due to higher net debt. The figure includes net interest expenses of EUR 36.1 million, a currency exchange gain of EUR 3.0 million and other financial expenses of EUR 5.0 million.

PROFIT FOR PERIOD

July-September 2019 (comparison with actual)

Profit before taxes was EUR 19.5 million (EUR 27.0 million). Taxes amounted to EUR 7.5 million (EUR 7.6 million). The net profit for the period was EUR 12.0 million (EUR 19.4 million), and earnings per share were EUR 0.10 (EUR 0.20).

January-September 2019 (comparison with actual)

Profit before taxes was EUR 49.1 million (EUR 84.3 million). Taxes amounted to EUR 18.2 million (EUR 21.6 million). The net profit for the period was EUR 30.9 million (EUR 62.7 million), and earnings per share were EUR 0.26 (EUR 0.64).

CASH FLOW

July-September 2019 (comparison with actual)

Net cash flow from operating activities increased to EUR 125.4 million (EUR 28.0 million) and was mainly driven by a significant reduction in net working capital. The improvement was supported by all net working capital items.

January-September 2019 (comparison with actual)

Net cash flow from operating activities rose to EUR 218.4 million (EUR 60.7 million) and was mainly driven by reduction in net working capital. In the comparison period the seasonal increase in net working capital was unusually high.

BALANCE SHEET

The company's net debt amounted to EUR 981.7 million at the end of the reporting period (EUR 962.5 million on December 31, 2018). Classification of certain balance sheet items between interest-bearing and non-interest-bearing assets and liabilities were redefined and comparative figures have been restated accordingly. More information is available in appendix 1. The implementation of the new IFRS 16 standard, which is excluded from debt covenant calculations, increased net debt by EUR 56.6 million. Gearing stood at 85.4% (82.8% on December 31, 2018).

Ahlstrom-Munksjö's liquidity continues to be good. At the end of the review period, the total cash position was EUR 227.7 million. In addition, the company had undrawn committed credit facilities and committed cash pool overdrafts of EUR 214.0 million available.

On September 30, 2019, equity was EUR 1,149.4 million (EUR 1,162.2 million on December 31, 2018). The equity was impacted by a EUR 60 million dividend. Cash flow and net debt are impacted in the second and fourth quarters as the annual dividend is paid in two instalments in April and October.

SYNERGY BENEFITS AND COST REDUCTION MEASURES

PROCEEDING WITH MEASURES TO IMPROVE COMPETITIVENESS

Ahlstrom-Munksjö is proceeding with its efforts to maintain and improve competitiveness. As of October 30, 2019, identified cost saving measures are estimated to have an overall impact of at least EUR 50 million for the year 2020 compared with 2019. They comprise mainly procurement and production related savings as well as the impact from the machine closure in Stenay, France, that occurred in March 2019. The planned savings exclude the cost and business synergies related to the Expera and Caieiras acquisitions.

ACQUISITIONS OF EXPERA SPECIALTY SOLUTIONS AND CAIEIRAS SPECIALTY PAPER MILL

The targeted cost synergies related to the acquisition of Expera Specialty Solutions were exceeded and completed ahead of schedule. At the end of the reporting period, the annual synergy achievement run rate was approximately EUR 11 million (target was EUR 8 million by year-end 2019). Costs related to the achievement of synergies totaled about EUR 7 million.

The Expera acquisition is also expected to generate annual business synergies of at least EUR 10 million with a gradual impact from 2020 onwards. Cross-selling opportunities relate to the broader product offering and expanded presence, particularly in food processing and packaging, such as specialty paper to wrap and package processed and quick service restaurant prepared foods. Technology sharing is expected to generate benefits in the manufacture of e.g. interleaving papers and release liner. The expanded production platform provides production optimization opportunities e.g. in the tape products segment. Work to identify further business synergies continues.

Ahlstrom-Munksjö is on track to achieve annual cost synergies of up to EUR 10 million (previously EUR 8 million) related to the acquisition of the Caieiras Specialty paper mill in Brazil. At the end of the reporting period, the annual synergy achievement run rate was approximately EUR 7 million. Costs related to the achievement of cost synergies are estimated to be EUR 2 million by the end of 2019.

As the planned cost synergies have largely been achieved by the end of the reporting period, the company will discontinue reporting on the cost synergy benefits related to the Expera and Caieiras acquisitions.

CAPITAL EXPENDITURE

Ahlstrom-Munksjö's capital expenditure excluding acquisitions totaled EUR 50.6 million in July-September 2019 (pro forma EUR 44.6 million) and 124.8 million in January-September 2019 (pro forma EUR 110.4 million). The investments were related to maintenance, cost and efficiency improvements, as well as growth initiatives and improved environmental performance and safety. The company did not announce any major new investment decisions during the first nine months of 2019. A list of recently completed and on-going investments is available at www.ahlstrom-munksjo.com/Investors.

Capital expenditure is expected to be approximately EUR 170 million in 2019 (pro forma EUR 176 million in 2018).

PERSONNEL

Ahlstrom-Munksjö employed an average of 8,103 people in January-September 2019 (5,909) in full-time equivalents. As of September 30, 2019, the highest numbers of employees were in the United States (31%), France (20%), Sweden (10%), Brazil (9%) and Germany (7%).

HEALTH AND SAFETY

The health and safety of employees is a top priority at Ahlstrom-Munksjö. The company has chosen three priority metrics to track performance in this field: total recordable incidents (TRI¹) rate, near-miss rate, and hours of tailored safety training per employee per year. Ahlstrom-Munksjö believes that a goal of zero accidents is achievable, and our long-term target for TRI is zero. In 2019, our near miss rate target is 4.0 and we aim to provide 15 hours of tailored safety training per employee.

In January-September 2019, the TRI rate was 1.69, the near-miss rate was 4.9 and 20.6 hours of training were provided per employee.

EVENTS DURING THE REPORTING PERIOD

EXPLORING STRATEGIC ALTERNATIVES FOR DECOR BUSINESS IN CHINA

On September 17, 2019, Ahlstrom-Munksjö announced it was exploring potential acquisitions, mergers and joint-ventures with decor paper suppliers in China to speed up the execution of its strategy and capture the attractive value-creation opportunity in the decor business. In addition, the company is investigating the possibility of attracting outside capital investment in the Decor business to further fund such objectives.

The opportunities being explored are based on strong strategic and financial rationales. Partnering with a Chinese decor paper supplier would create a global leader with a strong presence in the world's two largest markets. It would strengthen the business and its ability to serve customers as well as leverage from an industry-leading brand with premium quality and service. Outside capital would enable investments to grow and develop the business into a stand-alone operation.

¹ TRI: sum of all recorded occupational accidents; lost time accidents, occupational diseases, light duty cases, and other recordable incident. Total recordable Incidents Rate (TRIR); (TRI/Total hours worked) x 200,000.

BUSINESS AREA REVIEWS

DECOR

The Decor business area develops and produces paper-based surfacing for wood-based materials such as laminate flooring, furniture and interiors.

Market review January-September 2019

Demand for decor products remained weak in the third quarter. The long-term underlying demand for decor products is still growing, while competition currently remains intense.

Q3/2019 compared with Q3/2018 pro forma

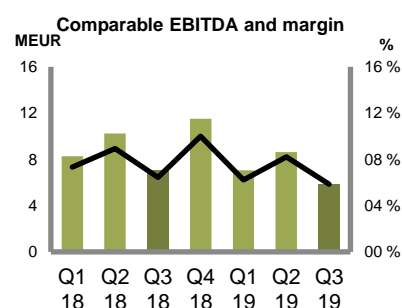
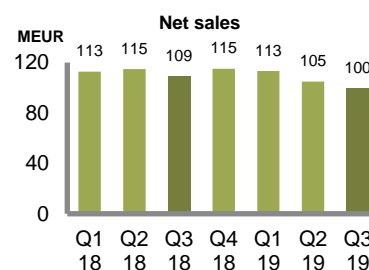
Net sales decreased 8.4% to EUR 99.9 million, compared with EUR 109.1 million in the comparison period. The decline was mainly due to lower sales volumes.

Comparable EBITDA decreased to EUR 5.8 million (EUR 7.0 million), representing 5.9% (6.5%) of net sales. Lower sales volumes were offset by lower variable costs.

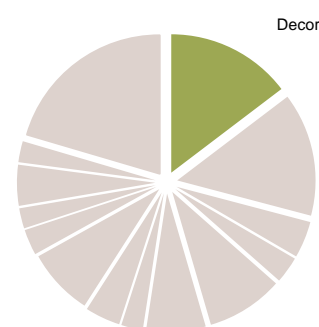
1-9/2019 compared with 1-9/2018 pro forma

Net sales decreased 5.6% to EUR 318.0 million, compared with EUR 336.8 million in the comparison period. The decline was mainly due to lower sales volumes.

Comparable EBITDA decreased to EUR 21.5 million (EUR 25.6 million), representing 6.8% (7.6%) of net sales. Lower sales volumes were partially offset by higher selling prices and lower variable costs.



Sales by business



EUR million	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	2018
Net sales	99.9	104.8	113.3	115.1	109.1	451.9
Comparable EBITDA	5.8	8.6	7.0	11.5	7.0	37.1
Comparable EBITDA margin, %	5.9	8.2	6.2	10.0	6.5	8.2
Capital expenditure	1.6	2.2	3.0	5.8	3.7	15.5
Depreciation, amortization and impairment	3.3	3.0	3.0	2.5	2.3	9.4

FILTRATION AND PERFORMANCE

The Filtration and Performance business area develops and produces filtration materials for engine oils, fuels and air, as well as industrial filtration. It also produces glass fiber for flooring products and wind turbine blades, and makes nonwoven materials for automotive, construction, textile and hygiene applications, and wallcovering materials.

Market review January-September 2019

Demand for filtration products, and transportation especially, remained at a low level in all regions. In construction-related markets, demand for plasterboard, flooring and other glass fiber tissue materials remained solid, while the wallcoverings market in Europe softened.

Q3/2019 compared with Q3/2018 pro forma

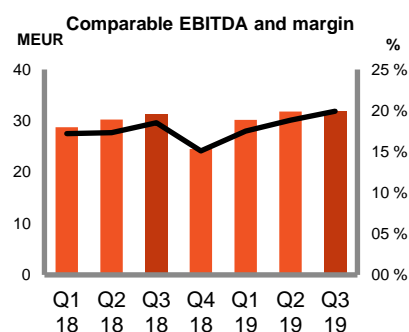
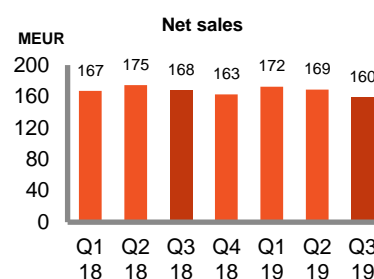
Net sales decreased by 5.2% to EUR 159.6 million, compared with EUR 168.3 million in the comparison period. Lower sales volumes were partially offset by higher selling prices, an improved product mix and a favorable currency effect.

Comparable EBITDA amounted to EUR 31.8 million (EUR 31.2 million), representing 19.9% (18.5%) of net sales. Higher selling prices as well as lower variable and fixed costs mitigated the decline in volumes.

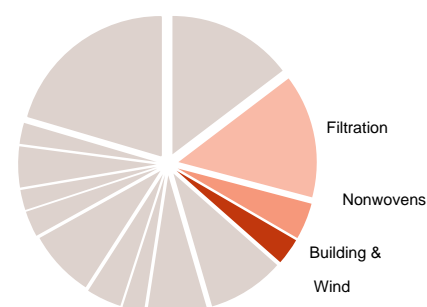
1-9/2019 compared with 1-9/2018 pro forma

Net sales decreased 1.8% to EUR 500.9 million, compared with EUR 510.0 million in the comparison period. Lower sales volumes were partially offset by higher selling prices, an improved product mix and a favorable currency effect.

Comparable EBITDA increased to EUR 93.8 million (EUR 90.1 million), representing 18.7% (17.7%) of net sales. Higher selling prices offset the negative impact of lower volumes and higher variable costs. Cost efficiency improved.



Sales by business



EUR million	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	2018
Net sales	159.6	168.9	172.4	162.6	168.3	672.5
Comparable EBITDA	31.8	31.8	30.2	24.5	31.2	114.7
Comparable EBITDA margin, %	19.9	18.8	17.5	15.1	18.5	17.0
Capital expenditure	9.0	9.5	6.7	11.4	8.0	38.7
Depreciation, amortization and impairment	11.3	11.3	11.1	10.7	10.4	42.1

INDUSTRIAL SOLUTIONS

The Industrial Solutions business area develops and produces abrasive backings, electrotechnical insulation papers, release liners and coated specialty papers. The business area also supplies fine art and printing papers, as well as thin papers, specialty pulp and balancing foil paper.

Market review January-September 2019

The markets for abrasive backings and coated products were weak, while demand for specialty pulp stabilized during the period. Demand for release liners improved somewhat for some grades in the third quarter, while the market environment remained competitive. Demand for electrotechnical insulation papers was stable.

Q3/2019 compared with Q3/2018 pro forma

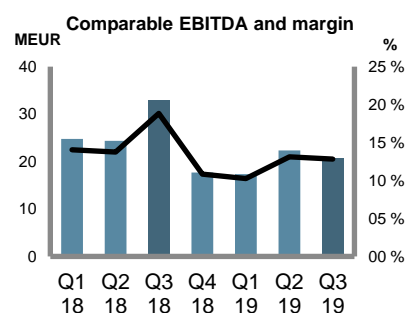
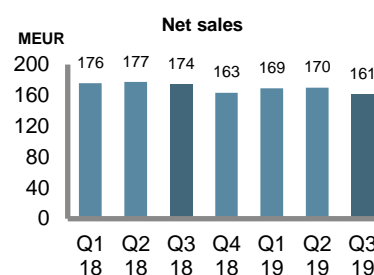
Net sales decreased by 7.6% to EUR 161.1 million, compared with EUR 174.5 million in the comparison period. The decline was mainly due to lower selling prices, particularly in the specialty pulp business.

Comparable EBITDA decreased to EUR 20.7 million (EUR 32.9 million), representing 12.8% (18.8%) of net sales. Profitability was negatively impacted by lower selling prices, particularly in the specialty pulp business. Costs were exceptionally low in the comparison period.

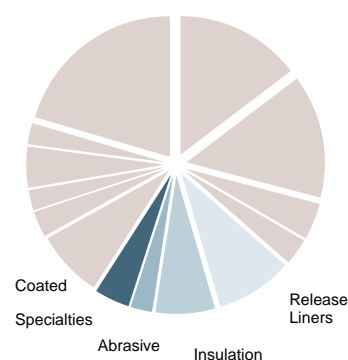
1-9/2019 compared with 1-9/2018 pro forma

Net sales decreased by 5.2% to EUR 500.3 million, compared with EUR 527.8 million in the comparison period. The decline was mainly due to lower volumes in the paper businesses and lower selling prices for specialty pulp.

Comparable EBITDA decreased to EUR 60.4 million (EUR 82.0 million), representing 12.1% (15.5%) of net sales. Profitability was mainly impacted by lower volumes in the paper businesses, lower prices for specialty pulp and higher variable costs. Fixed costs decreased due to active management.



Sales by business



EUR million	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	2018
Net sales	161.1	170.0	169.2	163.4	174.5	691.2
Comparable EBITDA	20.7	22.3	17.4	17.7	32.9	99.7
Comparable EBITDA margin, %	12.8	13.1	10.3	10.8	18.8	14.4
Capital expenditure	26.1	13.8	10.2	23.7	9.8	57.0
Depreciation, amortization and impairment	9.7	9.9	9.7	9.0	9.0	36.4

NORTH AMERICA SPECIALTY SOLUTIONS

The North America Specialty Solutions business area develops and produces a wide range of specialized materials that protect and enhance the performance of industrial and consumer applications, such as release liners, tape, interleaving papers and specialty paper to wrap and package processed and quick service restaurant prepared foods.

Market review January-September 2019

Demand for food processing and packaging papers was stable, while the markets for industrial and technical specialty papers remained soft. In the release liner segment, demand in commodity grades remained weak, while that for coated products remained strong.

Q3/2019 compared with Q3/2018 pro forma

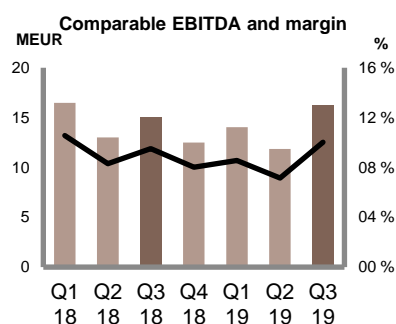
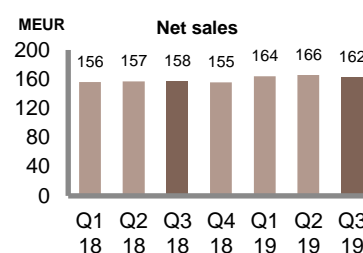
Net sales increased 2.7% to EUR 161.9 million, compared with EUR 157.6 million in the comparison period. The increase was driven by higher selling prices and a favorable currency effect. Deliveries were lower.

Comparable EBITDA increased to EUR 16.2 million (EUR 15.0 million), representing 10.0% (9.5%) of net sales as higher selling prices and lower variable costs more than offset the negative impact of lower volumes.

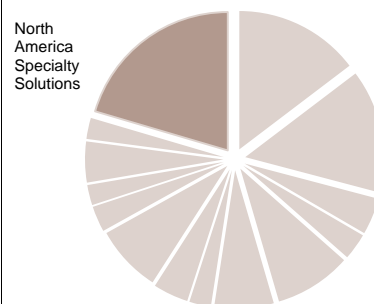
1-9/2019 compared with 1-9/2018 pro forma

Net sales increased 4.5% to EUR 491.6 million, compared with EUR 470.5 million in the comparison period. The increase was driven by higher selling prices and a favorable currency effect. Deliveries were lower.

Comparable EBITDA decreased to EUR 42.1 million (EUR 44.5 million), representing 8.6% (9.5%) of net sales, mainly due to lower volumes. Higher selling prices more than offset higher variable costs. Currency development had a favorable impact on the result.



Sales by business



EUR million	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	2018
Net sales	161.9	165.6	164.0	155.5	157.6	626.0
Comparable EBITDA	16.2	11.8	14.0	12.5	15.0	57.0
Comparable EBITDA margin, %	10.0	7.1	8.6	8.0	9.5	9.1
Capital expenditure	3.3	5.1	7.4	8.9	5.7	21.6
Depreciation, amortization and impairment	7.5	7.5	7.2	6.6	6.6	27.4

SPECIALTIES

The Specialties business area develops and produces materials for food and beverage processing, laboratory filters and life science diagnostics, water filtration, tape products and medical fabrics. The business area also supplies hot cooking oil and milk filtration materials, graphics paper for sticky notes and envelopes, as well as metallized labels and flexible packaging papers.

Market review January-September 2019

In the Food Packaging business, demand for parchment papers for food processing and packaging weakened. Beverage markets softened, while demand for fibrous meat casing materials remained strong. Demand for tape backings in Europe and North America was weaker, while it remained strong in Asia. In the Advanced Liquid Technologies and Medical businesses, demand remained mostly robust.

Q3/2019 compared with Q3/2018 pro forma

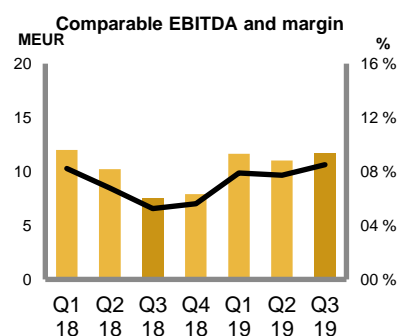
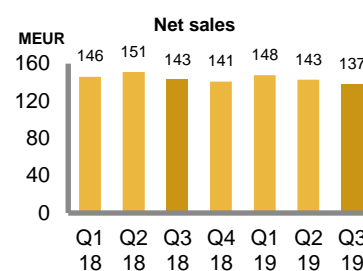
Net sales decreased by 3.7% to EUR 137.4 million, compared with EUR 142.6 million in the comparison period, as lower deliveries more than offset improved product mix and higher selling prices. The decline in deliveries was mainly related to the paper machine closure at the Stenay plant in France, part of the Food Packaging business.

Comparable EBITDA increased to EUR 11.7 million (EUR 7.5 million), representing 8.5% (5.3%) of net sales, mainly as a result of the paper machine closure, higher selling prices and lower variable costs. Volumes decreased slightly.

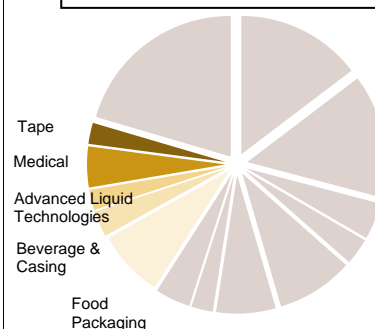
1-9/2019 compared with 1-9/2018 pro forma

Net sales decreased by 2.7% to EUR 427.6 million, compared with EUR 439.4 million in the comparison period, as lower deliveries more than offset higher selling prices.

Comparable EBITDA increased to EUR 34.3 million (EUR 29.7 million), representing 8.0% (6.8%) of net sales. Higher selling prices more than offset increased variable costs. Profitability was also positively impacted by improved cost efficiency and the paper machine closure. Volumes decreased.



Sales by business



EUR million	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	2018
Net sales	137.4	142.7	147.5	140.9	142.6	580.3
Comparable EBITDA	11.7	11.0	11.6	7.9	7.5	37.6
Comparable EBITDA margin, %	8.5	7.7	7.9	5.6	5.3	6.5
Capital expenditure	3.4	4.0	3.8	9.6	15.3	31.8
Depreciation, amortization and impairment	8.7	8.8	8.7	15.3	7.6	38.2

SHARES AND SHARE CAPITAL

Ahlstrom-Munksjö's shares are listed on the Nasdaq Helsinki and Nasdaq Stockholm. All shares carry one vote and have equal voting rights. The trading code is AM1 in Helsinki and AM1S in Stockholm.

On September 30, 2019, Ahlstrom-Munksjö's share capital amounted to EUR 85.0 million, and the total number of shares since December 28, 2018 has been 115,653,315, following a rights issue that increased the number of shares by 19,214,742 from 96,438,573.

The company had 11,972 shareholders at the end of the reporting period (12,095 as of Dec. 31, 2018) according to Euroclear Finland Ltd. Ahlstrom-Munksjö held a total of 364,862 of its own shares, corresponding to approximately 0.3% of total shares and votes.

SHARE PRICE PERFORMANCE AND TRADING

	Nasdaq Helsinki		Nasdaq Stockholm	
	1-9/2019	1-9/2018	1-9/2019	1-9/2018
Share price at the end of the period, EUR/SEK	14.04	16.50	149.40	170.20
Highest share price, EUR/SEK	15.18	20.10	165.00	197.40
Lowest share price, EUR/SEK	11.90	14.00	121.40	145.80
Market capitalization at the end of the period*, EUR million	1,618.6	1,585.2	N/A	N/A
Trading value, EUR/SEK million	135.4	133.0	120.9	275.4
Trading volume, shares million	9.8	8.0	0.8	1.6
Average daily trading volume, shares	51,848	42,536	4,425	8,627

*Excluding the shares held by Ahlstrom-Munksjö

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Ahlstrom-Munksjö Oyj's Annual General Meeting (AGM) was held on March 27, 2019. The AGM adopted the Financial Statements for 2018 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2018.

The AGM resolved to distribute a dividend of EUR 0.52 per share for the fiscal year that ended on December 31, 2018 in accordance with the proposal of the Board of Directors. The dividend was paid in two instalments. The first installment of EUR 0.26 per share was paid on April 5, 2019, and the second installment of EUR 0.26 per share on October 4, 2019. The full release on resolutions is available at www.ahlstrom-munksjo.com

EVENTS AFTER THE REPORTING PERIOD

CHANGES IN GROUP EXECUTIVE MANAGEMENT TEAM

On October 17, 2019, Markus Westerkamp, the current Vice President of the Food Packaging business, part of the Specialties business area, was appointed Executive Vice President of the Advanced Solutions business area and a member of the Group Executive Management Team as of January 1, 2020.

Omar Hoek, current Executive Vice President of the business area and a member of the Group Executive Management Team, has decided to leave Ahlstrom-Munksjö to pursue career opportunities outside the company. He will continue in his current role until end of the year.

NON-BINDING MEMORANDUM OF UNDERSTANDING TO DIVEST THE FINE ART PAPER BUSINESS

On October 30, Ahlstrom-Munksjö signed a non-binding memorandum of understanding to divest its fine art paper business, ARCHES®, with Italian based F.I.L.A. Group, Fabbrica Italiana Lapis ed Affini S.p.A., a leading global player specialized in the research, design, manufacturing and sale of creative expression tools.

The standalone pro forma net sales of the fine art paper business are expected to be approximately EUR 13 million and comparable EBITDA in excess of EUR 4 million in 2019. The debt free purchase price is approximately EUR 44 million. The signed non-binding memorandum of understanding is subject to statutory works council consultation and final and binding transaction agreements. The transaction is expected to be completed in the first quarter of 2020. The full press release is available at www.ahlstrom-munksjo.com.

SHORT-TERM RISKS

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

The company's significant risks and uncertainty factors mainly consist of developments in demand for and prices of sold products, the cost of significant raw materials, financial risks, as well as other business factors including developments in the financial markets. The company's financial performance may be impacted by the timing of possible raw material price rises and its ability to raise selling prices. On-going trade disputes and the outcome of the Brexit increases uncertainty in the global economic outlook and this may have an effect on Ahlstrom-Munksjö's markets.

Ahlstrom-Munksjö has recently acquired Expera and Caieiras and it may not be able to fully integrate the acquired operations into its existing businesses.

The company'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 or future tax audits or claims.

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

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

The actual numbers in this report have been prepared in accordance with International Financial Reporting Standards (IFRS). Comparable figures refer to the same period in the previous year, unless otherwise stated. The report contains certain forward-looking statements that reflect the present views of the company's management. The statements contain uncertainties and risks and are thus subject to changes in the general economic situation and in the company's business.

Ahlstrom-Munksjö Oyj
Board of Directors

ADDITIONAL INFORMATION

Hans Sohlström, President and CEO, tel. +358 10 888 2520
Sakari Ahdekivi, Deputy CEO and CFO, tel. +358 10 888 4760
Johan Lindh, Vice President, Communications and Investor Relations, + 358 10 888 4994
Juho Erkheikki, Investor Relations Manager, tel. +358 10 888 4731

WEBCAST AND CONFERENCE CALL

A combined news conference, call and live webcast will be arranged on the publishing day, October 30, 2019, at 11:00 a.m. EET at Ahlstrom-Munksjö's head office in Helsinki (Alvar Aallon katu 3 C). The report will be presented in English by President and CEO Hans Sohlström and Deputy CEO and CFO Sakari Ahdekivi.

WEBCAST AND CONFERENCE CALL INFORMATION

The combined webcast and teleconference can be viewed at:
https://qsb.webcast.fi/a/ahlstrommunksjo/ahlstrommunksjo_2019_1030_q3/

Finland: +358 (0)9 7479 0360
Sweden: +46 (0)8 5033 6573
UK: +44 (0)330 336 9104

Conference ID: 832656

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. By dialing in to the conference call, the participant agrees that personal information such as name and company name will be collected. The conference call will be recorded.

AHLSTROM-MUNKSJÖ IN BRIEF

Ahlstrom-Munksjö is a global leader in fiber-based materials, supplying innovative and sustainable solutions to its customers. Our mission is to expand the role of fiber-based solutions for sustainable everyday life. Our offering include filter materials, release liners, food and beverage processing materials, decor papers, abrasive and tape backings, electrotechnical paper, glass fiber materials, medical fiber materials and solutions for diagnostics as well as a range of specialty papers for industrial and consumer end-uses. Our annual net sales are about EUR 3 billion and we employ some 8,000 people. The Ahlstrom-Munksjö share is listed on the Nasdaq Helsinki and Stockholm. Read more at www.ahlstrom-munksjo.com.

APPENDIX 1: CONSOLIDATED FINANCIAL STATEMENTS

Financial statements are unaudited.

Income statement					
EUR million	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Net sales	712.9	565.6	2,216.9	1,725.8	2,438.0
Other operating income	3.3	2.8	8.9	6.3	9.6
Total operating income	716.3	568.3	2,225.8	1,732.1	2,447.7
Operating costs					
Changes in inventories of finished goods and work in progress	-23.2	0.7	-17.9	28.8	25.0
Materials and supplies	-308.9	-278.8	-1,018.8	-860.9	-1,208.2
Other operating expenses	-168.8	-132.1	-536.7	-408.6	-589.5
Employee benefit expenses	-137.5	-95.1	-436.3	-306.3	-452.4
Depreciation, amortization and impairment	-43.4	-29.4	-128.9	-88.7	-133.9
Total operating costs	-681.9	-534.7	-2,138.6	-1,635.8	-2,359.0
Share of profit in equity accounted investments	-	-	-	-	0.0
Operating result	34.3	33.7	87.2	96.3	88.7
Net financial items	-14.8	-6.6	-38.2	-12.0	-25.3
Profit before tax	19.5	27.0	49.1	84.3	63.3
Income taxes	-7.5	-7.6	-18.2	-21.6	-20.4
Net profit	12.0	19.4	30.9	62.7	42.9

pro forma Income statement			
EUR million	Q3/2018	1-9/2018	2018
Net sales	745.2	2,262.2	2,996.9
Other operating income	3.3	7.5	10.9
Total operating income	748.5	2,269.7	3,007.8
Operating costs			
Changes in inventories of finished goods and work in progress	5.1	29.4	24.7
Materials and supplies	-362.7	-1,095.3	-1,445.7
Other operating expenses	-169.4	-530.4	-715.3
Employee benefit expenses	-136.5	-430.4	-581.2
Depreciation, amortization and impairment	-37.8	-114.8	-161.0
Total operating costs	-701.3	-2,141.6	-2,878.5
Share of profit in equity accounted investments	-	-	0.0
Operating result	47.2	128.1	129.4
Net financial items	-11.8	-29.8	-42.5
Profit before tax	35.4	98.3	86.9
Income taxes	-9.7	-24.8	-23.6
Net profit	25.7	73.5	63.2

Other comprehensive income					
EUR million	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Net profit	12.0	19.4	30.9	62.7	42.9
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations for the period	18.9	-4.8	21.0	-22.3	-13.5
Hedges of net investments in foreign operations	-	0.1	-	-0.0	-0.0
Change in cash flow hedge reserve	-1.9	3.2	-4.3	-1.6	0.3
Cash flow hedge transferred to this year's result	1.1	1.7	2.6	3.6	0.4
Items that will not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	-6.6	1.8	-2.9	6.0	0.6
Tax attributable to other comprehensive income	1.7	-1.4	1.0	-1.8	-1.1
Comprehensive income	25.1	19.9	48.3	46.6	29.8
Net profit attributable to					
Parent company's shareholders	11.7	18.9	29.9	61.4	41.6
Non-controlling interests	0.3	0.4	1.0	1.3	1.4
Comprehensive income attributable to					
Parent company's shareholders	24.8	19.6	47.2	45.4	28.4
Non-controlling interests	0.3	0.3	1.1	1.2	1.3
Earnings per share					
Weighted average number of outstanding shares	115,288,453	96,073,711	115,288,453	96,073,711	96,758,002
Basic earnings per share, EUR	0.10	0.20	0.26	0.64	0.43
Diluted earnings per share, EUR	0.10	0.20	0.26	0.64	0.43

pro forma Earnings per share				
	Q3/2018	1-9/2018	2018	
Weighted average number of outstanding shares	115,288,453	115,288,453	115,288,453	
Basic earnings per share, EUR	0.22	0.63	0.54	

Balance sheet EUR million	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	1,140.4	841.3	1,117.2
Right-of-use assets	60.3	-	-
Goodwill	643.3	428.0	630.6
Other intangible assets	504.1	297.2	505.1
Equity accounted investments	1.1	1.1	1.1
Other non-current assets	17.8	9.0	15.4
Deferred tax assets	5.8	2.5	7.5
Total non-current assets	2,372.9	1,579.1	2,276.9
Current assets			
Inventories	414.6	329.5	429.6
Trade and other receivables	295.5	300.1	374.0
Income tax receivables	7.1	2.4	3.3
Cash and cash equivalents	227.7	194.9	151.0
Total current assets	944.9	826.9	957.9
TOTAL ASSETS	3,317.7	2,406.0	3,234.9
EQUITY AND LIABILITIES			
Equity	1,149.4	1,034.4	1,162.2
Non-current liabilities			
Non-current borrowings	1,019.4	530.2	1,020.4
Non-current lease liability	46.6	2.2	3.1
Other non-current liabilities	1.4	0.7	1.7
Employee benefit obligations	94.9	90.3	92.7
Deferred tax liabilities	145.2	94.0	150.6
Non-current provisions	25.5	12.8	25.9
Total non-current liabilities	1,332.9	730.2	1,294.3
Current liabilities			
Current borrowings	130.0	114.7	132.7
Current lease liability	13.3	1.1	1.1
Trade and other payables	660.6	510.8	624.1
Income tax liabilities	19.8	9.5	8.1
Current provisions	11.7	5.3	12.3
Total current liabilities	835.4	641.4	778.4
Total liabilities	2,168.3	1,371.6	2,072.6
TOTAL EQUITY AND LIABILITIES	3,317.7	2,406.0	3,234.9

Statement of changes in equity

- 1) Share capital
- 2) Reserve for invested unrestricted equity
- 3) Other reserves
- 4) Treasury shares
- 5) Cumulative translation adjustment
- 6) Retained earnings
- 7) Total equity attributable to the parent company's shareholders
- 8) Non-controlling interests
- 9) Total equity

EUR million	1)	2)	3)	4)	5)	6)	7)	8)	9)
Balance at January 1, 2018	85.0	517.6	384.5	-6.3	-63.3	110.1	1,027.5	8.9	1,036.5
Net profit	-	-	-	-	-	61.4	61.4	1.3	62.7
Other comprehensive income	-	-	1.6	-	-22.2	4.6	-15.9	-0.1	-16.1
Total comprehensive income	-	-	1.6	-	-22.2	66.0	45.4	1.2	46.6
Dividends and other	-	-	-	-	-	-50.1	-50.1	-0.3	-50.4
Long term incentive plan	-	-	-	-	-	1.7	1.7	-	1.7
Balance at September 30, 2018	85.0	517.6	386.1	-6.3	-85.4	127.7	1,024.6	9.8	1,034.4
Balance at January 1, 2019	85.0	661.8	385.1	-6.3	-76.7	103.5	1,152.3	9.9	1,162.2
Net profit	-	-	-	-	-	29.9	29.9	1.0	30.9
Other comprehensive income	-	-	-1.4	-	21.0	-2.3	17.3	0.1	17.4
Total comprehensive income	-	-	-1.4	-	21.0	27.6	47.2	1.1	48.3
Dividends and other	-	-	-	-	-	-60.1	-60.1	-0.3	-60.4
Transaction costs on rights issue	-	0.0	-	-	-	-	0.0	-	0.0
Long term incentive plan	-	-	-	-	-	-0.8	-0.8	-	-0.8
Balance at September 30, 2019	85.0	661.8	383.7	-6.3	-55.7	70.3	1,138.8	10.7	1,149.4

Cash flow statement					
EUR million	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Cash flow from operating activities					
Net profit	12.0	19.4	30.9	62.7	42.9
Adjustments, total	64.5	44.0	182.4	120.8	174.7
Changes in net working capital	75.0	-16.4	63.0	-84.5	-84.6
Change in provisions	-3.5	-5.4	-2.3	-8.1	2.5
Financial items	-11.8	-4.2	-37.8	-16.8	-23.0
Income taxes paid	-10.7	-9.4	-17.9	-13.4	-21.0
Net cash from operating activities	125.4	28.0	218.4	60.7	91.6
Cash flow from investing activities					
Payment for acquisition of subsidiary, net of cash acquired	-	-	-1.5	-	-608.0
Purchases of property, plant and equipment and intangible assets	-50.6	-38.5	-124.8	-95.6	-160.1
Other investing activities	0.0	-0.4	-0.2	0.1	-0.2
Net cash from investing activities	-50.5	-38.9	-126.5	-95.5	-768.3
Cash flow from financing activities					
Dividends paid and other	-	-21.7	-30.3	-47.0	-50.3
Rights issue	-	-	-5.7	-	148.5
Change in loans and other financing activities	-38.8	43.8	19.0	38.5	487.7
Net cash from financing activities	-38.8	22.1	-17.0	-8.5	585.9
Net change in cash and cash equivalents	36.1	11.1	74.9	-43.3	-90.9
Cash and cash equivalents at the beginning of the period	191.3	187.1	151.0	245.9	245.9
Foreign exchange effect on cash and cash equivalents	0.3	-3.3	1.7	-7.6	-4.0
Cash and cash equivalents at the end of the period	227.7	194.9	227.7	194.9	151.0

Implementation of the IFRS 16 standard has an effect on the presentation of cash flow statement. Paid lease expenses were moved from net cash from operating activities to net cash from financing activities, and are presented as change in loans and other financing activities.

NOTES TO THE 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 total of individual figures can deviate from the presented total figure. Furthermore, all percentages are subject to possible rounding differences. The accounting principles applied are consistent with those followed in the preparation of the Group's Annual Report 2018, except for the adoption of new standards effective as of January 1, 2019. The Group is not an early adopter of any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of certain balance sheet items between interest-bearing and non-interest-bearing assets and liabilities were redefined. The change in presentation led into changes in calculation of some non-IFRS based key figures. All comparative periods have been restated accordingly.

Key figures restated	Q2/2019	Q1/2019	Q4/2018	Q3/2018
Net debt, EUR million	1,044.7	1,040.6	962.5	453.2
Gearing ratio, %	92.8	92.6	82.8	43.8
Return on capital employed (ROCE), % (comp 12 months)	6.9	7.3	8.3	9.1
Capital employed, average 12 months, EUR million	2,191.9	2,004.2	1,814.5	1,638.7
Balance sheet items, EUR million				
Current borrowings	164.5	215.2	132.7	114.7
Trade and other payables	634.9	671.8	624.1	510.8

Share based payments

Ahlstrom-Munksjö's Board of Directors decided in March 2019 on a new performance period under the long-term share-based incentive plan announced in October 2017. The Board of Directors decided, in addition, on the establishment of a fixed matching share plan as well as on the establishment of a new restricted share plan as a complementary share-based incentive structure for specific situations. The vesting period of Bridge plan ended and no rewards were distributed as the performance conditions were not met.

Long-term Incentive Share-based Plan - Third performance period 2019-2021 ("LTI 2019-2021")

Ahlstrom-Munksjö's Board of Directors decided on March 28, 2019 a new performance period under the long-term share-based incentive plan announced in October 2017. The third performance period is 2019-2021 and the possible reward will be paid out in 2022. The maximum aggregate number of shares to be paid based on this plan period is approximately 672 000 shares.

The fair value of the rewards at the grant date was EUR 2.4 million. The fair value is calculated based on the probability of achieving each individual TSR threshold at the end of the performance period between the minimum and maximum thresholds set by the Group.

The following inputs have been used in the fair valuation model to determine the fair value:

Inputs used in determining fair value of rewards	LTI 2019-2021
Share price at grant date	EUR 13.14
Grant date	May 20, 2019
Expiry date	February 28, 2022
Average yearly volatility	29.9%

The average annual volatility has been estimated based on the historic volatility of the Group's share price.

Service condition as well as the probability of achieving the comparable EBITDA performance criteria are used to calculate the annual expense and cumulative amount recognized in equity relating the share-based payment scheme. The input used regarding the service condition is set out in the table below and are reviewed on an annual basis:

Service condition	LTI 2019-2021
Estimated retention rate of participants	90.0%

Accounting policies

Ahlstrom-Munksjö's share-based payments include both market and non-market performance conditions. The Group calculates the grant-date fair value using a probability weighted value model to reflect the probability of not achieving the TSR (market) conditions. The expense is recognized irrespectively of whether the conditions are satisfied. The comparable EBITDA performance criteria (non-market performance condition) and the requirement to stay in service are not factored into the grant date fair value. If the EBITDA criteria or the service condition is not met, the cumulative share-based payment cost will be trued-up accordingly.

The share-based cost related to equity-settled schemes is recognized by the Group under Employee benefit expenses in the income statement. The total cost is determined by reference to the fair value at grant-date and is recognized over the expected vesting period. At each balance sheet date, Ahlstrom-

Munksjö revises the cumulative share-based cost expected to be paid out based on the likelihood of achieving the comparable EBITDA performance criteria and the estimated retention rate of participants at the end of the performance period.

The accounting treatment of the new share-based plan period is in line with the old ones.

Fixed Matching Share Plan

The Fixed Matching Share Plan is a one-off plan, which covers the years 2019 - 2021. A precondition of an eligible individual's participation in the plan is the individual's personal investment in shares of Ahlstrom-Munksjö. In the Matching Share Plan the participant will receive one matching share for each invested share free of charge after an approximately three-year restriction period in the year 2022 provided that the participant continues to own the invested shares and that the employment relationship of the participant with Ahlstrom-Munksjö still continues.

The fair value of the rewards at the grant date was EUR 0.9 million.

The following inputs have been used in the fair valuation model to determine the fair value

Inputs used in determining fair value of rewards	Matching share plan
Share purchase price (avg)	EUR 13.21
Number of matching shares	80,218
Grant date	May 10, 2019
Reward payment date	March 31, 2022

Service condition is used to calculate the annual expense and cumulative amount recognized in equity relating the share-based payment scheme. The input used regarding the service condition is set out in the table below and are reviewed on an annual basis:

Service condition	Matching share plan
Estimated retention rate of participants	90.0%

Accounting policies

The share-based cost related to the matching share plan is recognized under Employee benefit expenses in the income statement. The total cost is determined by reference to the fair value at grant-date and is recognized over the expected vesting period. The fair value is determined on the grant date. Expected dividends during the vesting period have been deducted from the value of the share. The requirement to stay in service is not factored into the grant date fair value. If the service condition is not met, the cumulative share-based payment cost will be trued-up accordingly.

Restricted Share Plan

The Restricted Share Plan consists of annually commencing individual restricted share plans, each with a three-year retention period after which the share rewards granted within the plan will be paid to the participants in shares of Ahlstrom-Munksjö.

The commencement of each individual plan is subject to a separate Board approval and no individual plans have been approved by the Board at the end of September 2019.

IFRS 16 Leases

The new standard, IFRS 16 Leases was effective on January 1, 2019. The new standard resulted in the recognition of the majority of Ahlstrom-Munksjö's leases on the balance sheet and therefore Ahlstrom-Munksjö's assets and liabilities have increased. Right-of use assets recognized in the balance sheet include vehicles, forklifts, machinery and equipment, premises and lands. The increase in debt will not have an impact on Ahlstrom-Munksjö's current financial covenants, as current financial covenants are calculated according to IFRS standards effective on December 31, 2018. In accordance with IFRS 16 the operating expenses relating to leases are replaced by depreciations and interest expenses, resulting in a change in our key metrics e.g. EBITDA.

Implementation of the new standard has also effected the presentation of the cash flow statement. Paid lease expenses were moved from net cash from operating activities to net cash from financing activities and

are presented as payment of lease liability. The standard as such, has no impact on the outcome of the cash flow; it only changes where the lease payments are presented. Comparable figures are not restated.

Ahlstrom-Munksjö has adopted the new standard using a simplified approach and thus comparative figures are not restated. According to IFRS 16, the measurement of the right-of-use asset and the lease liability is determined by discounting the minimum future lease payments. Ahlstrom-Munksjö initially measures the lease liability at the present value of the lease payments to be made over the lease term. The payments are based on the lease contracts and respective payment schedules. Non-lease components, such as maintenance rents and other variable components are separated from the lease liability and expensed if the non-lease components are specified in the agreement. Open ended lease contracts and extension options are taken into account using management's best estimate, e.g. end date for open ended lease contracts is the most likely end date for the contracts and the extension option is included if it is reasonably certain that the extension option will be exercised. Right-of-use asset is initially measured equal to the lease liability and adjusted if payments relating to agreement are done in advance or there are initial costs for the agreement. Right-of-use assets are also subject to impairment (IAS 36). The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate. The incremental borrowing rate comprises the reference rate and credit spread for incremental borrowing. Factors affecting the incremental borrowing rate include the length of the contract and potential premiums for country and currency risks. The revised incremental borrowing rate is used when there are changes in the lease term, changes in assessment of an option to purchase the asset and modifications to the lease that are not accounted as a separate lease. A change in index or such expected changes do not result in a revised discount rate.

After the commencement date according to IFRS 16 the following applies: lease liabilities are reduced by lease payments made and remeasurements are made to reflect changes to the lease payments; rights-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses adjusted for remeasurements of the lease liability.

Ahlstrom-Munksjö will use available practical expedients, including the exclusion of short-term leases with a term to maturity of less than 12 months, low-value leases and leases of intangible assets. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability will continue to be presented as operating expenses.

Impact of implementation of IFRS 16 standard on the opening balance sheet for year 2019 is presented below.

Impact of IFRS 16 on the opening balance sheet EUR million	Dec 31, 2018	Impact of IFRS 16	Jan 1, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	1,117.2	-	1,117.2
Right-of-use assets	-	57.0	57.0
Goodwill	630.6	-	630.6
Other intangible assets	505.1	-	505.1
Equity accounted investments	1.1	-	1.1
Other non-current assets	15.4	-0.7	14.8
Deferred tax assets	7.5	-	7.5
Total non-current assets	2,276.9	56.4	2,333.3
Current assets			
Inventories	429.6	-	429.6
Trade and other receivables	374.0	-	374.0
Income tax receivables	3.3	-	3.3
Cash and cash equivalents	151.0	-	151.0
Total current assets	957.9	-	957.9
TOTAL ASSETS	3,234.9	56.4	3,291.2
EQUITY AND LIABILITIES			
Equity	1,162.2	-	1,162.2
Non-current liabilities			
Non-current borrowings	1,020.4	-	1,020.4
Non-current lease liability	3.1	44.1	47.2
Other non-current liabilities	1.7	-	1.7
Employee benefit obligations	92.7	-	92.7
Deferred tax liabilities	150.6	-	150.6
Non-current provisions	25.9	-	25.9
Total non-current liabilities	1,294.3	44.1	1,338.3
Current liabilities			
Current borrowings	132.7	-	132.7
Current lease liability	1.1	12.3	13.4
Trade and other payables	624.1	-	624.1
Income tax liabilities	8.1	-	8.1
Current provisions	12.3	-	12.3
Total current liabilities	778.4	12.3	790.6
Total liabilities	2,072.6	56.4	2,129.0
TOTAL EQUITY AND LIABILITIES	3,234.9	56.4	3,291.2

Other amendments, interpretations and improvements

In addition to above new IFRS standard adoptions some other amendments, interpretations or improvements apply for the first time in 2019, but do not have a material impact.

BUSINESS COMBINATION

Acquisition of Expera and Caieiras in 2018

In 2018 Ahlstrom-Munksjö acquired U.S. specialty paper producer Expera Specialty Solutions and MD Papéis' Caieiras specialty paper mill in Brazil. Ahlstrom-Munksjö acquired 100 % of the shares.

In the first quarter of 2019 Ahlstrom-Munksjö completed the closing accounts of Expera Specialty Solutions and paid the remaining part of the final purchase consideration of the acquisition amounting to EUR 1.7 million. The final purchase price was EUR 524.9 million and the final goodwill EUR 171.7 million.

Provisional cash consideration of MD Papeis Caieiras specialty paper mill was revised and amounts to EUR 96.7 million. The provisional goodwill amounts to EUR 31.8 million. The provisional cash consideration of Caieiras is still subject to completion of the closing accounts in accordance with the terms of the share purchase agreements.

SEGMENT INFORMATION

Ahlstrom-Munksjö is organized into five business areas which are Decor, Filtration and Performance, Industrial Solutions, North America Specialty Solutions and Specialties. North America Specialty Solutions business area includes the operations and business of Expera Specialty Solutions. Business of MD Papéis' Caieiras has been divided into two segments, Decor and Industrial Solutions. These five business areas form the Group's reportable segments. Ahlstrom-Munksjö's business areas are described below:

Decor

The Decor business area develops and produces paper-based surfacing for wood-based materials such as laminate flooring, furniture and interiors.

Filtration and Performance

The Filtration and Performance business area develops and produces filtration materials for engine oils, fuels and air as well as industrial filtration. It also produces glass fiber for flooring products and wind turbine blades and makes nonwoven materials for automotive, construction, textile and hygiene applications and wallcover materials.

Industrial Solutions

The Industrial Solutions business area develops and produces abrasive backings, electrotechnical insulation papers, release liners and coated specialty papers. The business area also supplies fine art and printing papers, as well as thin papers, specialty pulp and balancing foil paper.

North America Specialty Solutions

North America Specialty Solutions business area develops and produces specialized materials that protect and enhance the performance of a wide range of industrial and consumer applications, such as release liners, tape and interleaving papers, specialty paper to wrap and package processed and quick service restaurant prepared foods.

Specialties

The Specialties business area develops and produces materials for food and beverage processing, laboratory filters and life science diagnostics, water filtration, tape products and medical fabrics. The business area also supplies hot cooking oil and milk filtration materials, graphics paper for sticky notes and envelopes as well as metallized labels and flexible packaging papers.

Other and eliminations

Other and eliminations include head office costs comprising the following functions: CEO, Group Finance, Treasury, Investor Relations, Strategy, Legal, Communication, and Group HR. The head office costs comprise mainly salaries, rent and professional fees. Other and eliminations include holding and sales companies' income and expenses. Other and eliminations also include certain other exceptional costs not used in the assessment of business area performance.

Financial performance by business area, EUR million Q1 - Q3 / 2019	Decor	Filtration and Performance	Industrial Solutions	North America Specialty Solutions	Specialties	Other and eliminations	Group
Net sales, external	316.1	492.4	499.6	491.6	416.2	1.0	2,216.9
Net sales, internal	2.0	8.5	0.7	-	11.4	-22.6	-
Net sales	318.0	500.9	500.3	491.6	427.6	-21.6	2,216.9
Comparable EBITDA	21.5	93.8	60.4	42.1	34.3	-9.8	242.4
Items affecting comparability in EBITDA							-26.3
Depreciation, amortization and impairments							-128.9
Operating result							87.2

Financial performance by business area, EUR million Q1 - Q3 / 2018	Decor	Filtration and Performance	Industrial Solutions	North America Specialty Solutions	Specialties	Other and eliminations	Group
Net sales, external	295.2	501.7	500.2	-	427.9	0.7	1,725.8
Net sales, internal	2.8	8.3	0.5	-	11.5	-23.0	-
Pro forma net sales impact	38.8	-	27.1	470.5	-	-	536.4
Pro forma net sales	336.8	510.0	527.8	470.5	439.4	-22.3	2,262.2
Pro forma net sales impact							-536.4
Net sales							1,725.8
Comparable EBITDA	21.2	90.1	78.0	-	29.7	-13.4	205.6
Pro forma comparable EBITDA impact	4.4	-	4.0	44.5	-	-	52.8
Pro forma comparable EBITDA	25.6	90.1	82.0	44.5	29.7	-13.4	258.4
Pro forma comparable EBITDA impact							-52.8
Items affecting comparability in EBITDA							-20.5
Depreciation, amortization and impairments							-88.7
Operating result							96.3

Segment information by quarter				pro forma	pro forma
	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018
NET SALES, EUR million					
Decor	99.9	104.8	113.3	115.1	109.1
Filtration and Performance	159.6	168.9	172.4	162.6	168.3
Industrial Solutions	161.1	170.0	169.2	163.4	174.5
North America Specialty Solutions	161.9	165.6	164.0	155.5	157.6
Specialties	137.4	142.7	147.5	140.9	142.6
Other and eliminations	-7.1	-6.8	-7.7	-2.7	-6.9
Group	712.9	745.3	758.7	734.8	745.2
COMPARABLE EBITDA, EUR million					
Decor	5.8	8.6	7.0	11.5	7.0
Filtration and Performance	31.8	31.8	30.2	24.5	31.2
Industrial Solutions	20.7	22.3	17.4	17.7	32.9
North America Specialty Solutions	16.2	11.8	14.0	12.5	15.0
Specialties	11.7	11.0	11.6	7.9	7.5
Other and eliminations	-2.7	-1.9	-5.2	-2.7	-4.2
Group	83.6	83.8	75.0	71.4	89.4
COMPARABLE EBITDA margin, %					
Decor	5.9	8.2	6.2	10.0	6.5
Filtration and Performance	19.9	18.8	17.5	15.1	18.5
Industrial Solutions	12.8	13.1	10.3	10.8	18.8
North America Specialty Solutions	10.0	7.1	8.6	8.0	9.5
Specialties	8.5	7.7	7.9	5.6	5.3
Other and eliminations					
Group	11.7	11.2	9.9	9.7	12.0

Net sales by region

EUR million	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Europe	306.5	319.3	965.6	1,003.5	1,324.5
North America	244.1	108.3	749.4	304.3	529.3
South America	57.3	38.8	178.9	116.7	171.1
Asia-Pacific	95.5	89.7	295.0	271.9	376.7
Rest of the world	9.6	9.4	28.0	29.4	36.5
Total	712.9	565.6	2,216.9	1,725.8	2,438.0

Changes in property, plant and equipment

EUR million	1-9/2019	1-9/2018	2018
Net book value at the beginning of period	1,117.2	841.7	841.7
Reclassification to right-of-use assets	-5.8	-	-
Business combination	-	-	243.6
Additions	109.5	85.2	151.5
Disposals	-1.5	-0.5	-0.5
Depreciations, amortizations and impairment	-91.0	-72.5	-109.6
Translation differences and other changes	12.1	-12.7	-9.5
Net book value at the end of period	1,140.4	841.3	1,117.2

Right-of-use assets

Changes in right-of-use assets	
EUR million	1-9/2019
Reclassification from property, plant and equipment	5.8
Impact of IFRS 16 on the opening balance	57.0
Business combination	-
Additions	10.5
Depreciations, amortizations and impairment	-11.6
Translation differences and other changes	-1.5
Net book value at the end of period	60.3

Right-of-use assets on income statement		
EUR million	Q3/2019	1-9/2019
Depreciation expense of right-of-use assets	-3.9	-11.6
Interest expense on lease liabilities	-0.7	-2.0

Financial position

Net debt			
EUR million	1-9/2019	1-9/2018	2018
Assets			
Cash and cash equivalents	227.7	194.9	151.0
Liabilities			
Non-current borrowings	1,019.4	530.2	1,020.4
Non-current lease liability	46.6	2.2	3.1
Current borrowings	130.0	114.7	132.7
Current lease liability	13.3	1.1	1.1
Securitization liability	-	-	-43.7
Net debt	981.7	453.2	962.5

Ahlstrom-Munksjö has adopted the new IFRS 16 standard using a simplified approach and thus comparative figures are not restated and are not comparable. The financial covenants are calculated according to IFRS standards effective on December 31, 2018.

The net debt increase in 2018 was mainly due to acquisitions of Expera and Caieiras.

Ahlstrom-Munksjö's parent company in Finland has a commercial paper program amounting to EUR 300 million of which EUR 40 million was utilized in September 30, 2019.

Fair values of financial assets and liabilities EUR million	Sep 30, 2019		Sep 30, 2018		Dec 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Non-current financial instruments measured at amortized cost						
Bond	249.1	258.2	248.7	255.8	248.8	253.2
Bank loans	770.3	770.3	281.5	281.5	771.6	771.6
Financial instruments measured at fair value						
Forward contracts - cash flow hedge accounting	-1.5	-1.5	1.5	1.5	0.2	0.2
Forward contracts - fair value through profit and loss	-0.1	-0.1	-0.5	-0.5	-0.3	-0.3
Interest rate swap contracts - cash flow hedge accounting	-	-	0.0	0.0	-	-

The fair value hierarchy level for bond is 1 and for forward contracts the level is 2. The fair value of other financial assets and liabilities is close to the carrying value.

Nominal values of derivatives EUR million	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Forward contracts - cash flow hedge accounting	91.3	855.4	87.2
Forward contracts - fair value through profit and loss	53.8	46.5	46.8
Interest rate swap contracts - cash flow hedge accounting	-	40.0	-

In September 2018 the nominal value of the forward contracts under cash flow hedge accounting included hedges relating to business combinations.

Commitments

Off-balance sheet commitments EUR million	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Assets pledged			
Pledges	0.9	1.0	1.0
Commitments			
Guarantees and commitments given on behalf of Group companies	60.8	61.6	56.9
Capital expenditure commitments	29.4	6.6	43.2
Other guarantees and commitments	35.4	9.9	31.8

Future operating lease commitments EUR million	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Current portion	1.3	11.4	13.3
Non-current portion	1.0	31.1	34.1
Total	2.3	42.5	47.5

EVENTS AFTER THE REPORTING PERIOD

Non-binding memorandum of understanding to divest the fine art paper business

On October 30, Ahlstrom-Munksjö signed a non-binding memorandum of understanding to divest its fine art paper business, ARCHES®, with Italian based F.I.L.A. Group, Fabbrica Italiana Lapis ed Affini S.p.A., a leading global player specialized in the research, design, manufacturing and sale of creative expression tools. The standalone pro forma net sales of the fine art paper business are estimated to be approximately EUR 13 million and comparable EBITDA in excess of EUR 4 million in 2019. The debt free purchase price is approximately EUR 44 million. The signed non-binding memorandum of understanding is subject to statutory

works council consultation and final and binding transaction agreements. The transaction is expected to be completed in the first quarter of 2020. The full press release is available at www.ahlstrom-munksjo.com.

APPENDIX 2: KEY FIGURES

Years 2018 and 2017 were transformative years for Ahlstrom-Munksjö. Ahlstrom-Munksjö acquired Expera Specialty Solutions Holdings, Inc., an U.S. based specialty paper producer ("Expera") and MD Papéis' Caieiras specialty paper mill in Brazil ("Caieiras") in October 2018. Ahlstrom and Munksjö merged on April 1, 2017 (the "merger") creating a global leader in innovative and sustainable fiber-based materials. Considering the magnitude of the acquisitions of Expera and Caieiras as well as the merger of Ahlstrom and Munksjö and the impact on the combined company's performance and financial position, stand-alone historical information for the periods presented does not provide comparable information for our operating performance and historical financial position.

Accordingly, we present certain key figures on our business performance for the year 2018 on a pro forma basis to illustrate the effect to the acquisitions of Expera and Caieiras and the merger and the related financing and refinancing transactions as if the acquisitions and the merger had taken place at an earlier date as of January 1, 2017. The pro forma key figures have been presented for illustrative purposes only and address a hypothetical situation and therefore do not represent the Group's actual historical results of operations as such historical data comprise Ahlstrom-Munksjö stand-alone information only. For a detailed basis of presentation and notes disclosures for the additional unaudited pro forma information please see our stock exchange release dated February 14, 2019 available on our website at www.ahlstrom-munksjo.com.

Certain of our key figures are not accounting measures defined or specified under IFRS and therefore are considered as alternative performance measures. We present these alternative performance measures as additional information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS. The Group believes that the alternative performance measures provide significant additional information on Ahlstrom-Munksjö's results of operations, financial position and cash flows, and are widely used by analysts, investors and other parties and provide additional information to analyze our performance and capital structure.

Alternative performance measures should not be viewed in isolation or as a substitute to measures presented in our IFRS financial statements. Companies do not calculate alternative performance measures in a uniform way, and therefore Ahlstrom-Munksjö's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Alternative performance measures and pro forma key figures are unaudited.

Key figures					
EUR million, or as indicated	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Net sales	712.9	565.6	2,216.9	1,725.8	2,438.0
Operating result	34.3	33.7	87.2	96.3	88.7
Operating margin, %	4.8	6.0	3.9	5.6	3.6
Net profit	12.0	19.4	30.9	62.7	42.9
EBITDA	77.8	63.1	216.1	185.1	222.6
EBITDA margin, %	10.9	11.1	9.7	10.7	9.1
Comparable EBITDA	83.6	71.8	242.4	205.6	277.7
Comparable EBITDA margin, %	11.7	12.7	10.9	11.9	11.4
Items affecting comparability in EBITDA	-5.8	-8.7	-26.3	-20.5	-55.1
Comparable operating result	40.1	42.4	113.5	116.9	151.4
Comparable operating result margin, %	5.6	7.5	5.1	6.8	6.2
Comparable operating result excl. depreciation and amortization arising from PPA	53.4	50.1	152.4	139.8	186.1
Items affecting comparability in operating result	-5.8	-8.7	-26.3	-20.5	-62.7
Comparable return on capital employed, rolling 12 months, %			6.2	9.1	8.3
Capital employed average for 12 months			2,373.5	1,638.7	1,814.5
Total equity	1,149.4	1,034.4	1,149.4	1,034.4	1,162.2
Net debt	981.7	453.2	981.7	453.2	962.5
Gearing ratio, %	85.4	43.8	85.4	43.8	82.8
Equity/assets ratio, %	34.6	43.0	34.6	43.0	35.9
Earnings per share, EUR (basic and diluted)	0.10	0.20	0.26	0.64	0.43
Comparable net profit	16.2	26.1	50.3	78.4	89.7
Comparable earnings per share, EUR	0.14	0.27	0.43	0.80	0.91
Comparable net profit excl. depreciation and amortization arising from PPA	26.0	31.8	79.2	95.6	115.6
Comparable earnings per share excl. depreciation and amortization arising from PPA, EUR	0.22	0.33	0.68	0.98	1.18
Operating cash flow per share, EUR	1.09	0.29	1.89	0.63	0.95
Equity per share, EUR	9.9	10.7	9.9	10.7	10.0
Number of shares outstanding at the end of the period	115,288,453	96,073,711	115,288,453	96,073,711	115,288,453
Weighted average number of outstanding shares	115,288,453	96,073,711	115,288,453	96,073,711	96,758,002
Capital expenditure	50.6	38.5	124.8	95.6	160.1
Average number of employees, FTE	8,072	5,932	8,103	5,909	6,480

Impact of IFRS 16 implementation on key figures		
EUR million, or as indicated	Q3/2019	1-9/2019
IFRS16 impact on comparable EBITDA	4.1	12.1
IFRS16 impact on comparable EBITDA margin, %	0.6	0.5
IFRS16 impact on EBITDA	4.1	12.1
IFRS16 impact on comparable operating result	0.4	1.1
IFRS16 impact on comparable operating result margin, %	0.1	0.0
IFRS16 impact on operating profit	0.4	1.1
IFRS16 impact on depreciation	-3.7	-11.0
IFRS16 impact on net debt	56.6	56.6
IFRS16 impact on gearing ratio, %	5.0	5.0

Reconciliation of certain key performance measures

EUR million	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Items affecting comparability					
Transaction costs	-1.1	-4.3	-1.9	-6.0	-10.9
Integration costs	-2.4	-3.8	-11.1	-11.7	-20.4
Inventory fair valuation	-	-	-	-	-7.5
Restructuring costs	-1.9	-0.2	-11.9	-2.6	-15.9
Environmental provision	-	-0.2	-	-0.2	-0.2
Other	-0.4	-0.2	-1.3	0.0	-0.1
Total items affecting comparability in EBITDA	-5.8	-8.7	-26.3	-20.5	-55.1
Impairment loss	-	-	-	-	-7.7
Total items affecting comparability in operating result	-5.8	-8.7	-26.3	-20.5	-62.7
Comparable EBITDA					
Operating result	34.3	33.7	87.2	96.3	88.7
Depreciation, amortization and impairment	43.4	29.4	128.9	88.7	133.9
EBITDA	77.8	63.1	216.1	185.1	222.6
Total items affecting comparability in EBITDA	5.8	8.7	26.3	20.5	55.1
Comparable EBITDA	83.6	71.8	242.4	205.6	277.7
Comparable operating result excl. depreciation and amortization arising from PPA					
Operating result	34.3	33.7	87.2	96.3	88.7
Total items affecting comparability in operating result	5.8	8.7	26.3	20.5	62.7
Comparable operating result	40.1	42.4	113.5	116.9	151.4
Depreciation and amortization arising from PPA*	13.2	7.7	38.9	23.0	34.7
Comparable operating result excl. depreciation and amortization arising from PPA	53.4	50.1	152.4	139.8	186.1
Comparable net profit excl. depreciation and amortization arising from PPA					
Net profit	12.0	19.4	30.9	62.7	42.9
Total items affecting comparability in operating result	5.8	8.7	26.3	20.5	62.7
Taxes relating to items affecting comparability in operating result	-1.6	-2.0	-6.9	-4.9	-15.9
Comparable net profit	16.2	26.1	50.3	78.4	89.7
Depreciation and amortization arising from PPA*	13.2	7.7	38.9	23.0	34.7
Taxes relating to depreciation and amortization arising from PPA	-3.4	-2.0	-10.0	-5.8	-8.9
Comparable net profit excl. depreciation and amortization arising from PPA	26.0	31.8	79.2	95.6	115.6
Comparable earnings per share, EUR					
Comparable net profit	16.2	26.1	50.3	78.4	89.7
Profit attributable to non-controlling interest	-0.3	-0.4	-1.0	-1.3	-1.4
Comparable net profit attributable to parent company shareholders	15.9	25.7	49.3	77.0	88.4
Weighted average number of outstanding shares	115,288,453	96,073,711	115,288,453	96,073,711	96,758,002
Comparable earnings per share, EUR	0.14	0.27	0.43	0.80	0.91
Comparable EPS excl. depreciation and amortization arising from PPA, EUR					
Comparable net profit excl. depreciation and amortization arising from PPA	26.0	31.8	79.2	95.6	115.6
Profit attributable to non-controlling interest	-0.3	-0.4	-1.0	-1.3	-1.4
Comparable net profit excl. depreciation and amortization arising from PPA attributable to parent company shareholders	25.7	31.3	78.2	94.2	114.2
Weighted average number of outstanding shares	115,288,453	96,073,711	115,288,453	96,073,711	96,758,002
Comparable EPS excl. depreciation and amortization arising from PPA, EUR	0.22	0.33	0.68	0.98	1.18
Comparable return on capital employed, rolling 12 months, %					
Comparable operating result for the last 12 months			148.0	149.4	151.4
Capital employed, average for the last 12 months			2,373.5	1,638.7	1,814.5
Comparable return on capital employed, rolling 12 months, %			6.2	9.1	8.3
Net debt					
Cash and cash equivalents	227.7	194.9	227.7	194.9	151.0
Non-current borrowings	1,019.4	530.2	1,019.4	530.2	1,020.4
Non-current leasing liability	46.6	2.2	46.6	2.2	3.1
Current borrowings	130.0	114.7	130.0	114.7	132.7
Current leasing liability	13.3	1.1	13.3	1.1	1.1
Securitization liability	-	-	-	-	-43.7
Net debt	981.7	453.2	981.7	453.2	962.5

*Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.

Reconciliation of certain pro forma key performance measures

pro forma EUR million	Q3/2018	1-9/2018	2018
Items affecting comparability			
Transaction costs	-0.1	-1.2	-1.3
Integration costs	-3.6	-11.5	-22.0
Inventory fair valuation	-	-	-
Restructuring costs	-0.2	-2.6	-15.9
Environmental provision	-0.2	-0.2	-0.2
Other	-0.2	0.1	-0.1
Total items affecting comparability in EBITDA	-4.4	-15.5	-39.6
Impairment loss	-	-	-7.7
Total items affecting comparability in operating result	-4.4	-15.5	-47.3
Comparable EBITDA			
Operating result	47.2	128.1	129.4
Depreciation, amortization and impairment	37.8	114.8	161.0
EBITDA	85.0	242.9	290.3
Total items affecting comparability in EBITDA	4.4	15.5	39.6
Comparable EBITDA	89.4	258.4	329.9
Comparable operating result excl. depreciation and amortization arising from PPA			
Operating result	47.2	128.1	129.4
Total items affecting comparability in operating profit	4.4	15.5	47.3
Comparable operating result	51.6	143.6	176.6
Depreciation and amortization arising from PPA*	12.2	36.5	48.9
Comparable operating result excl. depreciation and amortization arising from PPA	63.8	180.2	225.5
Comparable net profit excl. depreciation and amortization arising from PPA			
Net profit	25.7	73.5	63.2
Total items affecting comparability in operating profit	4.4	15.5	47.3
Taxes relating to items affecting comparability in operating result	-1.0	-3.7	-13.3
Comparable net profit	29.1	85.3	97.2
Depreciation and amortization arising from PPA*	12.2	36.5	48.9
Taxes relating to depreciation and amortization arising from PPA	-3.2	-9.4	-12.6
Comparable net profit excl. depreciation and amortization arising from PPA	38.1	112.5	133.4
Comparable EPS excl. depreciation and amortization arising from PPA, EUR			
Comparable net profit excl. depreciation and amortization arising from PPA	38.1	112.5	133.4
Profit attributable to non controlling interest	-0.4	-1.3	-1.4
Comparable net profit excl. depreciation and amortization arising from PPA attributable to parent company shareholders	37.7	111.2	132.1
Weighted average number of outstanding shares	115,288,453	115,288,453	115,288,453
Comparable EPS excl. depreciation and amortization arising from PPA, EUR	0.33	0.96	1.15

*Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.

CALCULATION OF KEY FIGURES

Key figure	Definitions	Reason for use of the key figure
Operating result	Net profit before taxes and net financial items	Operating result shows result generated by the operating activities
Operating result margin, %	Operating result / net sales	
EBITDA	Operating result before depreciation, amortization and impairment	EBITDA is the indicator to measure the performance of Ahlstrom-Munksjö.
EBITDA margin, %	EBITDA / net sales	EBITDA margin is a key measure in our long-term financial targets.
Comparable EBITDA	EBITDA excluding items affecting comparability in EBITDA	
Comparable EBITDA margin, %	Comparable EBITDA / net sales	
Comparable operating result	Operating result excluding items affecting comparability in operating result	
Comparable operating result margin, %	Comparable operating result / net sales	
Comparable operating result excluding depreciation and amortization arising from PPA	Operating result excluding items affecting comparability in operating result and depreciation and amortization arising from PPA Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.	Comparable EBITDA, comparable EBITDA margin, comparable operating result, comparable operating result margin, comparable operating result excluding depreciation and amortization arising from PPA, comparable net profit, comparable earnings per share, comparable net profit excluding depreciation and amortization arising from PPA and comparable earnings per share excluding depreciation and amortization arising from PPA are presented in addition to EBITDA, operating result, net profit and earnings per share to reflect the underlying business performance and to enhance comparability from period to period. Ahlstrom-Munksjö believes that these comparable performance measures provide meaningful supplemental information by excluding items outside ordinary course of business including PPA related depreciation and amortization, which reduce comparability between the periods.
Comparable net profit	Net profit excluding items affecting comparability in operating result, net of tax	
Comparable earnings per share, EUR	Comparable net profit - net profit attributable to non-controlling interests / weighted average number of shares outstanding	
Comparable net profit excluding depreciation and amortization arising from PPA	Net profit excluding items affecting comparability in operating result, net of tax, and depreciation and amortization arising from PPA net of tax	
Comparable earnings per share excluding depreciation and amortization arising from PPA	Comparable net profit excluding depreciation and amortization arising from PPA - net profit attributable to non-controlling interests / weighted average number of shares outstanding	
Items affecting comparability in operating result	Material items outside ordinary course of business, such as gains and losses on business disposals, direct transaction costs related to business acquisitions, costs for closure of business operations and restructurings including redundancy payments, impairment losses, one-off items arising from purchase price allocation such as inventory fair value adjustments, compensation related to environmental damages arising from unexpected or rare events and other items including fines (such as VAT tax audit fines) or other similar stipulated payments and litigations.	
Items affecting comparability in EBITDA	Items affecting comparability in operating result excluding impairment losses.	
Earnings per share (EPS), basic, EUR	Net profit attributable to parent company's shareholders / weighted average number of shares outstanding	

Key figure	Definitions	Reason for use of the key figure
Net debt	Non-current and current borrowings less securitization liability less cash and cash equivalents	Net debt and total debt are indicators to measure the total external debt financing of Ahlstrom-Munksjö
Total debt	Non-current and current borrowings less securitization liability	
Capital employed average for 12 months	Total equity and total debt (average of the last 12 months)*	Capital employed average for 12 months and Comparable return on capital employed, rolling 12 months measure capital tied up in operations and return on capital tied up in operations. These ratios replace the previously used ratio Operating capital and Return on operating capital respectively. Ahlstrom-Munksjö believes that the new ratios better reflect the capital tied up in operations.
Comparable return on capital employed, rolling 12 months, %	Comparable operating result (for the last 12 months) / capital employed (average of the last 12 months)	
Gearing ratio, %	Net debt / total equity	Ahlstrom-Munksjö believes that Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Ahlstrom-Munksjö's indebtedness. Gearing ratio is also one of the Ahlstrom-Munksjö's long-term financial targets measure.
Equity/assets ratio, %	Total equity / total assets	Ahlstrom-Munksjö believes that Equity/assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations.
Equity per share, EUR	Equity attributable to parent company's shareholders / number of shares outstanding at the end of the period	
Capital expenditure	Purchases for property, plant and equipment and intangible assets as presented in the cash flow statement.	Capital expenditure provides additional information of the cash flow needs of the operations.
Operating cash flow per share, EUR	Operating cash flow / weighted average number of shares outstanding	

* Calculated with December 2018 closing balance sheet without IFRS 16 impact.