

29.2.2016

KOTKAMILLS GROUP OPERATING PROFIT FOR JANUARY-DECEMBER 2015 WAS EUR 12,7 MILLION (FAS)

RESULT FOR JANUARY-DECEMBER 2015 (GROUP ACTIVE 25.3.2015-31.12.2015)

- Sales were EUR 205,3 million.
- EBITDA was EUR 14,7 million.
- Operating profit was EUR 12,7 million.
- Result before taxes was EUR -0,1 million (including one-off items related to the acquisition of Kotkamills Oy and inherent financing arrangements).
- The acquisition of Kotkamills Oy was closed on March 24th, 2015 and thus the consolidation of former Kotkamills Group to the parent company Kotkamills Group Oyj (former Eagle Industries Oy) has been done at 31.3.2015.

RESULT FOR THE FOURTH QUARTER OF 2015

- Sales were EUR 70,5 million (Q3/2015: 67,2).
- EBITDA was EUR 8,0 million (4,5).
- Operating profit was EUR 7,0 million (4,0).
- Result before taxes was EUR 3,3 million (0,7).

EVENTS DURING THE FOURTH QUARTER OF 2015

- The sales volumes of Industrial products segment i.e. laminating base papers, resin treated papers and sawn wood increased compared to previous quarter. The investment of the second impregnation line of Malaysian subsidiary L.P. Pacific Films Ltd. was finalized in November on planned time schedule and the line started production.
- Also Magazine paper segment deliveries increased compared to the previous quarter due to further improved demand.
- The conversion of magazine paper machine to board machine has progressed on planned time schedule. The packaging board production is estimated to be started in the summer 2016.

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OUTLOOK FOR THE FIRST QUARTER OF 2016

- The group sales volumes and operating profit in the first quarter are expected to decrease compared to the fourth quarter of 2015 due to the planned permanent shutdown of magazine paper machine (PM2) as a part of the planned conversion project.

Accounting standards:

All the figures in this report are based on Finnish Accounting Standards (FAS) and are unaudited.

Disclaimer:

This report includes forward-looking statements, estimates, and projections with respect to future performance and business environments. Forward-looking statements, estimates, and projections are subject to risks and uncertainties and Kotkamills Group Oyj makes no representations or warranties as to their accuracy or correctness.

The annual audited consolidated financial statements of the Group:

The annual audited consolidated financial statements of the Group for the financial year ended 31 December 2015 (prepared in accordance with IFRS) and the annual audited unconsolidated financial statements of Kotkamills Group Oyj for the financial year ended 31 December 2015 (prepared in accordance with FAS) are expected to be published on or about on 9 March 2016.

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT OF THE GROUP AND
UNAUDITED INTERIM CONDENSED INCOME STATEMENT OF THE PARENT COMPANY**

FAS	GROUP	PARENT COMPANY
EUR million	Q1-Q4	Q1-Q4
Net turnover	205,3	0,0
Variation in stocks of finished goods and in work in progress +/-	6,2	0,0
Work performed by the undertaking for its own purpose and capitalised	0,6	0,0
Other operating income	0,4	0,0
Raw materials and services	-135,3	0,0
Staff expenses	-29,0	-0,2
Depreciation, amortisation and reduction in value	-2,0	0,0
Other operating expenses	-33,5	-0,5
	-192,6	-0,7
Operating profit (loss)	12,7	-0,6
Financial income and expenses	-12,9	2,0
Profit (loss) before extraordinary items	-0,1	1,4
Profit (loss) before appropriations and taxes	-0,1	1,4
Income taxes	-0,3	0,0
Profit (loss) for the financial year	-0,5	1,4

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET OF THE GROUP AND
UNAUDITED INTERIM CONDENSED BALANCE SHEET OF THE PARENT COMPANY**

FAS

EUR million

GROUP PARENT COMPANY

ASSETS	31.12.2015	31.12.2015
Non-current assets		
Intangible assets	1,4	0,0
Tangible assets	69,6	0,0
Investments	0,0	39,7
Non-current assets	70,9	39,7
Current assets		
Stocks	40,0	0,0
Long-term receivables	0,5	147,5
Short-term receivables	43,3	12,9
Cash in hand and at banks	103,2	9,0
Current assets	187,0	169,5
TOTAL ASSETS	257,9	209,1

EQUITY AND LIABILITIES**Capital and reserves**

Subscribed capital	0,0	0,0
The invested unrestricted equity reserve	10,0	10,0
The translation difference	-0,8	0,0
Profit (loss) for the financial year	-0,5	1,4
Capital and reserves	8,7	11,4

Provisions **0,2** **0,0**

Negative consolidation difference **1,5** **0,0**

Liabilities

Long-term liabilities	187,5	187,5
Short-term liabilities	60,1	10,3
Liabilities	247,5	197,8

TOTAL EQUITY AND LIABILITES **257,9** **209,1**

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED CASH FLOW OF THE GROUP AND
UNAUDITED INTERIM CONDENSED CASH FLOW OF THE PARENT COMPANY**

FAS

EUR million

GROUP PARENT COMPANY

	Q1-Q4	Q1-Q4
Cash flows from operating activities		
Profit (loss) before extraordinary items	-0,1	1,4
Adjustments for:		
Depreciation, amortisation and reduction in value	2,0	0,0
Other income and expenses not involving cash	0,9	0,0
Financial income and expenses	12,9	-2,0
Working capital changes:		
Short-term non-interest-bearing receivables increase (-) / decrease (+) ¹⁾	-43,3	-0,2
Inventories increase (-) / decrease (+)	-40,0	0,0
Short-term non-interest-bearing liabilities increase (+) / decrease (-) ²⁾	50,0	0,2
Cash flow from operations before financial items and taxes	-17,7	-0,6
Interest received	0,0	9,6
Interest paid and other financial expenses	-6,4	-6,3
Income taxes paid	-0,3	0,0
Cash flows from operating activities (A)	-24,4	2,8
Investments		
Investments in tangible and intangible assets	-72,9	0,0
Investments in other investments	0,0	-39,7
Change in long-term receivables	-0,5	-155,0
Cash flows from investments (B)	-73,4	-194,7
Financing		
Paid-up capital	0,0	0,0
Proceeds from long-term borrowings	191,0	191,0
Investment in the invested unrestricted equity reserve	10,0	10,0
Cash flow from financing (C)	201,0	201,0
Increase / decrease in cash and cash equivalents (A+B+C)	103,2	9,0
Cash and cash equivalents at beginning of period	0,0	0,0
Cash and cash equivalents at end of period	103,2	9,0

Technical amendments were made to these items on 2 March 2016. In the version of 29 February 2016 the texts were:

- 1) "Short-term interest-bearing receivables increase (-) / decrease (+)"
- 2) "Short-term interest-bearing liabilities increase (-) / decrease (+)".

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT OF THE GROUP AND
UNAUDITED INTERIM CONDENSED INCOME STATEMENT OF THE PARENT COMPANY**

FAS	GROUP PARENT COMPANY	
EUR million	Q4	Q4
Net turnover	70,5	0,0
Variation in stocks of finished goods and in work in progress +/-	5,3	0,0
Work performed by the undertaking for its own purpose and capitalised	0,2	0,0
Other operating income	0,1	0,0
Raw materials and services	-47,0	0,0
Staff expenses	-9,9	-0,2
Depreciation, amortisation and reduction in value	-0,9	0,0
Other operating expenses	-11,3	0,0
	-63,5	-0,2
Operating profit (loss)	7,0	-0,1
Financial income and expenses	-3,7	4,8
Profit (loss) before extraordinary items	3,3	4,7
Profit (loss) before appropriations and taxes	3,3	4,7
Income taxes	-0,1	0,0
Profit (loss) for the financial year	3,3	4,7

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED CASH FLOW OF THE GROUP AND
UNAUDITED INTERIM CONDENSED CASH FLOW OF THE PARENT COMPANY**

FAS

EUR million

GROUP PARENT COMPANY

	Q4	Q4
Cash flows from operating activities		
Profit (loss) before extraordinary items	3,3	4,7
Adjustments for:		
Depreciation, amortisation and reduction in value	0,9	0,0
Other income and expenses not involving cash	-0,5	0,0
Financial income and expenses	3,7	-4,8
Working capital changes:		
Short-term non-interest-bearing receivables increase (-) / decrease (+) ¹⁾	-2,0	0,0
Inventories increase (-) / decrease (+)	-4,0	0,0
Short-term non-interest-bearing liabilities increase (+) / decrease (-) ²⁾	8,9	0,2
Cash flow from operations before financial items and taxes	10,3	0,1
Interest received ³⁾	0,0	3,2
Interest paid and other financial expenses ⁴⁾	-0,2	-0,2
Income taxes paid	-0,1	0,0
Cash flows from operating activities (A)	10,0	3,1
Investments		
Investments in tangible and intangible assets	-23,0	0,0
Investments in other investments	0,0	0,0
Change in long-term receivables	0,0	0,0
Cash flows from investments (B)	-23,0	0,0
Financing		
Paid-up capital	0,0	0,0
Proceeds from long-term borrowings	0,0	0,0
Investment in the invested unrestricted equity reserve	0,0	0,0
Cash flow from financing (C)	0,0	0,0
Increase / decrease in cash and cash equivalents (A+B+C)	-13,0	3,1
Cash and cash equivalents at beginning of period	116,1	6,0
Cash and cash equivalents at end of period	103,2	9,0

Technical amendments were made to these items on 2 March 2016. In the version of 29 February 2016 the texts were:

- 1) "Short-term interest-bearing receivables increase (-) / decrease (+)"
- 2) "Short-term interest-bearing liabilities increase (-) / decrease (+)" and the amounts were EUR 5,8 million and EUR -2,9 million for the Group and the Parent Company, respectively.
- 3) The amount was EUR 4,1 million for the the Parent Company.
- 4) The amounts were EUR 2,9 million and EUR 2,0 million for the Group and the Parent Company, respectively.