

WE HAVE ONLY SEEN THE BEGINNING OF WHAT
FIBER-BASED MATERIALS AND SOLUTIONS
CAN BE USED FOR

Imagine fiber

INVESTOR PRESENTATION

April 2019



AHLSTRÖM
MUNKSJÖ

Ahlstrom-Munksjö – Global leader in fiber-based solutions

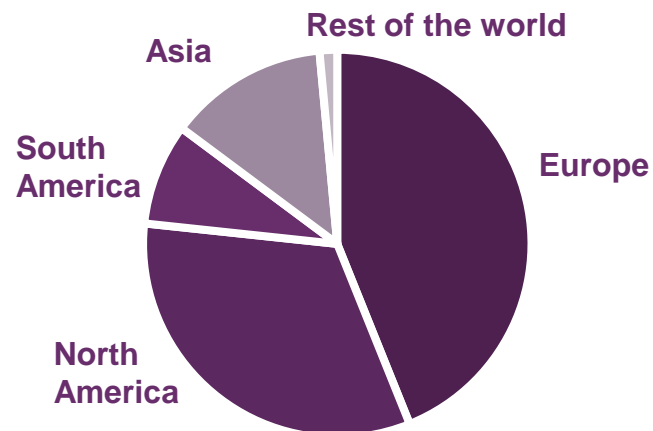
- Fibers are at the core of what we do and the common denominator for our products and solutions
- Natural fibers represent 94% of our total fiber use
- We offer custom made specialized fiber based materials
- Our value proposition is based on innovation, quality and service
- Our offering contributes to a more sustainable everyday life by providing renewable materials that are alternatives to non-renewables, and solutions that make the end product more sustainable

Key facts

- Global network of sales offices and 45 plants and converting sites in 14 countries, approximately 8,000 employees
- More than 7,000 customers in over 100 countries
- Pro forma 2018 net sales of approximately EUR 3 billion
- Shares listed on Nasdaq Helsinki and Stockholm
- Head office in Helsinki



Balanced end-use and geographical exposure



Share of sales

KEY STRENGTHS

- Leading position in chosen segments
- Operating on growing markets
- Balanced geographical exposure to a broad range of end-uses
- Designed sustainable and innovative solutions for customers

Strategy overview

MISSION

Sustainable and innovative fiber-based solutions

VISION

Global leader in chosen growth segments

CORNERSTONES

Local accountability

Efficiency and agility

Customer value

Profitable growth

FILTRATION AND PERFORMANCE



INDUSTRIAL SOLUTIONS



DECOR



SPECIALTIES



NORTH AMERICA SPECIALTY SOLUTIONS



LEADERSHIP

Customer centric | Innovative | Entrepreneurial | Holistic

VALUES

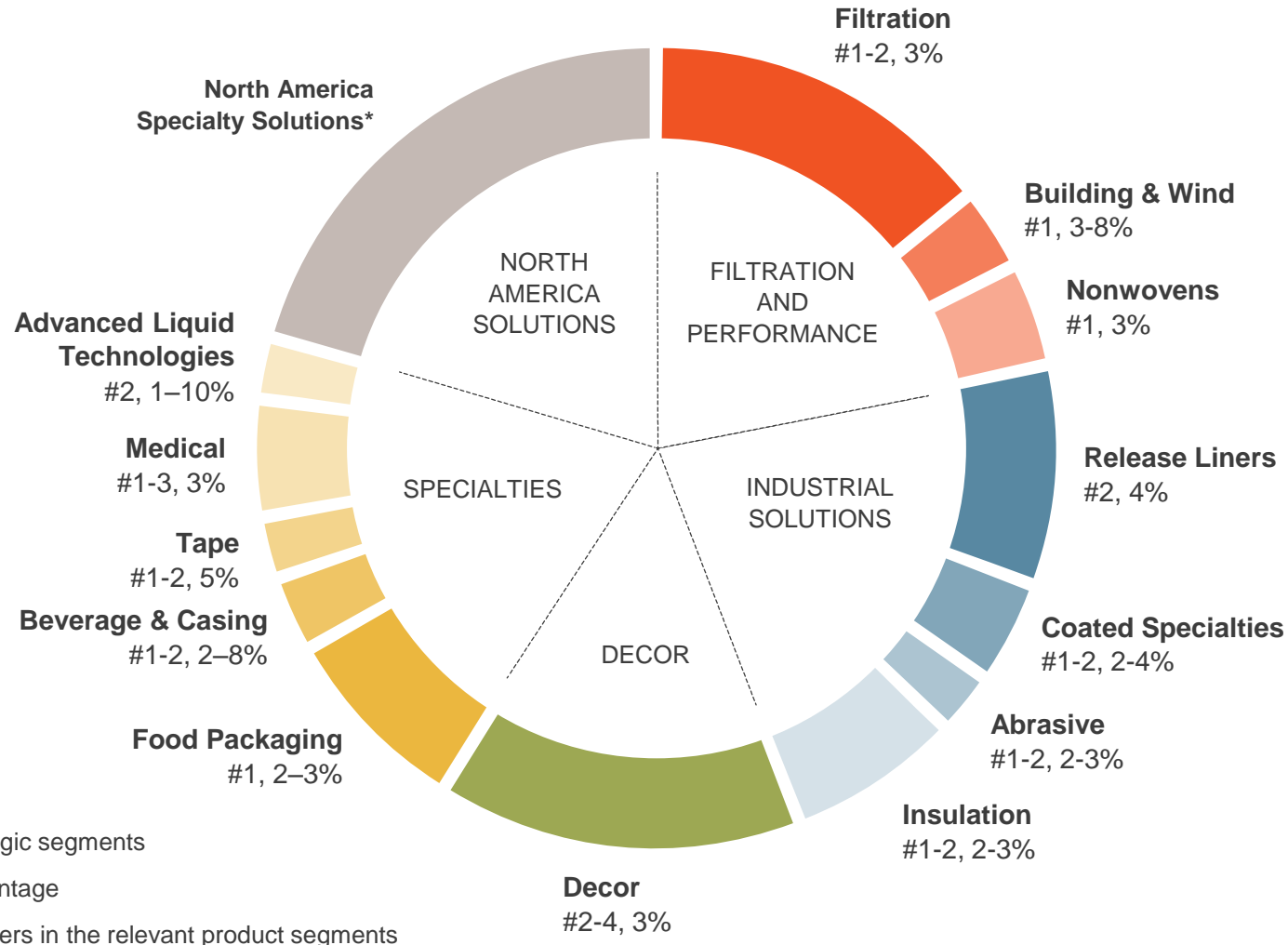
Long-term commitment | Teamwork | Passion to innovate and improve

TARGETS

- *EBITDA >14% over a business cycle*
- *Net gearing <100%*
- *Dividend: stable and annually increasing, paid bi-annually*



Leading positions in growing markets



Share of sales

Market position in strategic segments

% Market growth in percentage

* One of the leading suppliers in the relevant product segments



Sustainable everyday life

MISSION

Sustainable and innovative fiber-based solutions

BETTER PERFORMANCE

Filter materials to purify air and protect people from viruses and bacteria



SAFER MATERIALS

Formaldehyde free abrasive backings and fluorfree food packaging materials



FEWER RESOURCES

Diagnose diseases and purify polluted drinking water



LOWER IMPACT

Plastic free and compostable tea and coffee materials



PEOPLE



Human rights



Community engagement



Employee well-being



PLANET



Supply chain



Energy, water and waste



Carbon dioxide



PROSPERITY



Profitability



Innovation



Business ethics

EcoDesign Tool



Better performance



Trinitex® Advance W3200 is a unique gas turbine filtration product specifically designed for pulse jet gas turbine applications.



Extia® 1000 is the first product on the Extia® platform, a range of highly durable filtration media, specifically designed for industrial filtration applications. Extends filtration lifetime by over 40 %



ViroSēi™ Breathable Viral Barrier fabric is constructed for the most critical areas of a surgical gown designed to keep medical professionals protected and comfortable.



Disruptor® – product line of electroadsorptive filter media that improves water quality through a natural positive charge



Safer materials



Grease-Gard® FluoroFree® papers are designed to deliver outstanding grease resistance without the use of fluorochemicals (PFAS)



TEX-STYLE – the first product in the RE-VOLUTION range, a new category abrasive backings of paper substituting cloth backings



Formaldehyde free decor paper



Fewer resources



Specimen collection cards

Alternative solution to liquid sampling by avoiding cold chain and special transport of specimen to be used for .e.g. diagnosis of genetic diseases and DNA screening.



Acti-V® supercalendered release papers for silicone coating play an active role in the silicone curing and anchorage process. Curing is faster and requires less catalyst. Anchorage is stronger and more stable.



HighFlow Wind Energy is a platform of reinforcement fabrics for lightweight composite materials, allowing a reduction of about 15% in total cost ownership in wind mill blade manufacturing



Compostability



Fiber+ a plastic free, compostable tea bag materials product range, a solution for every application and covers all manufacturing platforms



GreenPod™ : compostable plastic free coffee pod material for espresso



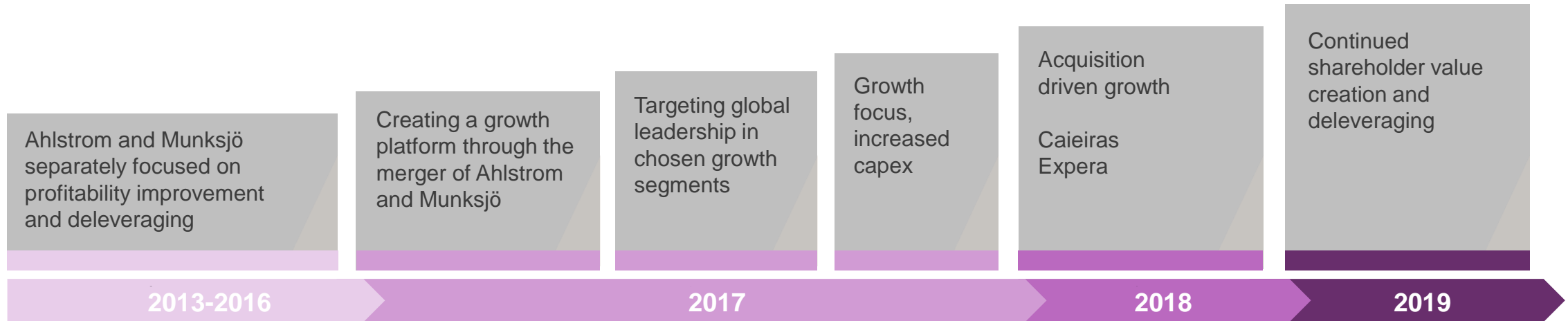
NatureMold™: Food trays and baking molds made from genuine vegetable parchment can replace aluminum or plastic ones and are biodegradable and home compostable



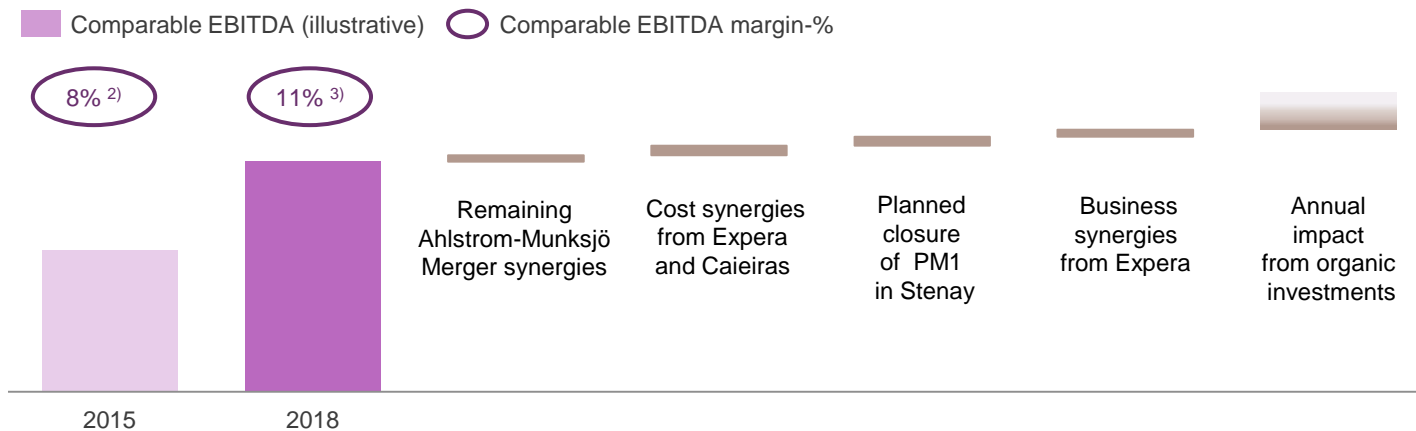
Profitable growth



Strategic transformation supporting profitable growth



Measures underway to improve competitiveness and drive growth¹⁾



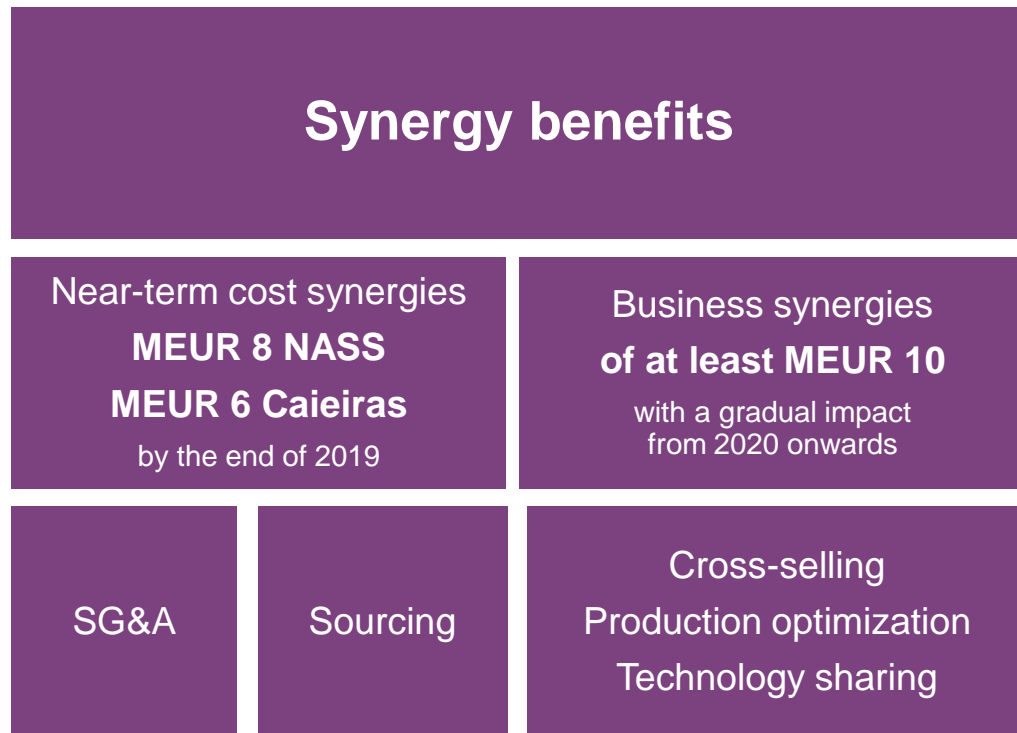
1) Illustrative (not necessarily in scale), not to be considered as guidance

2) Munksjö's reported adjusted EBITDA margin for 2015

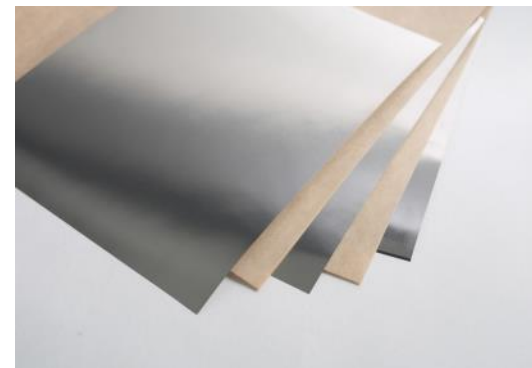
3) Pro forma comparable EBITDA margin in 2018



Synergy benefits of the acquisitions


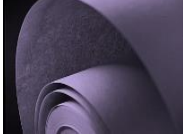












SG&A = Selling, General and Administrative expenses










Completed investments driving strategic progress

Production ramp-up ongoing

		Efficiency and agility	Customer value	Profitable growth		
Abrasive backings Paper machine rebuild Arches, Q1/18-	MEUR 14	✓	✓	✓		 <i>Back of sandpaper</i>
Filtration Capacity debottlenecking Turin, H1/18-	MEUR 3			✓		 <i>Filtration material</i>
Filtration New saturation line Madisonville, H2/18-	MEUR 23	✓	✓	✓		 <i>Filtration material</i>
Foodpack New line installation Saint Severin, Q3/18-	MEUR 7		✓	✓		 <i>Baking paper</i>
NASS New coater line, Q3/17	MEUR 13		✓	✓		 <i>Fiber composite release liners</i>
Decor, Dettingen Production line upgrade, Q1/19	MEUR 5		✓	✓		 <i>Pre-impregnated decor paper</i>



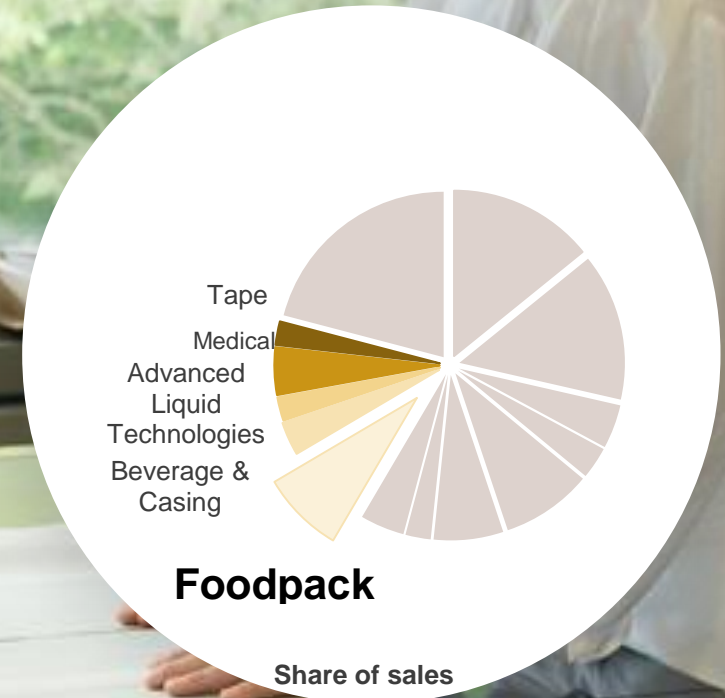
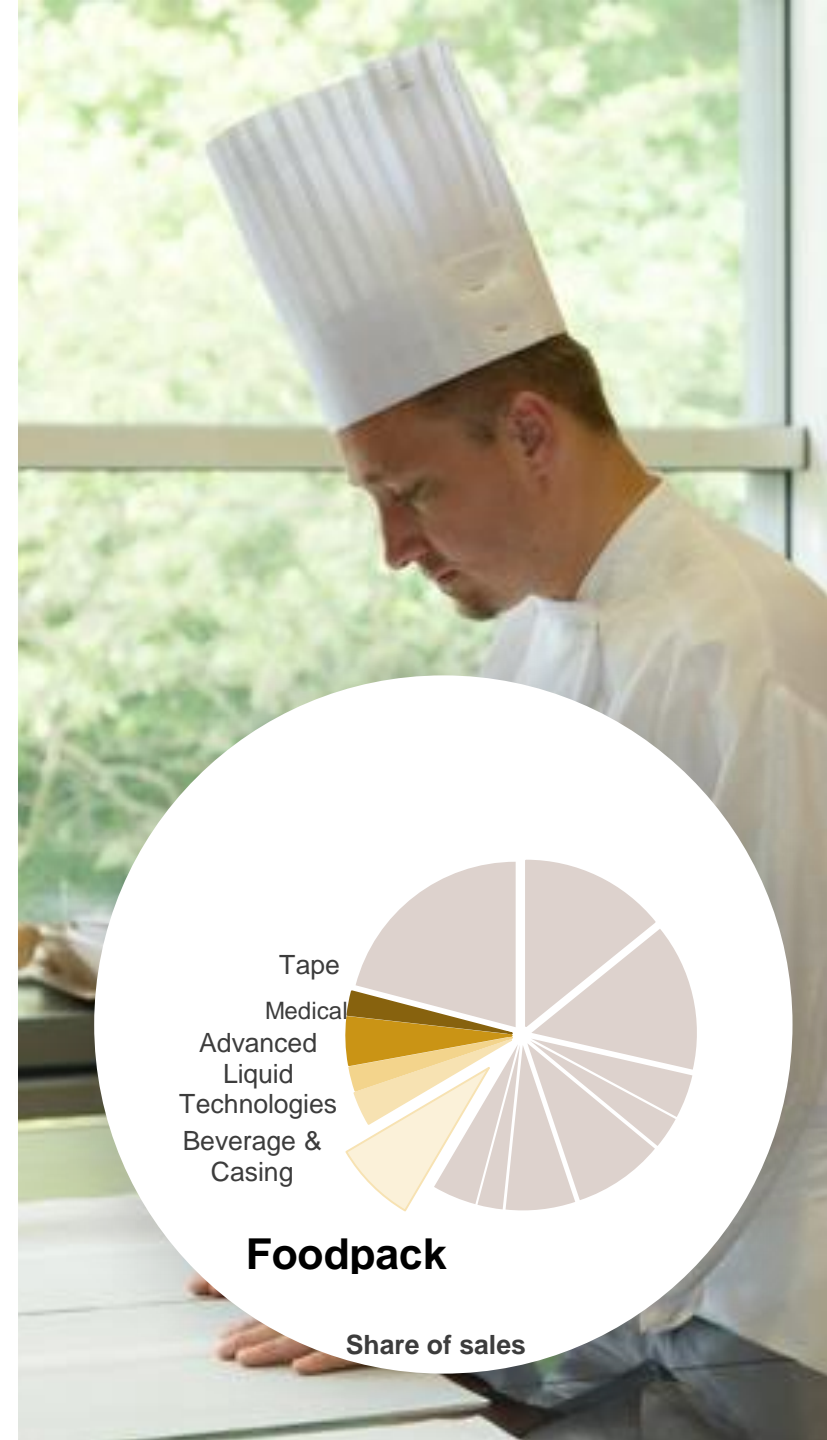
New investment decisions driving our strategic progress

		Efficiency and agility	Customer value	Profitable growth		
Medical, Pont Audemer Converting line automatization, Q2/19-	MEUR 4	✓	✓			Sterilization wrap
Coated Specialties, Jacarei Coating line upgrade, Q3/19-	MEUR 21	✓	✓	✓		Coated specialty paper
Insulation, Billingsfors Boiler and pulp line rebuild, Q3/19-	MEUR 23	✓		✓		Electrotechnical paper
Insulation, Aspa Bailing line modernization, Q3/19-	MEUR 4	✓	✓			Specialty pulp
Filtration, Release Liner New co-generation in Turin plant, H1/20-	MEUR 15	✓				Turin plant
Filtration, Turin Capacity expansion, H2/20-	MEUR 28	✓		✓		Industrial filter material
Beverage & Casing, Chirside New production line, H2/20	MEUR 28	✓	✓	✓		Coffee, tea, and casing material



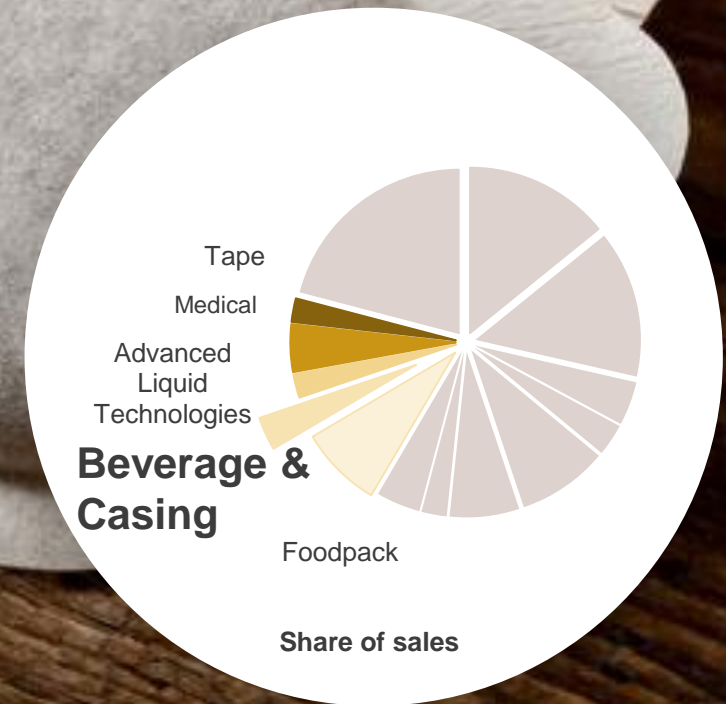
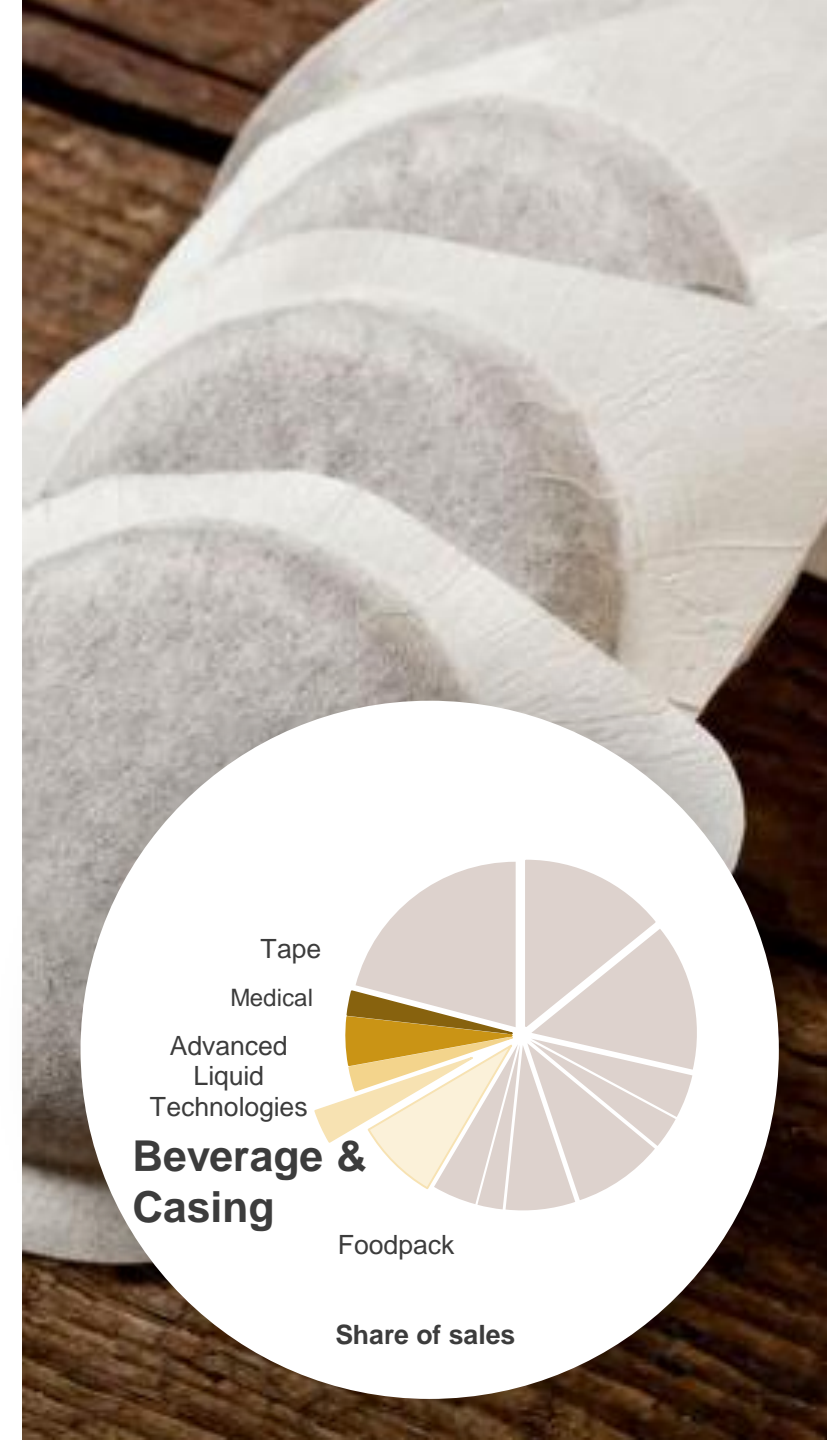
Measures to significantly improve competitiveness in coated one-side products (C1S)

- Operating environment for C1S has further deteriorated, mainly due to increased raw material costs
- Ahlstrom-Munksjö's C1S offering and position not optimally aligned with strategy of niche orientation into customized solutions
- Employee consultation processes started on October 30, 2018, and are expected to be completed in February 2019. According to the project, permanent machine closure is expected by the end of March 2019.
- Concentrating orders to the other paper machine (PM3) also generates cost savings from higher raw material, energy and waste efficiency as well as improves inventory management
- Planned actions would yield estimated annual impact of EUR 13m
- Restructuring costs provision of EUR 11 million and an impairment loss of EUR 8 million were booked in the fourth quarter of 2018.



Investment in biodegradable and compostable tea bag, coffee and meat casing materials

- Investing EUR 28m in near state-of-the-art paper making line to be dismantled and transferred to the Chirnside site, UK
- Combining Ahlstrom-Munksjö's extensive offering of biodegradable and compostable solutions, the new line enables:
 - Growth in tea and coffee filter paper and fibrous meat casing materials
 - Improved product capabilities in coffee and tea
 - Increased production efficiency
 - Differentiation from competition
 - Machine transfer, civil engineering and infrastructure building in progress, final commissioning by the end 2020



Profitability improvement in Decor

Year 2017 –

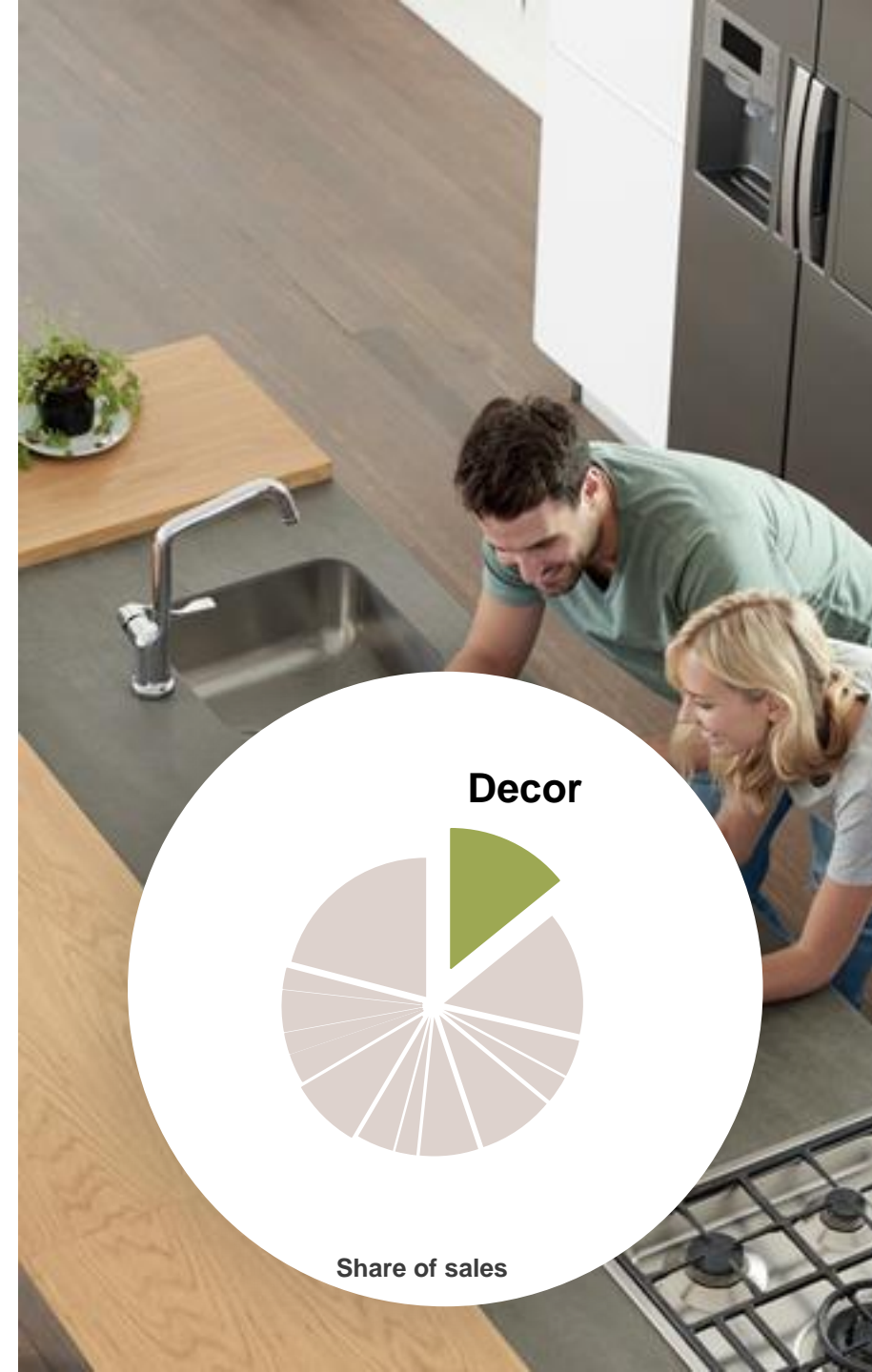
- Escalating raw material costs and build up of inventory levels in the industry

Year 2018 –

- Gross margin improvement thanks to successful price increases
- Volume losses in oversea markets due to price increases and new competition
- Market environment increasingly volatile, reduction of inventories throughout the supply chain

Medium term profitability improvement plan

- **Continue optimization of product and customer mix**
 - Further enhance capabilities in the most attractive segments
- **Maintain leadership in quality, service and innovation to deliver best customer value**
 - Investment at Dettingen plant, Germany, to enhance the quality of pre-impregnated decor papers
- **Improve cost competitiveness and production efficiency**
 - Reduction in energy costs at Dettingen plant through power plant buyout
- **Caieiras - integrate and realize synergies**



Decor

Share of sales

Global leader in sustainable and innovative fiber-based solutions

1

Leading position in its chosen growth segments

2

Balanced exposure to growing markets with cycle-resilient demand characteristics

3

Innovative value-add solutions designed for the customers

4

Our offering contributes to a more sustainable everyday life by providing renewable materials that are alternatives to non-renewables, and solutions that make the end product more sustainable

5

Efficient global operating platform based on local accountability

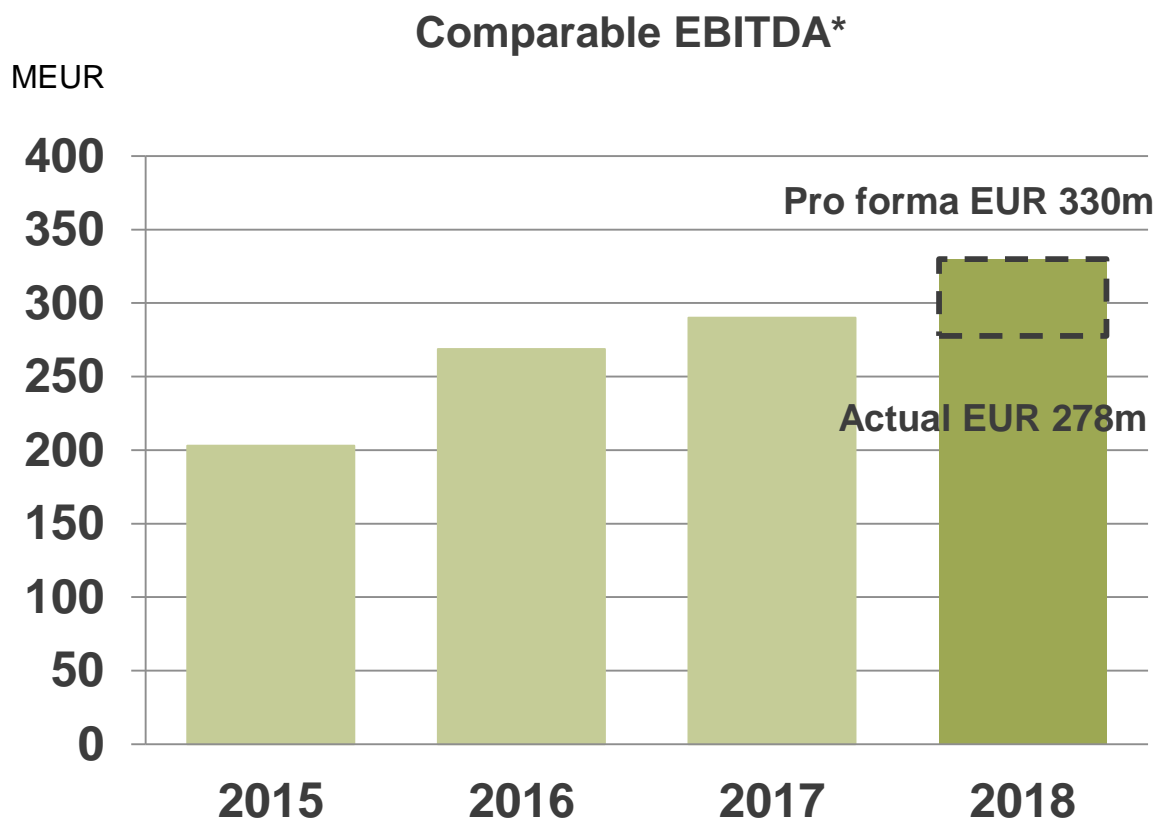


Highlights Q4 & 2018



Successful execution of our growth strategy in 2018

- Two major acquisitions completed
 - Expera (NASS) significantly expands our presence in North America
 - Caieiras strengthens our production platform in South America
- EUR 3bn pro forma 2018 annual net sales and comparable EBITDA of EUR 330m
- Progressing on delivering promised cost synergies of EUR 8m from NASS and EUR 6m from Caieiras
- At least EUR 10m annual business synergies relating to NASS validated, a gradual impact from 2020 onwards
- Ramp-up of strategic investments in; Abrasive, Filtration, and Food Packaging as well as NASS

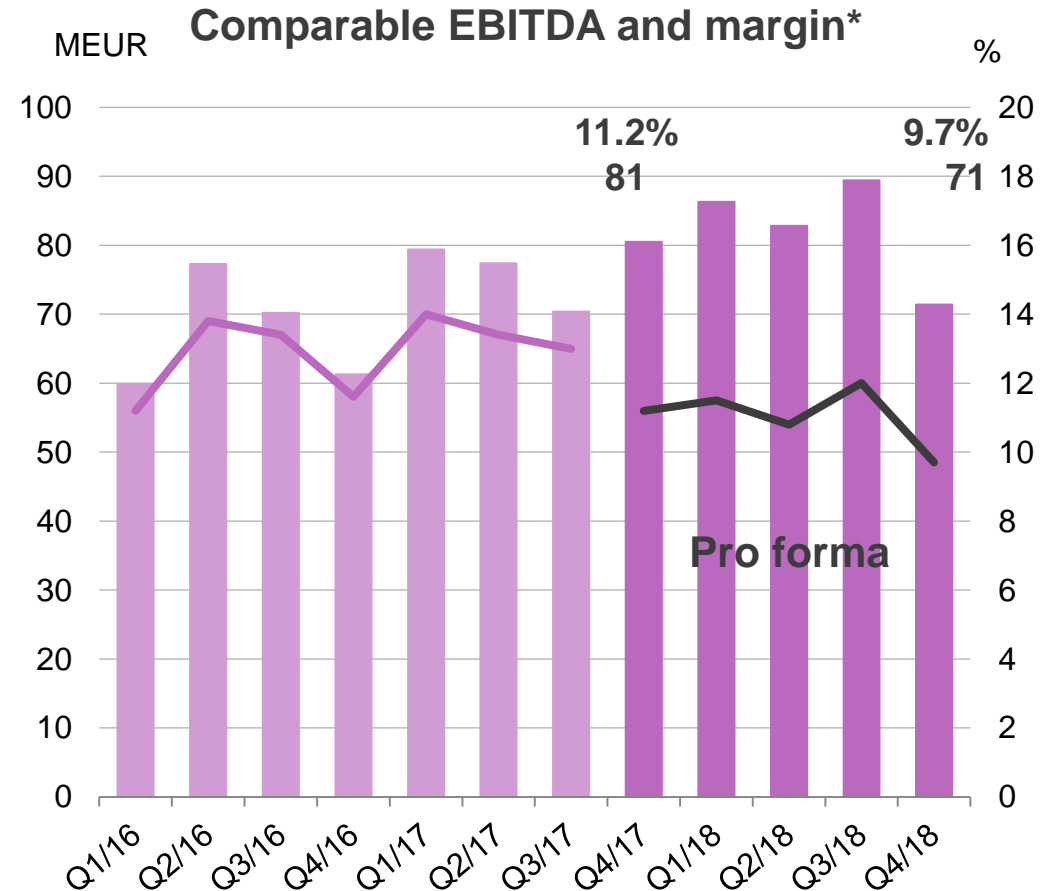


*Years 2015-2017 Ahlstrom-Munksjö excluding NASS and Caieiras



Challenging Q4/2018

- 14% increase in actual comparable EBITDA, supported by the Expera and Caieiras acquisitions
- Further improvement in gross margin per product
- Profitability impacted by lower delivery volumes
 - Stronger-than-usual seasonal variations and operational issues at two sites
 - Customers reacting on increased uncertainty about the economic outlook
- Decline in pulp prices did not have an impact on the results
- Proceeding with targeted measures to improve performance and competitiveness, particularly in underperforming businesses; C1S part of Food Packaging, Beverage&Casing and Decor

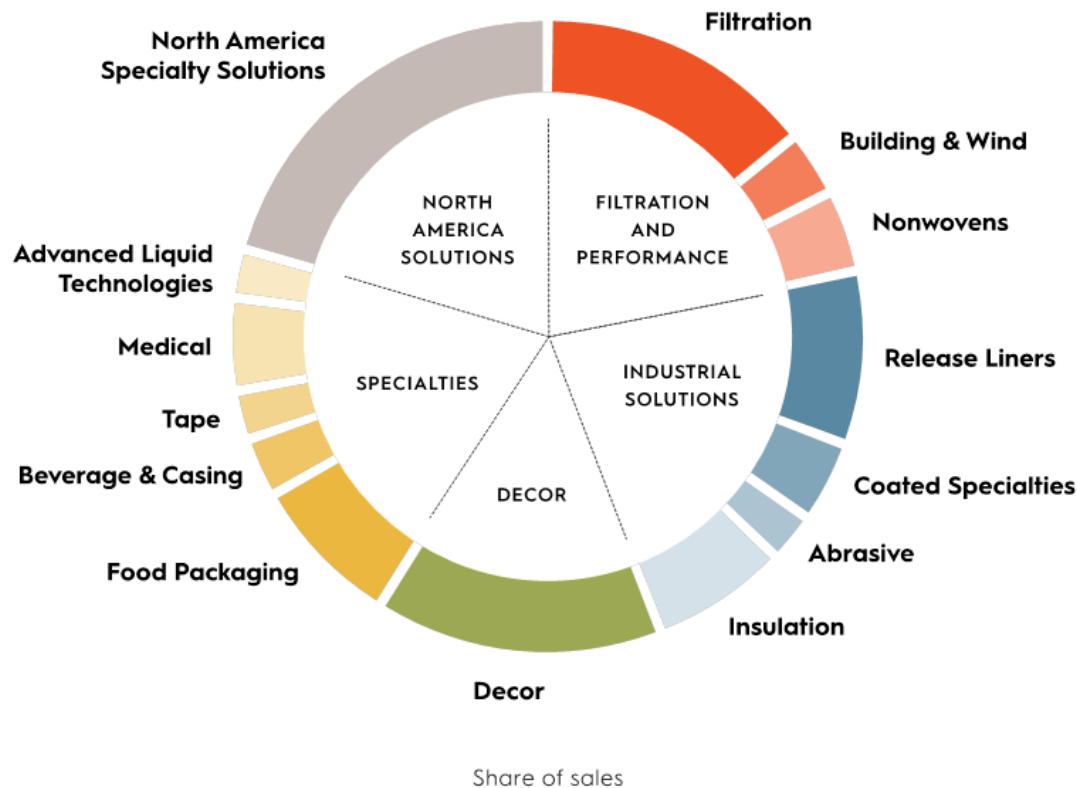


*Years 2016-Q3/2017 Ahlstrom-Munksjö excluding NASS and Caieiras



Stable market demand in 2018

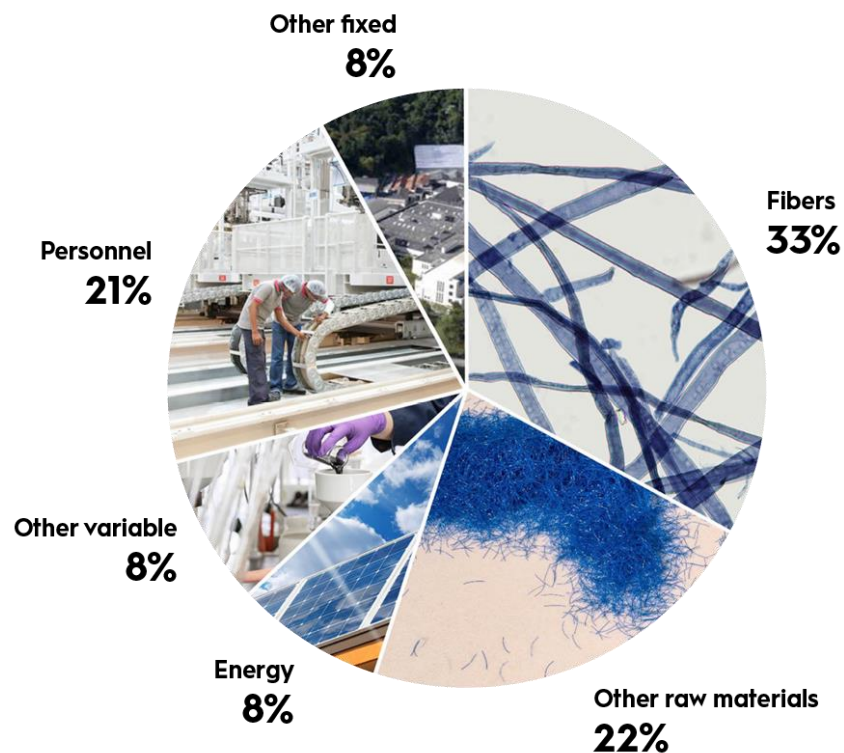
Stronger-than-usual seasonal variations in Q4 2018



- **Filtration and Performance**
 - Stable demand, seasonal slowdown at year end in Filtration
 - Strong demand growth in non-engine filtration and glass fiber tissue for flooring applications
- **Decor**
 - Inventory reduction in supply chain in the industry, increased competition outside Europe
 - Solid demand in North and South America, as well as in Asia
- **Industrial Solutions**
 - Softening demand towards year end, partly driven by reduction in inventories in the supply chain
 - Increased competition in Release Liners
 - Operational issues at Aspa pulp mill
- **Specialties**
 - Solid demand in Medical, Tape and Advanced Liquid Technologies. Accelerating demand for plastic-free and compostable solutions
- **North America Specialty Solutions**
 - Stable demand, slowdown at year end, particularly in steel interleaving papers



Raw material cost escalation in 2018



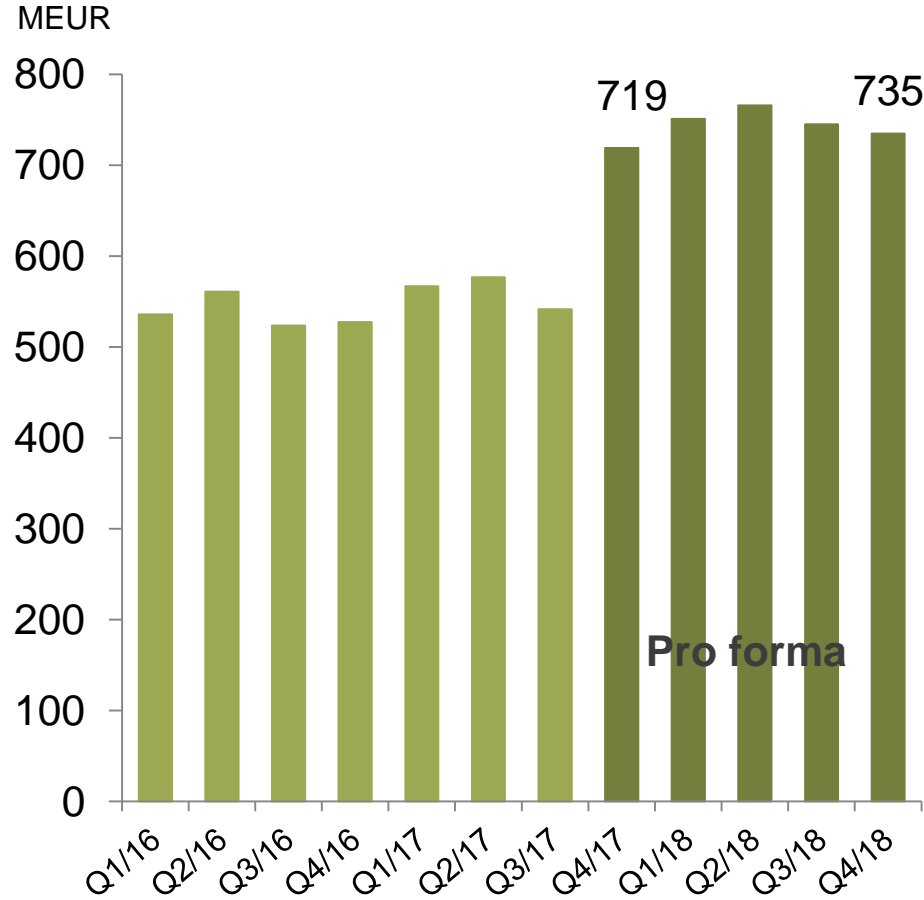
- Raw material costs increased by EUR 145 million, almost offset by selling price increases
- Snapshot of market prices
 - Hardwood pulp +26%
 - Softwood pulp +32%
 - Tio2 +13%
 - Natural gas +22%
 - Electricity +36%

Breakdown of operating costs

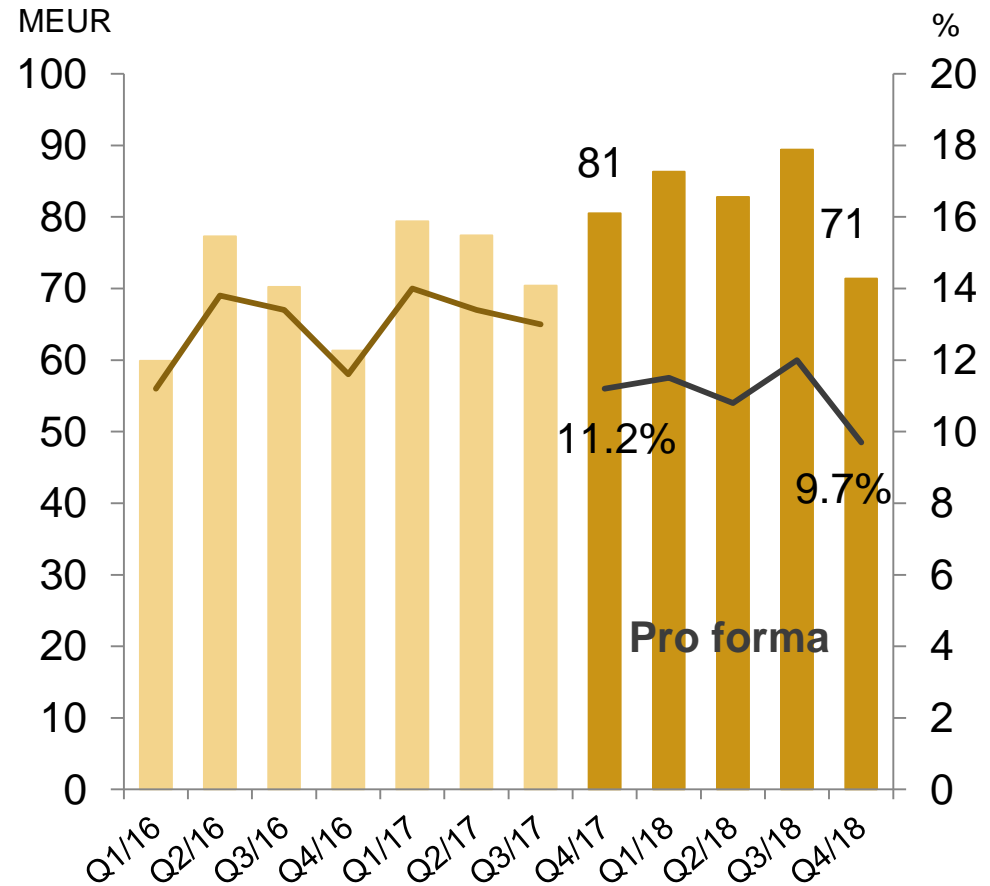


Sales growth driven by price increases

Sales*



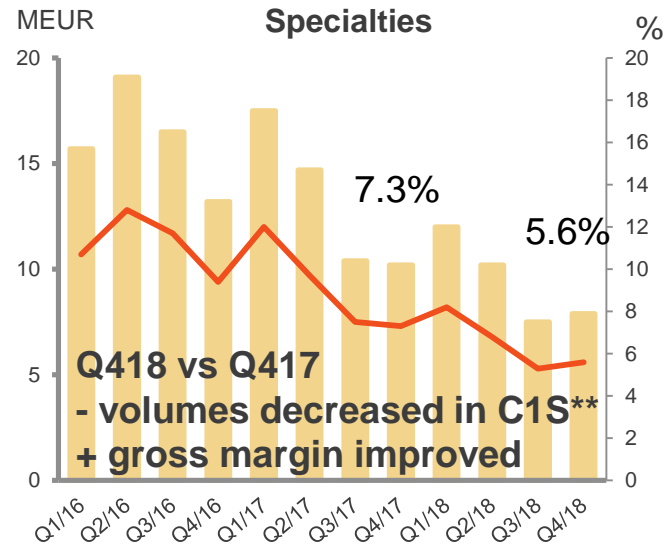
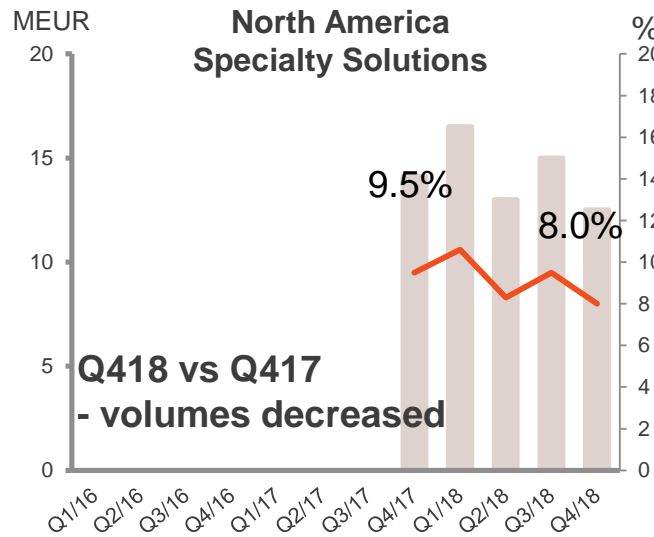
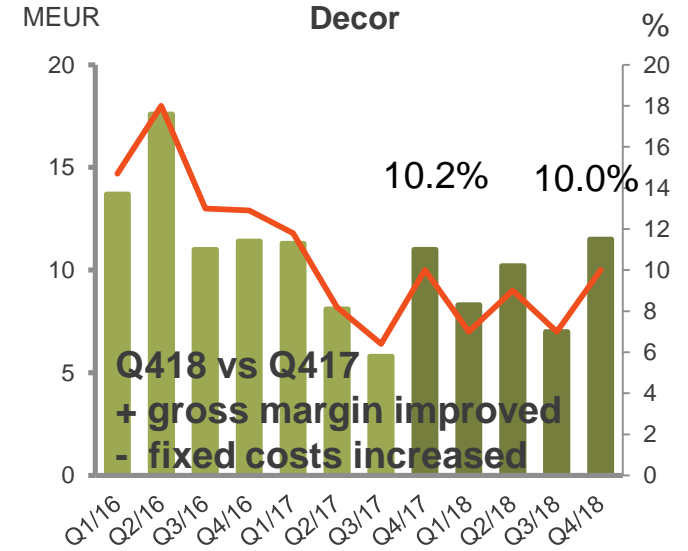
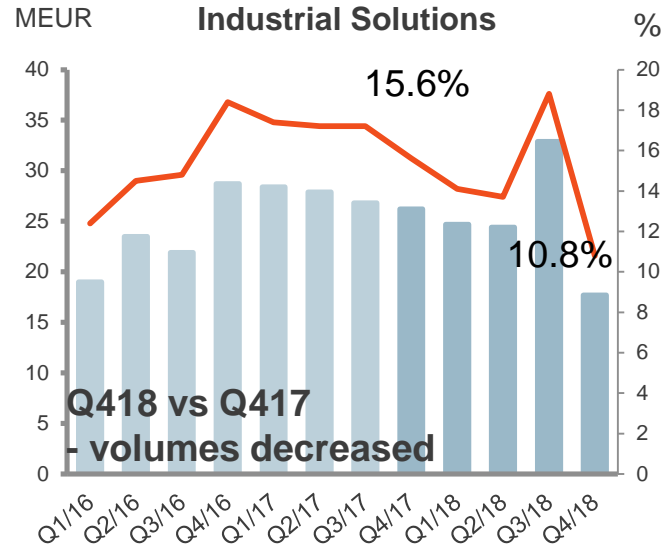
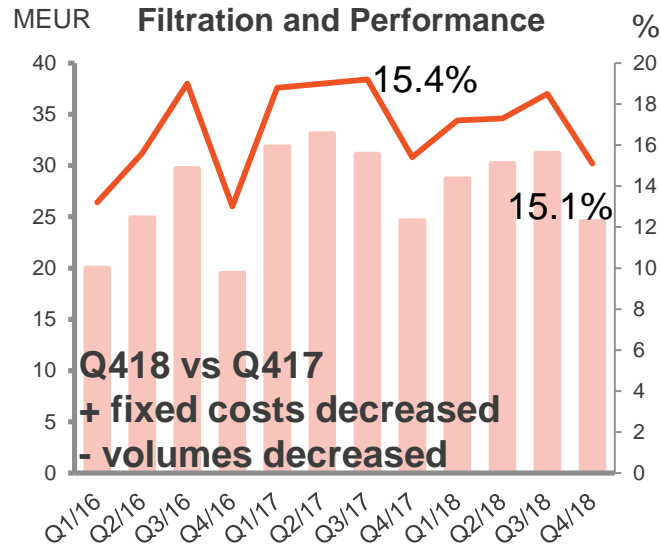
Comparable EBITDA and margin*



*Years 2016-Q3/2017 Ahlstrom-Munksjö excluding NASS and Caieiras



Comparable EBITDA and margin by business area*

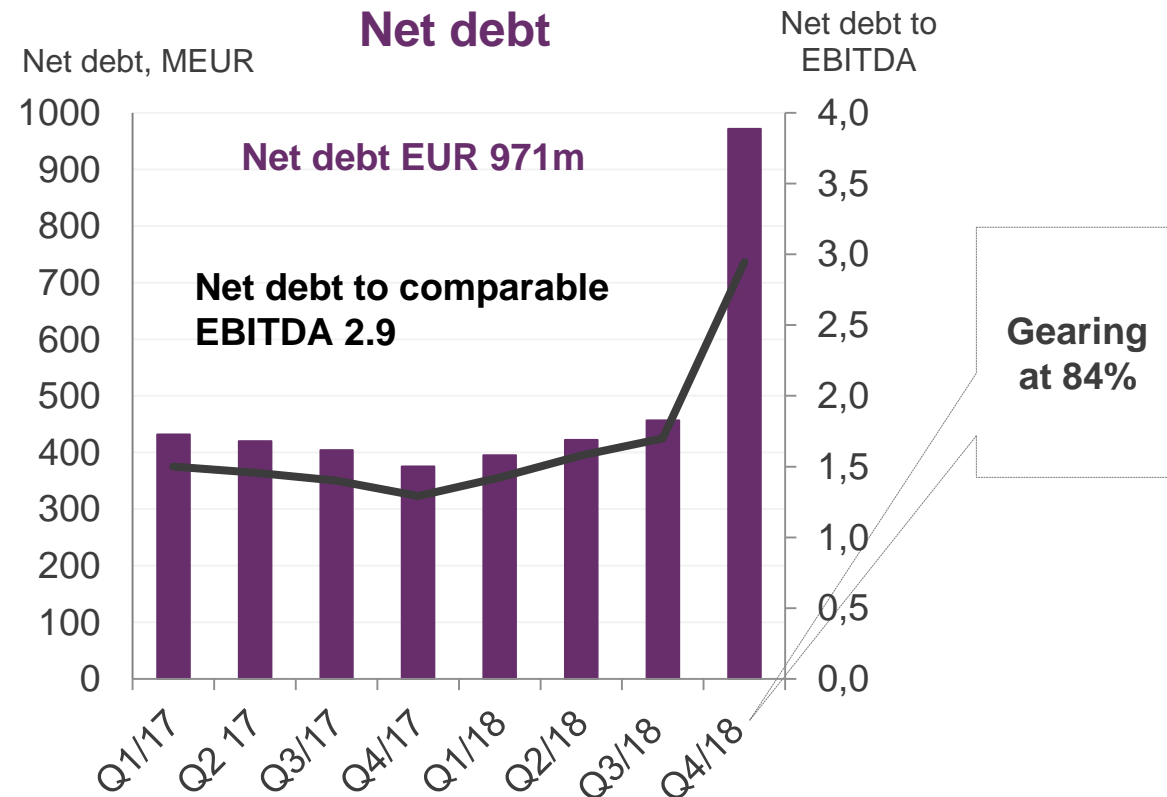
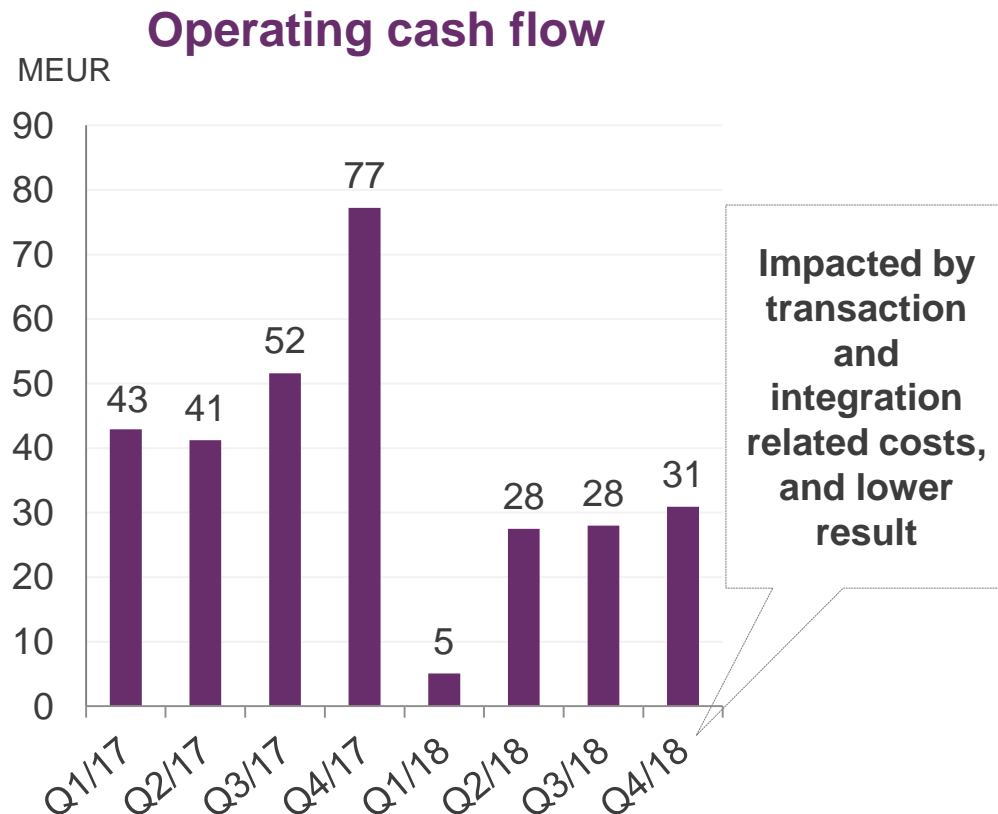


*Years 2016-Q3/2017 Ahlstrom-Munksjö excluding NASS and Caieiras

**C1S: one-side coated

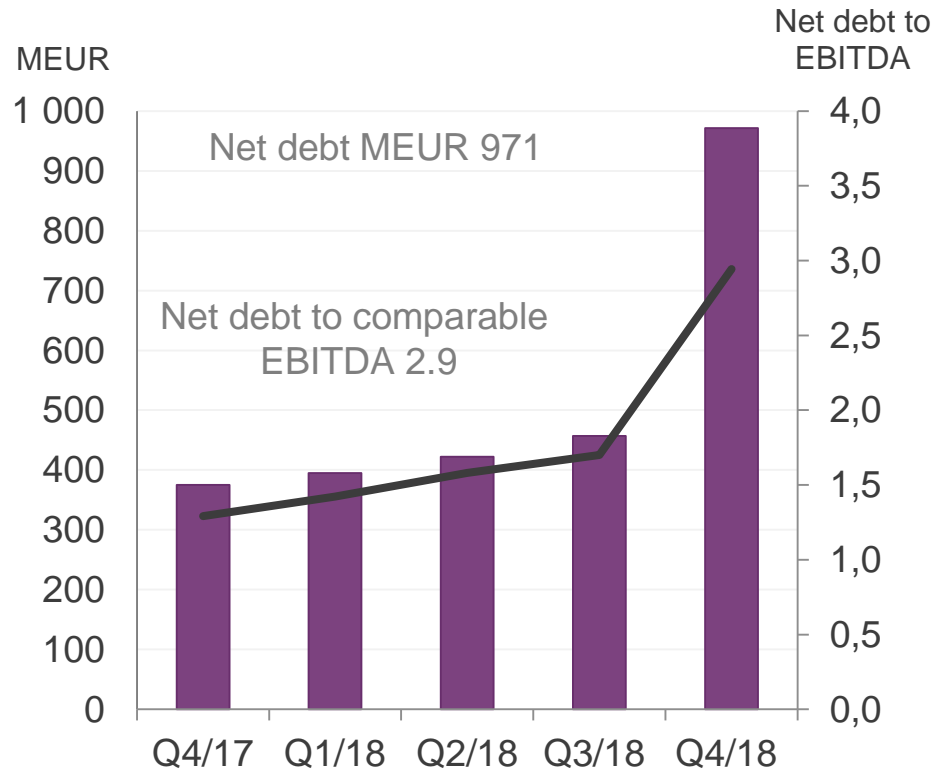


Operating cash flow impacted by working capital and transaction related costs in 2018

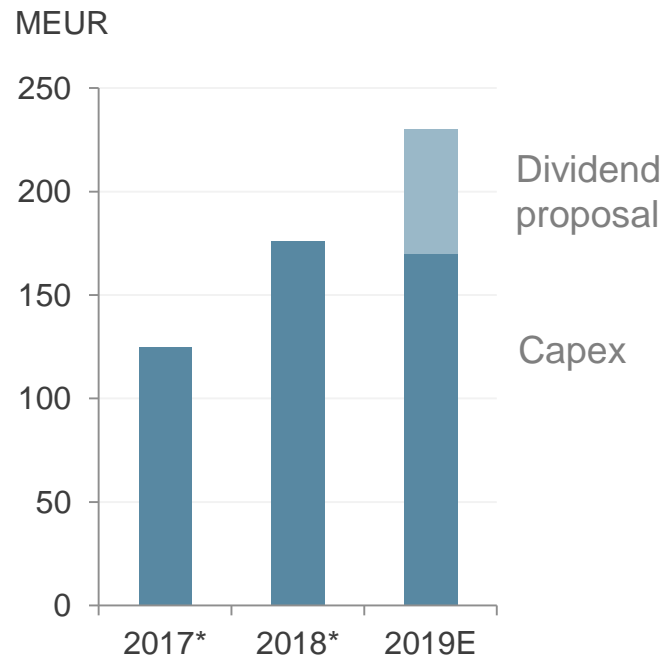


Cash generation and capital allocation

Net debt

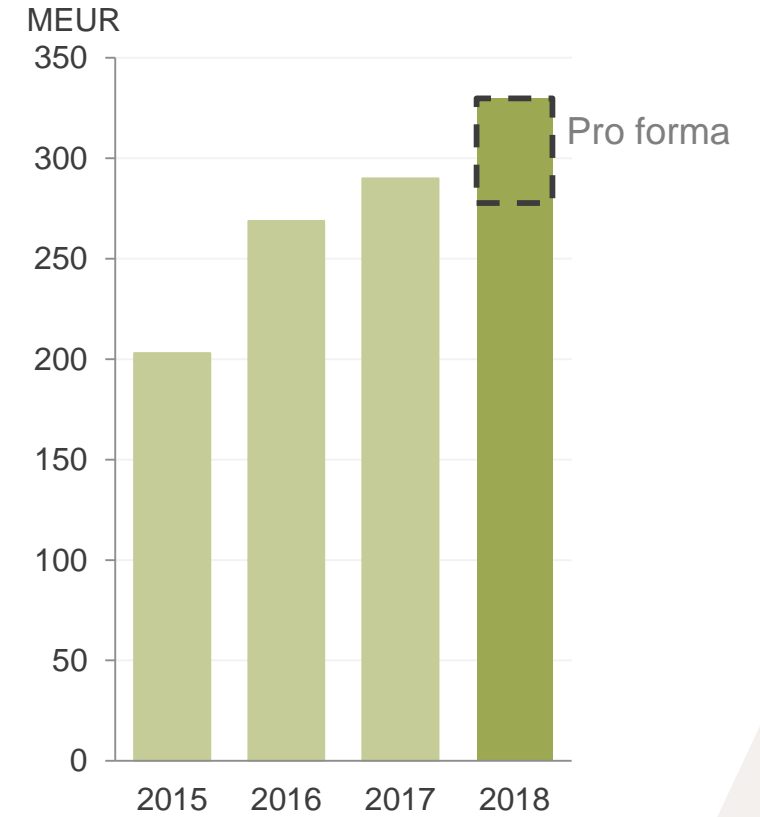


Capital allocation



* Pro forma

Comparable EBITDA**

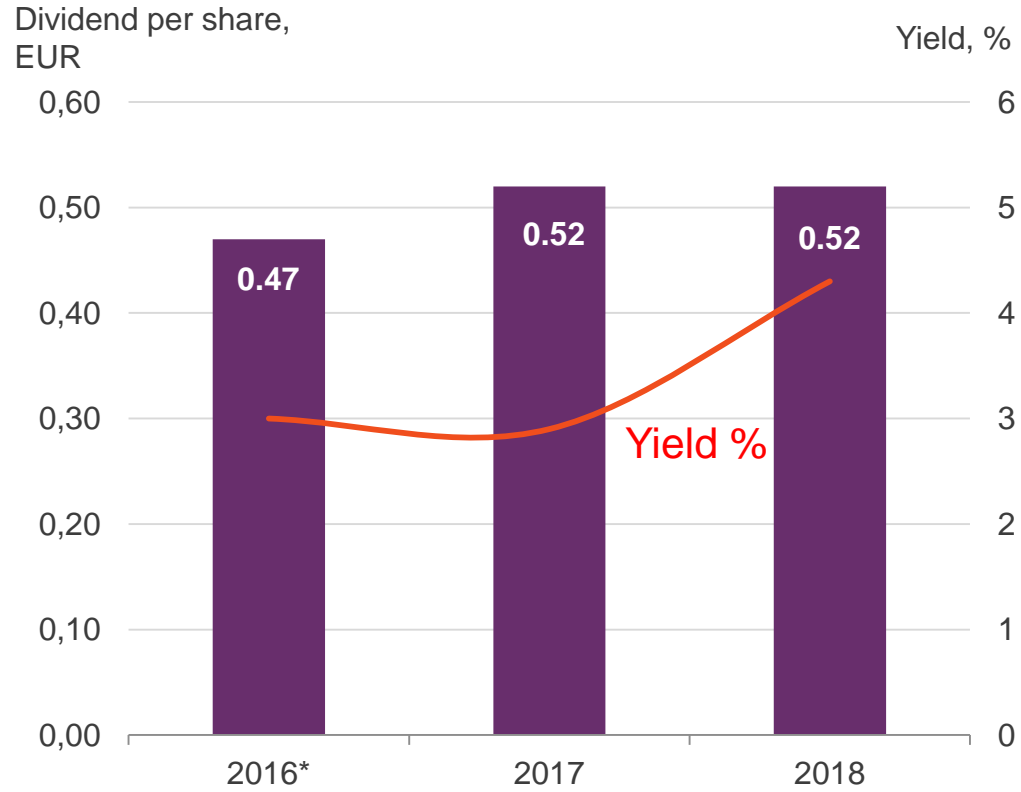


**Years 2015-2017 Ahlstrom-Munksjö excluding NASS and Caieiras



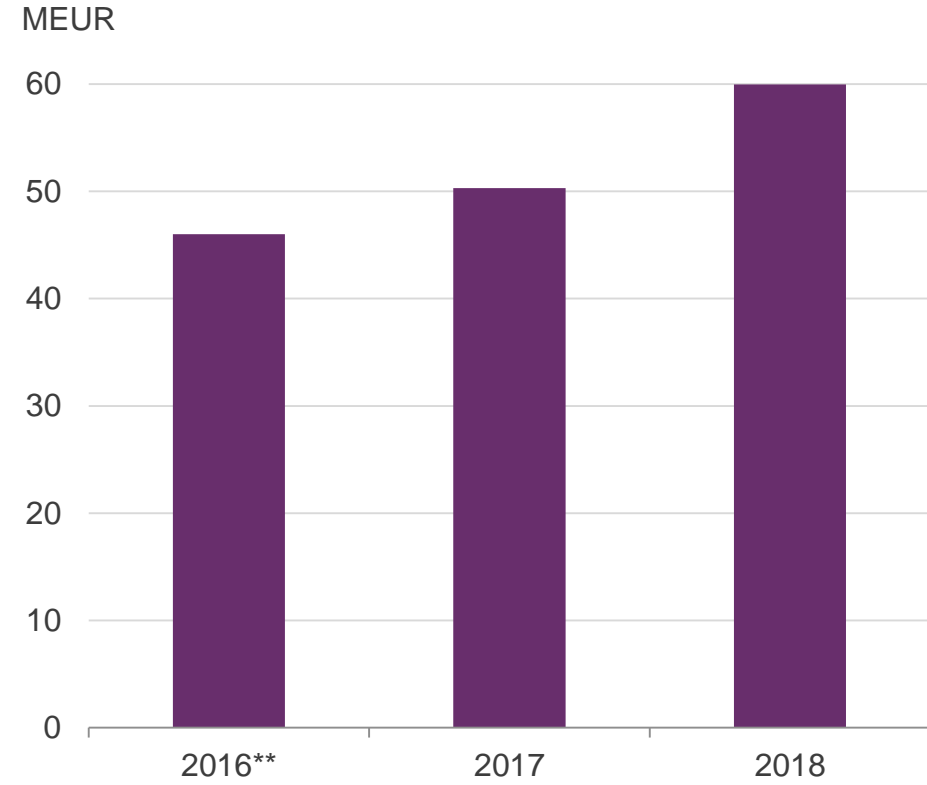
Dividend proposal: EUR 0.52 per share for 2018

Dividend per share and yield %



* Converted by using the same number of shares as in 2017

Dividend



** Total dividend of Ahlstrom and Munksjö



Outlook for 2019

“Ahlstrom-Munksjö’s pro forma comparable EBITDA reached EUR 330 million in 2018.

As we entered 2019, customers have reacted to signs of a slowing economic outlook. Although demand growth has slowed somewhat in certain product segments, and customers have reduced inventories market fundamentals remain relatively solid.

Ahlstrom-Munksjö will continue its efforts to improve performance and competitiveness. The gross margin for products increased during the course of 2018 and the targeted synergy benefits and cost reduction measures are expected to contribute positively to earnings in 2019.”

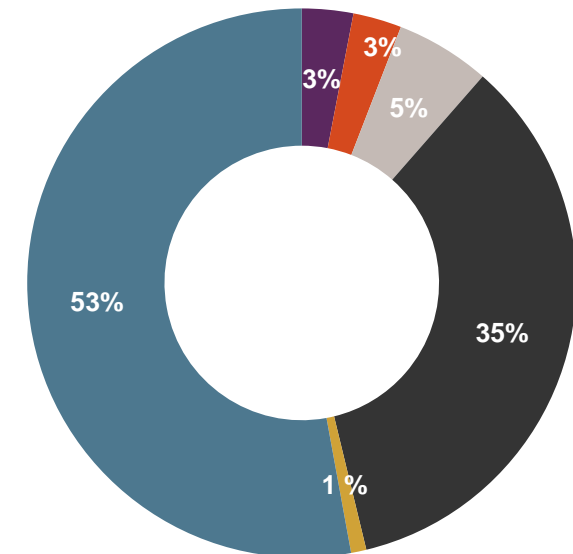


Appendix

We have about 13,000 shareholders

1	Ahlström Capital Oy	21,618,957	18.7
	AC Invest Five B.V.	21,618,957	18.7
2	Viknum AB	14,048,006	12.2
3	Ilmarinen Mutual Pension Insurance Company	4,164,593	3.60
4	Odin Funds	2,588,280	2.24
	Odin Sverige	2,303,940	1.99
	Odin Finland	284,340	0.25
5	Huber Mona Lilly	2,294,006	1.98
6	Varma Mutual Pension Insurance Company	2,089,532	1.81
7	Tracewski Jacqueline	1,612,926	1.39
8	Nahi Kai Anders Bertel	1,478,950	1.28
9	Seligson Peter	1,287,973	1.11
	Seligson Peter	1,074,576	0.93
	Baltiska Handels	213,397	0.18
10	Studer Anneli	1,235,653	1.07
11	Nordea Funds	1,185,579	1.03
	Nordea Pro Finland Fund	350,973	0.30
	Nordea Finland Fund	310,195	0.27
	Nordea Nordic Small Cap	184,647	0.16
	Nordea Premium Varainhoito Tasapaino	80,953	0.07
	Nordea Premium Varainhoito Malti	76,225	0.07
	Nordea Säästö 50	67,390	0.06
	Nordea Säästö 25 Fund	48,593	0.04
	Nordea Säästö 75	38,845	0.03
	Nordea Premium Asset Management Growth	27,758	0.02
13	Gullichsen Johan Erik	1,171,068	1.01
13	Huber Karin	1,170,553	1.01
14	Sumelius John Michael	1,154,388	1.00
15	Emmett Linda-Maria	1,137,627	0.98
16	Kylmälä Kim	1,128,888	0.98
17	Huber Samuel	1,041,307	0.90
18	Nordea Life Assurance Finland Ltd.	1,031,160	0.89
19	Lund Niklas Roland	1,034,920	0.89
20	Koivulehto Monica	981,690	0.85
	20 largest shareholders total	63,456,056	54.9
	Nominee registered	16,216,006	14.0
	Other shares	35,981,253	31.1
	Total	115,653,315	100

Shareholders by sector*



- Private companies
- Fin. and ins. Institutions
- Public sector (incl. mutual pensions)
- Households in Finland
- Non-profit org.
- Foreigners (outside Finland and nominee registered)

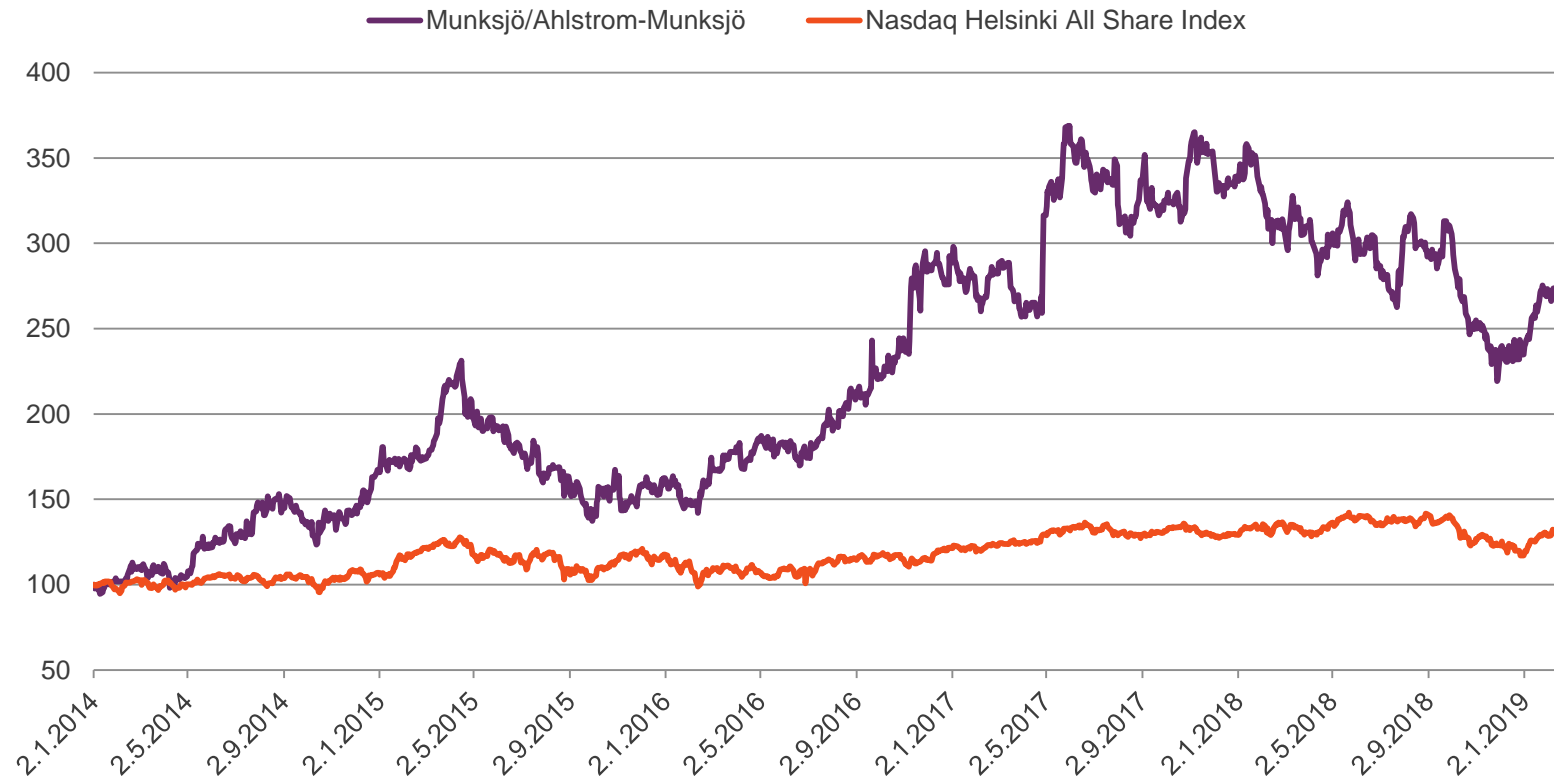
*According to Euroclear Finland



Share price development

SHARE PRICE DEVELOPMENT JAN 2, 2014 – FEB. 22, 2019

Indexed to 100 at Jan. 2, 2014



**Ahlstrom-Munksjö total
shareholder return
214%**

**Nasdaq Helsinki all
share index total
shareholder return 59%**



Peer group valuation

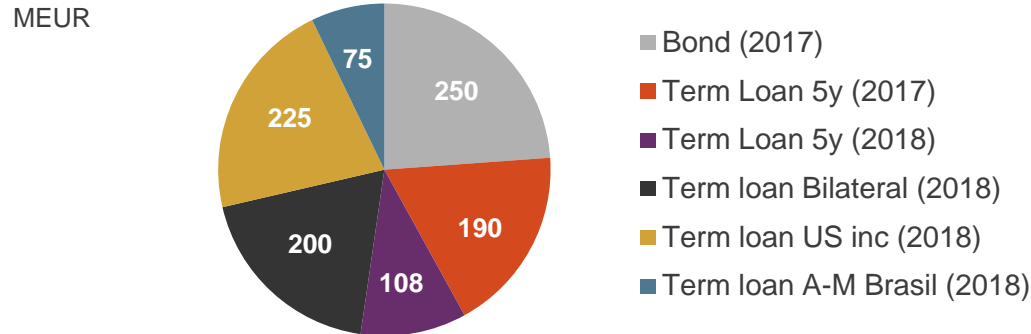
Company	P/E	P/E 2019	P/E 2020	EV/EBITDA	EV/EBITDA 2019	EV/EBITDA 2020	P/B	ROE
Median	15.5	12.1	12.0	10.6	7.4	7.0	1.4	12.3%
AHLSTROM-MUNKSJÖ	33.7	10.4	8.5	11.6	7.4	6.4	1.3	3.8%
UPM-KYMMENE	9.4	12.1	12.3	6.0	7.3	7.3	1.4	16.2%
STORA ENSO	9.1	10.2	9.8	6.8	6.2	6.1	1.4	15.9%
METSA BOARD	10.6	10.4	9.9	11.8	7.2	7.0	1.6	16.3%
GLATFELTER	162	20.9	14.3	--	8.9	7.6	1.0	-16.3%
NEENAH PAPER	19.4	17.7	15.0	15.6	10.8	9.4	3.0	10.6%
OWENS CORNING	9.8	9.9	8.8	7.2	6.6	6.2	1.3	12.9%
LYDALL	11.5	11.6	10.8	9.6	8.9	6.7	1.3	11.7%
SUOMINEN	--	23.2	12.0	7.5	5.5	4.6	1.0	-1.3%
BILLERUDKORSNÄS	24.2	17.4	13.5	11.5	9.3	7.9	--	--
ESSITY	23.6	19.0	17.0	13.9	11.7	10.8	4.0	17.6%

Source: Bloomberg Feb. 22, 2019

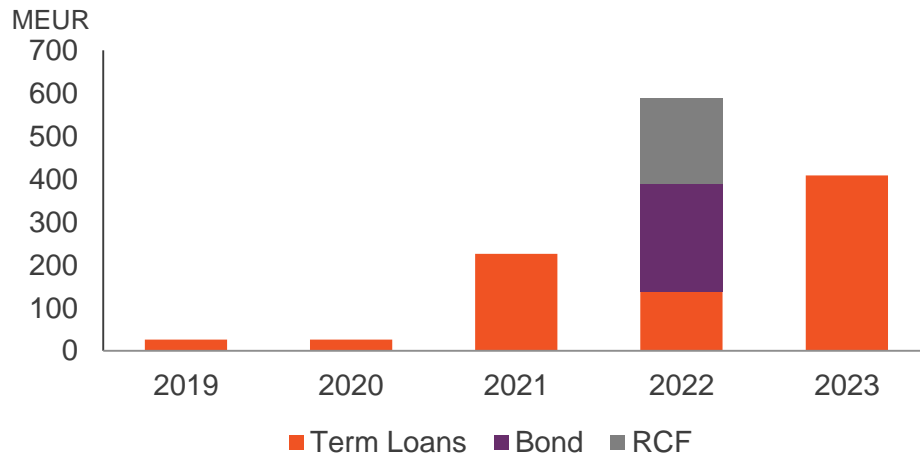


Funding structure end of 2018

DEBT FACILITY STRUCTURE, DRAWN



DEBT FACILITY MATURITY PROFILE, INCL. UNDRAWN REVOLVING CREDIT FACILITY



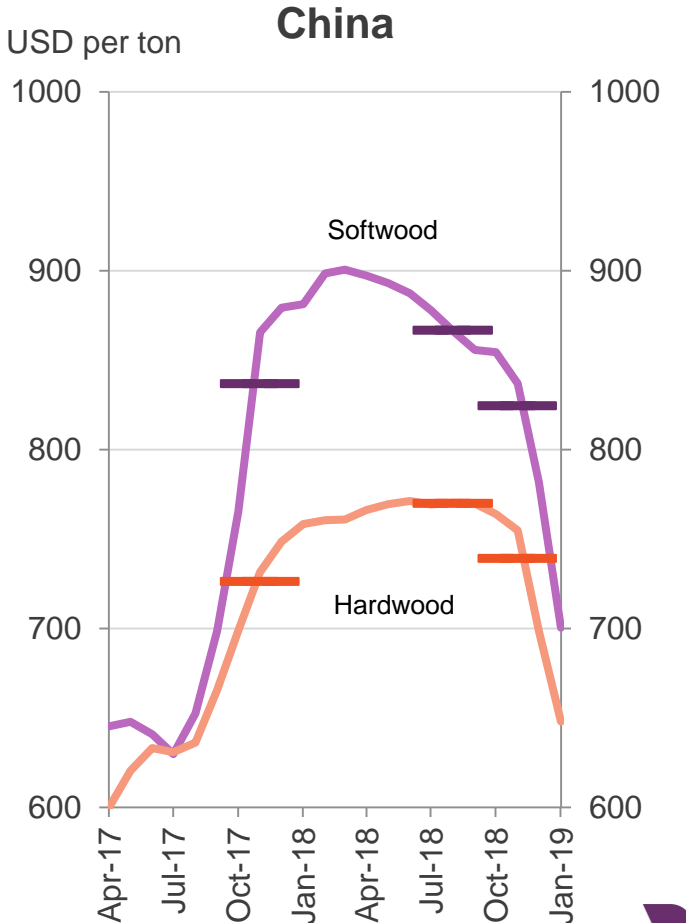
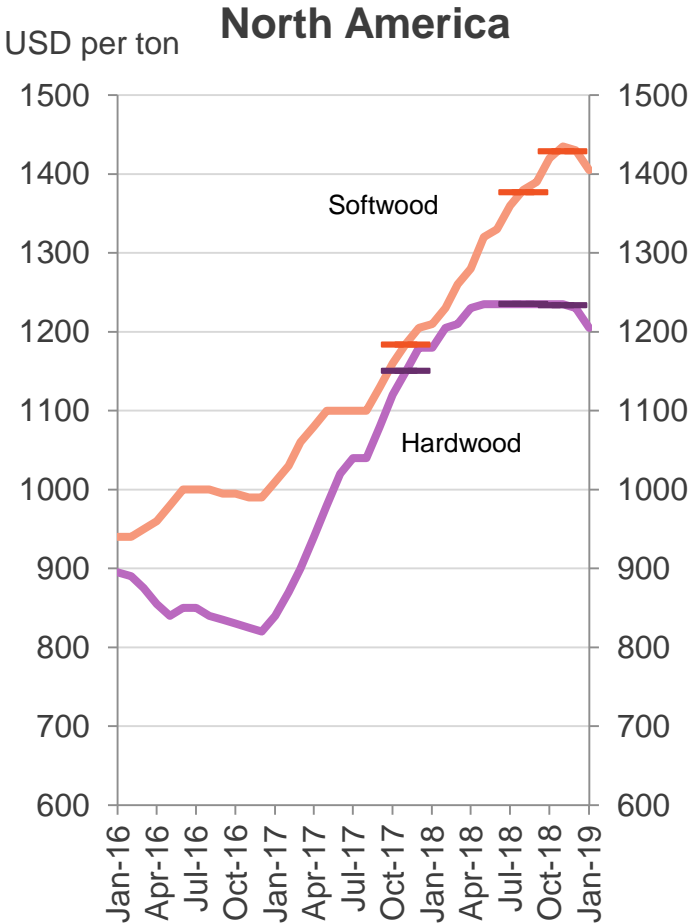
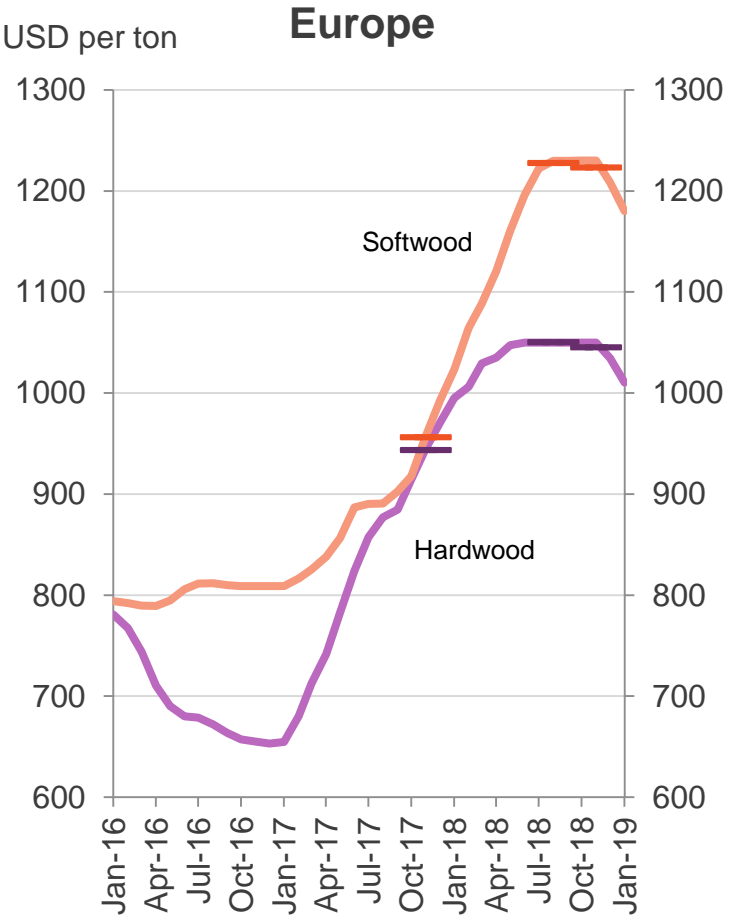
1) Local facilities not represented

FUNDING STRUCTURE, AVAILABLE FACILITIES

- **Term Loans**
 - 5 year: EUR 64 million, EUR 40 million, SEK 600 million, USD 35 million (maturity 2022)
 - 5 year: EUR 108 million, BRL 330 million, USD 260 million (maturity 2023)
 - 3 year: EUR 200 million (maturity 2021)
- **Bond**
 - EUR 250 million bond (maturity 2022)
- **RCF**
 - 5 year: EUR 200 million, undrawn (maturity 2022)
- **Other**
 - Local working capital facilities of approx. EUR 58 million
 - Local undrawn working capital facilities of approx. EUR 73 million
 - No active issuances in the commercial paper market at the moment
 - Cash pool limits of EUR 13 million (committed) and EUR 8 million (uncommitted)



Key raw materials price development

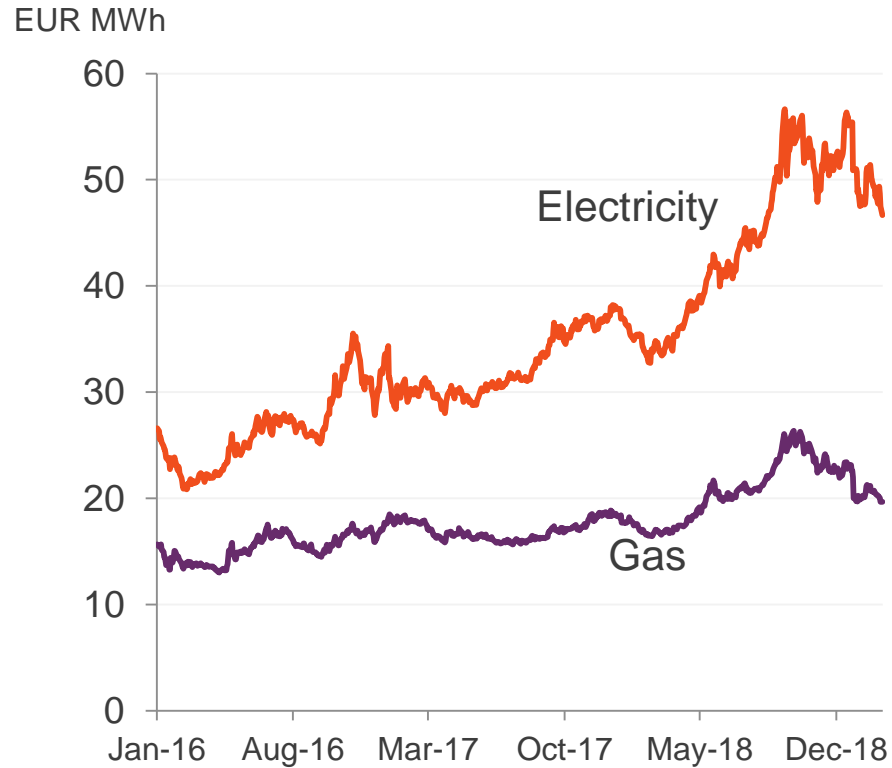


Source: RISI



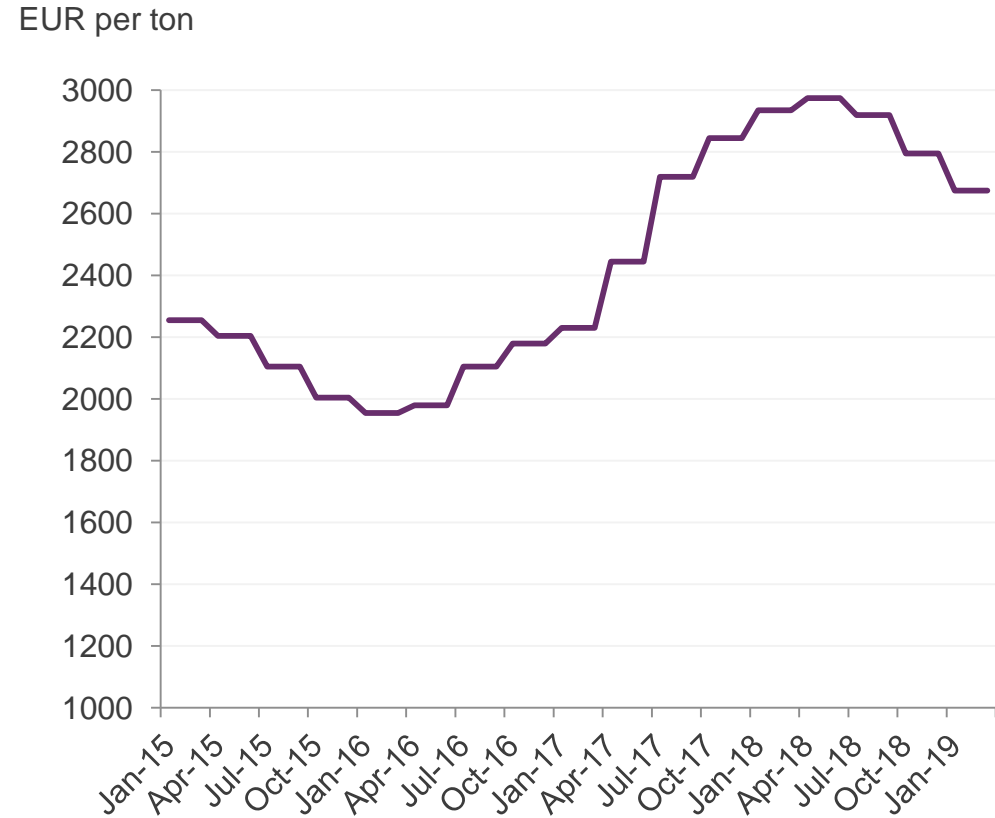
Key raw materials

European forward electricity and gas prices



Source: E&C consultants

Titanium dioxide



Source: ICIS Europe FD



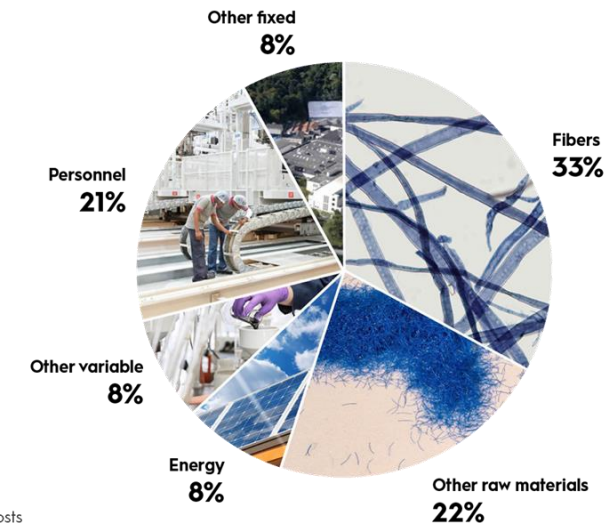
Sensitivity analysis

Cash flows by currency before financing (pro forma forma)

EUR million in 2018	EUR	SEK	USD	BRL	CNY	KRW	Other
Net sales	1,210	55	1,440	145	65	20	62
Operating costs	-1,315	-195	-1,240	-145	-50	-45	-57
Net cash flow	-105	-140	200	0	15	-25	5

Pulp exposure (Actual)

<u>Pulp 1,000 tons</u>	<u>2018</u>
Own production (softwood)	300
Usage softwood pulp	304
Usage hardwood pulp	570
Net exposure	574



Breakdown of operating costs



Executive Management Team



Hans Sohlström
CEO



Sakari Ahdekivi
Deputy CEO and CFO



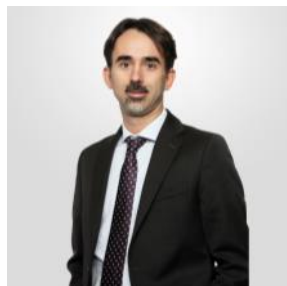
Andreas Elving
EVP and General
Counsel



Dan Adrianzon
EVP People & Safety



Tomas Wulkan
EVP, Decor



Fulvio Capussotti
EVP, Filtration and
Performance



Daniele Borlatto
EVP, Industrial
Solutions



Omar Hoek
EVP, Specialties



Russ Wanke
EVP, North America
Specialty Solutions



Businesses

Attractive growth businesses on a common platform

Market position in strategic segments

% Market growth in percentage

* One of the leading suppliers in the relevant product segments



Filtration

Demand drivers

- Growing truck and passenger fleet
- More stringent emission regulation, new filter applications in electrical mobility
- Higher air quality standards

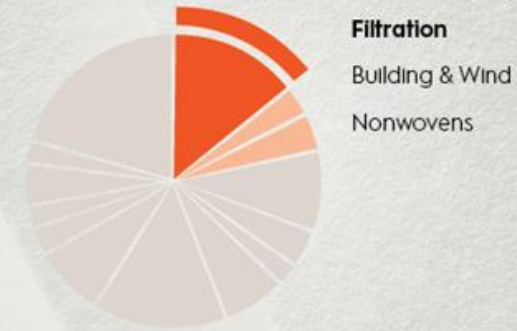
Strengths

- Global leadership engine filtration
- Leading in industrial air filtration
- Unique know-how enabling tailor-made developments for engine filtration customers
- Wide and unique technology platform and strong R&D capabilities in industrial filtration

Going forward

- Filtration seeks to further reinforce its global leadership in engine filtration and grow in China and elsewhere
- The industrial filtration will be expanded, and new filtration applications developed to capitalize from the electrification of mobility

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1-2**
- **Average market growth 2-5% p.a.**



Filtration and Performance

Building & Wind

Demand drivers

- Building, construction and renovation activity
- Substitution from other flooring reinforcements such as mineral felt in North America
- Energy saving regulations and need for lighter building and transportation materials
- New and upgrade investments in wind turbines

Strengths

- Agile customer service, and close customer relationships for all products
- Unique glass fiber tissue production technology

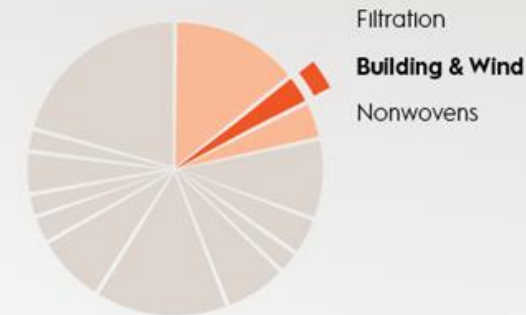
Weak position in Fabrics

- Focus on quality and delivery flexibility

Going forward

- Defend global leadership in glass fiber tissue for flooring applications and expand portfolio of applications for glass fiber tissue. In fabrics, seek product differentiation, e.g. through the launch of HighFlow reinforcement for wind mill blades, and increased customization.

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1** in flooring
- **Average market growth 3-8% p.a.**

Nonwovens

Demand drivers

- Construction and consumer spending
- Shift from paper to nonwoven wallcoverings
- Need for energy efficient construction materials

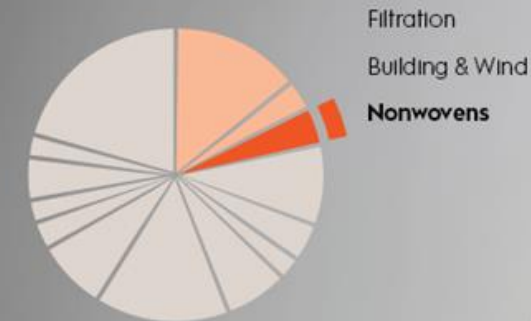
Strengths

- In specialty materials: flexible and adaptable solutions with proven performance
- In wallcover: EMEA & Asian high-end supplier
- Superior customer relationships
 - Quality and service
 - Sustainable products

Going forward

- Grow significantly in the plasterboard segment and explore new niches in for example furniture laminates
- To further strengthen the position in high-end and digital wallcoverings materials

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1** in high-end wallcoverings
- **Average market growth 2-3% p.a.**



Release Liners

Demand drivers

- Economic growth, growing middle class
- E-commerce drives logistics and need for labels in tracking and identification
- In industrial segments growth is driven by tapes, medical and composites

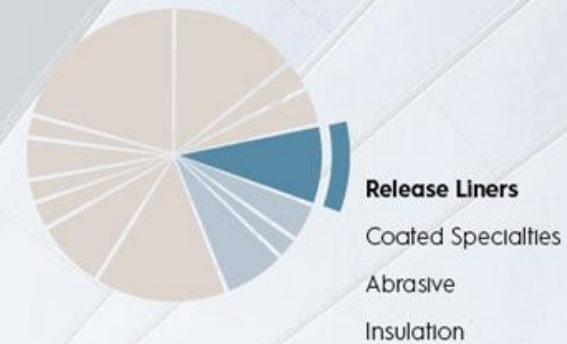
Strengths

- Superior customer relationships
- Quality and service
- Sustainable products

Going forward

- Focus is on operational excellence and continuous improvement in performance
- Build on Ahlstrom-Munksjö's strong global platform, particularly in technical release liners for specialty industrial applications, will be leveraged to seize attractive opportunities
- Expand geographically outside of Europe

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #2**
- **Average market growth 4% p.a.**



Coated Specialties

Demand drivers

- Demographic and purchasing power development in Brazil and South America
- Growing middle class with an urban life style
- Increasing need of packaging, tracking and identification in supply chains

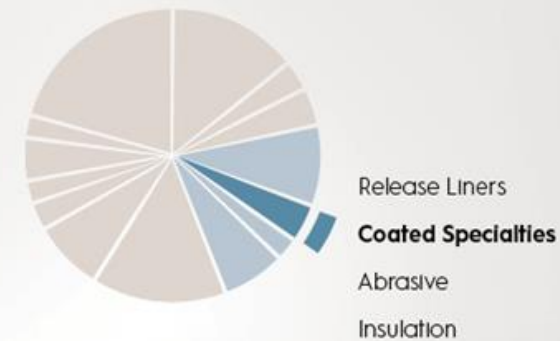
Strengths

- Strong local platform in the South American market
- Customer relations with both regional and global players
- Product range and development

Going forward

- Further increase efficiency by continuous improvement and key investments supporting product mix strategy, capturing a larger part of the high-value coated specialties segment
- To secure benefits from Caieiras integration in terms of market, operations, and competence sharing

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position** #1-2 in coated specialty papers
- **Average market growth** 2-4% p.a.



Abrasive

Demand drivers

- Demand is driven by automotive, wood, furniture and construction industries

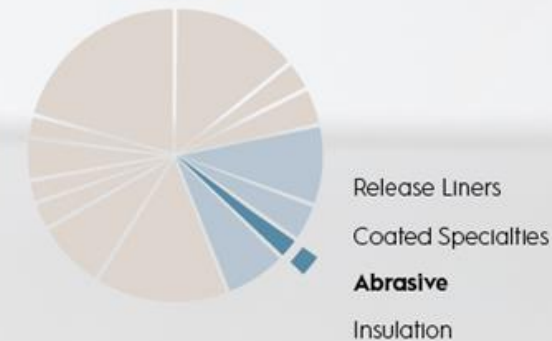
Strengths

- Only supplier offering full range of paper and composite backings for the production of abrasive shapes in do-it-yourself or industrial channels
- 100% formaldehyde free offering
- Innovative paper backings in Light Weight latex paper segment and in Heavy Weight paper segment

Going forward

- Profitable growth through innovative product differentiation and mix improvement as well as continuous improvement in production and value based pricing

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1-2**
- **Average market growth 2-3% p.a.**



Insulation

Demand drivers

- Extension and upgrade of power distribution networks
- Decentralization of power generation and power grids
- Urbanization and construction activity drives power equipment investments

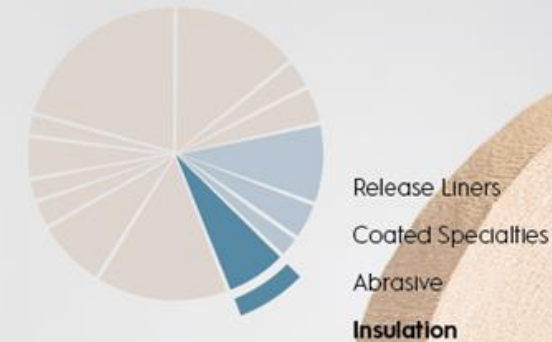
Strengths

- Broad portfolio of electrotechnical papers
- Internally sourced high quality, pure and clean pulp
- Technical knowledge of power equipment end-uses

Going forward

- In electrotechnical insulation papers, converting capability and overall capacity will be expanded to drive profitable growth. In addition, continuous improvement for operational efficiency and value-based price management is pursued.

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position** #1-2 in electrotechnical papers
- **Average market growth** 2-3% p.a.



Decor

Decor

Demand drivers

- Population and GDP growth.
- Rapidly growing middle class in developing markets driving construction and furniture demand
- Substitution from solid wood, veneer and plastic foils

Strengths

- Industry leading brand with capabilities in service and quality
- Strong positions in Europe and North and South America
- Diverse, high-quality product and service offering
- Global leader in solid colors and pre-impregnated papers

The way forward

- The strong positions in Europe and North America will be maintained and strengthened
- Decor has the ambition to be a forerunner in sustainability
- To leverage benefits from the strong platform in South America and develop an entry plan for China

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #2-4**
- **Average market growth 3% p.a.**



Specialties

Food Packaging

Demand drivers

- Private consumption, push towards sustainable alternatives
- Stricter food safety and chemical regulations
- Packaging functionality, innovations

Strengths

- Capabilities helping customers to differentiate
- Leading brand and broad product portfolio
- Unique technical characteristics of parchment paper

Challenges in coated one-sided product segment

- Limited customization and product differentiation in coated one-side products, competitive operating environment
- Measures underway to improve profitability

Going forward

- To leverage on the technical characteristics of parchment paper and consolidate and expand leadership in baking and cooking
- Focus on adjacencies, adding customer value with the non-parchment platform

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1** in baking and cooking
- **Average market growth 2-3% p.a.**



Specialties

Beverage & Casing

Demand drivers

- Consumers increasingly seek sustainable alternatives
- Stricter food safety and chemical regulations
- More demanding packaging functionality and barrier properties

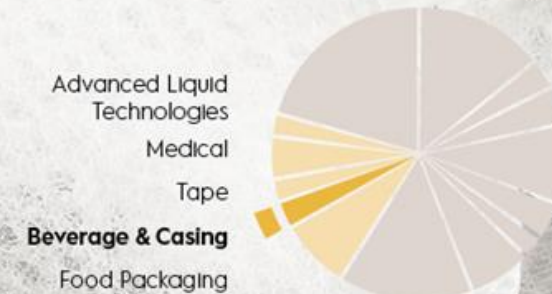
Strengths

- Unique plastic-free biodegradable and compostable offering
- Forerunner in plastic-free coffee materials
- Unique viscose technology in casing materials

Going forward

- To continue to differentiate with an unique plastic-free, biodegradable and compostable tea bag materials and single-serve coffee solutions offering
- To further develop and grow in the fibrous casing material segment
- Invest to improve manufacturing capability and efficiency in tea and coffee filter materials as well as in increased capacity

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1-2**
- **Average market growth 2-8% p.a.**



Specialties

Tape

Demand drivers

- Home construction and renovation activity
- Growth in automotive and electronics industries

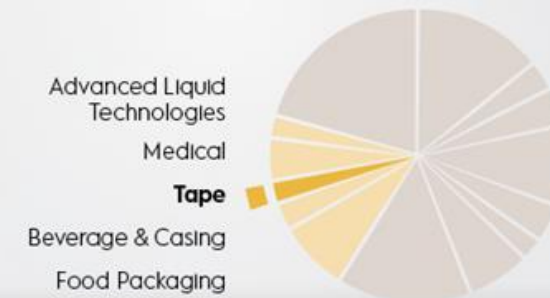
Strengths

- Close customer relationships
- High and consistent quality in products and services
- Strong brand and comprehensive product range
- Cost competitive

Going forward

- Grow in masking tape and expand global manufacturing footprint
- Leverage the competitive manufacturing in China in general purpose masking tape segment globally
- Continue product mix improvement with existing customers through a comprehensive offering in both general purpose and specialty masking tape

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1-2**
- **Average market growth 5% p.a.**



Specialties

Medical

Demand drivers

- High-risk surgeries increasing
- Liabilities around infections and contamination
- Rigorous regulatory requirements
- Increasing use of single-use protection

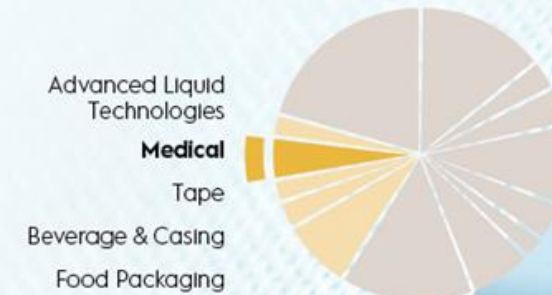
Strengths

- Leading in high protective fabrics for high risk surgeries
- Leading position in sterilization wrap market in Europe
- Experienced team and strong product development capabilities
- Multi-technology platform approach

Going forward

- Expand in drapes and gowns in Europe and Asia, and in industrial end-uses such as laboratories and clean rooms
- Strengthen leading position in Europe in sterile wraps and grow as a solutions provider through an enhanced service offering
- Grow in Asia through improved customer service and local converting footprint

SALES BREAKDOWN BY BUSINESS, 2018



- **Market position #1-3**
- **Average market growth 3% p.a.**



Specialties

Advanced Liquid Technologies

Demand drivers

- Increase in testing for environmental and health monitoring.
- Patient-friendly procedures, performed at home
- Quick, cost-effective solutions for healthcare
- Safer drinking water, rising quality standards for food and liquids

Strengths

- Disruptor proprietary technology in water purification
- Alternative solution to liquid sampling by avoiding cold chain and special transport of specimen to be used for i.e. diagnosis of genetic diseases and DNA screening. New components for rapid test kits that extend this technology into pregnancy tests, infectious diseases and drug monitoring.
- Full range service for laboratory filters; cost-effective solution to increase hot cooking oil quality

Going forward

- Market position in life science and laboratory product segment will be strengthened through further product development and partnerships with e.g. kit assemblers. In liquid purification the business will continue to penetrate the water purification market with its Disruptor technology through more end-use applications.

SALES BREAKDOWN BY BUSINESS, 2018

Advanced Liquid Technologies
Medical
Tape
Beverage & Casing
Food Packaging

- **Market position #2**
- **Average market growth 1-10% p.a.**



North America Specialty Solutions

Demand drivers

- Sustainable and safe food packaging
- Increasing use of composite materials in the aerospace industry
- U.S. construction activity, particularly homebuilding
- Increased use of electronic displays as a communication medium.
- E-commerce drives demand for packaging tapes and labels
- Need for surface protection in technical glass screen manufacturing

Strengths

- Leading North American market position.
- High degree of technical complexity and customization
- Strong innovation and product development capabilities

Going forward

- Work proactively with customers, focus on brand owner and end-user collaborative innovation.
- Realize identified synergies, while continuing to strengthen the position in targeted growth markets

SALES BREAKDOWN BY BUSINESS, 2018



- **One of the leading suppliers** in the relevant product segments
- **Average market growth 1-8% p.a.**

UPCOMING EVENTS IN 2019

- Interim report January-March 2019 to be published on April 25
- Half-year report January-June 2019 to be published on July 30
- Interim report January-September 2019 to be published on October 30



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