

31.8.2015

## **KOTKAMILLS GROUP OPERATING PROFIT FOR THE FIRST HALF OF 2015 WAS EUR 1,7 MILLION**

### **RESULT FOR THE FIRST HALF OF 2015 (GROUP ACTIVE 25.3.2015-30.6.2015)**

- Sales were EUR 67,6 million.
- EBITDA was EUR 2,2 million.
- Operating profit was EUR 1,7 million.
- Result before taxes was EUR -4,1 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 24<sup>th</sup>, 2015 and thus the consolidation of former Kotkamills Group to the parent company Kotkamills Group Oy (former Eagle Industries Oy) has been done at 31.3.2015. For this reason Q1 result does not include any operative items and is not published separately.

### **RESULT FOR THE SECOND QUARTER OF 2015**

- Sales were EUR 67,6 million.
- EBITDA was EUR 2,3 million.
- Operating profit was EUR 1,8 million.
- Result before taxes was EUR -1,9 million (including one-off items related to the acquisition of Kotkamills Oy and inherent financing arrangements).

### **EVENTS DURING THE SECOND QUARTER OF 2015**

- In April 2015 Kotkamills Oy informed more than EUR 100 million investment project to convert the magazine paper machine to packaging board machine. The primary products of the converted machine include a high-quality Nordic folding boxboard and recyclable barrier board for the food industry. The packaging board production is estimated to be started in the summer 2016.
- The conversion of magazine paper machine to board machine has progressed in planned time schedule and in budget.
- Laminating base papers and impregnated products deliveries continued to grow, and the price levels were stable.

31.8.2015

- The parent company of Kotkamills Oy changed its name to Kotkamills Group Oy, the new name has been valid from 14.7.2015 onwards. The earlier name of the parent company was Eagle Industries Oy and it was established on 5.2.2015.

#### **OUTLOOK FOR THE YEAR 2015**

- The annual maintenance shutdown will take place in August and it will effect negatively on Q3 production volumes and result.
- The proforma sales value of the Kotkamills Group in 2015 is estimated to be at the same level as indicated in the bond prospectus.
- The proforma EBITDA excluding non-recurring items of the Kotkamills Group in 2015 is estimated to be better than indicated in the bond prospectus.

31.8.2015

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

	GROUP	PARENT COMPANY
EUR million	Q1-Q2	Q1-Q2
<b>Net turnover</b>	<b>67,6</b>	<b>0,0</b>
Variation in stocks of finished goods and in work in progress +/-	2,1	0,0
Work performed by the undertaking for its own purpose and capitalised	0,1	0,0
Other operating income	0,2	0,0
Raw materials and services	-46,3	0,0
Staff expenses	-9,9	0,0
Depreciation, amortisation and reduction in value	-0,5	0,0
Other operating expenses	-11,4	-0,4
	<b>-65,9</b>	<b>-0,4</b>
<b>Operating profit (loss)</b>	<b>1,7</b>	<b>-0,4</b>
Financial income and expenses	-5,8	-2,4
<b>Profit (loss) before extraordinary items</b>	<b>-4,1</b>	<b>-2,8</b>
<b>Profit (loss) before appropriations and taxes</b>	<b>-4,1</b>	<b>-2,8</b>
Income taxes	-0,1	0,0
<b>Profit (loss) for the financial year</b>	<b>-4,3</b>	<b>-2,8</b>

31.8.2015

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

EUR million	GROUP	PARENT COMPANY
<b>ASSETS</b>	<b>30.6.2015</b>	<b>30.6.2015</b>
<b>Non-current assets</b>		
Intangible assets	1,4	0,0
Tangible assets	34,7	0,0
Investments	0,0	39,5
<b>Non-current assets</b>	<b>36,2</b>	<b>39,5</b>
<b>Current assets</b>		
Stocks	37,4	0,0
Long-term receivables	0,5	155,0
Short-term receivables	46,6	3,4
Cash in hand and at banks	118,2	3,5
<b>Current assets</b>	<b>202,8</b>	<b>161,9</b>
	<b>239,0</b>	<b>201,4</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Subscribed capital	0,0	0,0
The invested unrestricted equity reserve	9,0	9,0
The translation difference	-0,3	0,0
Profit (loss) for the financial year	-4,3	-2,8
<b>Capital and reserves</b>	<b>4,4</b>	<b>6,2</b>
<b>Provisions</b>	<b>0,7</b>	<b>0,0</b>
<b>Negative consolidation difference</b>	<b>1,7</b>	<b>0,0</b>
<b>Liabilities</b>		
Long-term liabilities	191,0	191,0
Short-term liabilities	41,2	4,3
<b>Liabilities</b>	<b>232,2</b>	<b>195,3</b>
	<b>239,0</b>	<b>201,4</b>

31.8.2015

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

EUR million	GROUP	PARENT COMPANY
	Q1-Q2	Q1-Q2
<b>Cash flows from operating activities</b>		
Profit (loss) before extraordinary items	-4,1	-2,8
Adjustments for:		
Depreciation, amortisation and reduction in value	0,5	0,0
Other income and expenses not involving cash	2,0	0,0
Financial income and expenses	5,8	2,4
Working capital changes:		
Short-term interest-bearing receivables increase (-) / decrease (+)	-46,6	-3,4
Inventories increase (-) / decrease (+)	-37,4	0,0
Short-term interest-bearing liabilities increase (-) / decrease (+)	41,2	4,3
Cash flow from operations before financial items and taxes	-38,6	0,5
Interest received	0,0	3,4
Interest paid and other financial expenses	-5,8	-5,8
Income taxes paid	-0,1	0,0
<b>Cash flows from operating activities (A)</b>	<b>-44,6</b>	<b>-1,9</b>
<b>Investments</b>		
Investments in tangible and intangible assets	-36,7	0,0
Investments in other investments	0,0	-39,5
Change in long-term receivables	-0,5	-155,0
<b>Cash flows from investments (B)</b>	<b>-37,2</b>	<b>-194,5</b>
<b>Financing</b>		
Paid-up capital	0,0	0,0
Proceeds from long-term borrowings	191,0	191,0
Investment in the invested unrestricted equity reserve	9,0	9,0
<b>Cash flow from financing (C)</b>	<b>200,0</b>	<b>200,0</b>
<b>Increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>118,2</b>	<b>3,5</b>
Cash and cash equivalents at beginning of period	0,0	0,0
Cash and cash equivalents at end of period	118,2	3,5

31.8.2015

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

	GROUP	PARENT COMPANY
EUR million	Q2	Q2
<b>Net turnover</b>	<b>67,6</b>	<b>0,0</b>
Variation in stocks of finished goods and in work in progress +/-	2,1	0,0
Work performed by the undertaking for its own purpose and capitalised	0,1	0,0
Other operating income	0,2	0,0
Raw materials and services	-46,3	0,0
Staff expenses	-9,9	0,0
Depreciation, amortisation and reduction in value	-0,5	0,0
Other operating expenses	-11,3	-0,3
	<b>-65,8</b>	<b>-0,3</b>
<b>Operating profit (loss)</b>	<b>1,8</b>	<b>-0,3</b>
Financial income and expenses	-3,7	-0,3
<b>Profit (loss) before extraordinary items</b>	<b>-1,9</b>	<b>-0,6</b>
<b>Profit (loss) before appropriations and taxes</b>	<b>-1,9</b>	<b>-0,6</b>
Income taxes	-0,1	0,0
<b>Profit (loss) for the financial year</b>	<b>-2,1</b>	<b>-0,6</b>

31.8.2015

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

EUR million	GROUP	PARENT COMPANY
	Q2	Q2
<b>Cash flows from operating activities</b>		
Profit (loss) before extraordinary items	-1,9	-0,6
Adjustments for:		
Depreciation, amortisation and reduction in value	0,5	0,0
Other income and expenses not involving cash	-0,9	0,0
Financial income and expenses	3,7	0,3
Working capital changes:		
Short-term interest-bearing receivables increase (-) / decrease (+)	-2,4	-3,0
Inventories increase (-) / decrease (+)	-2,8	0,0
Short-term interest-bearing liabilities increase (-) / decrease (+)	2,0	1,6
Cash flow from operations before financial items and taxes	-1,8	-1,8
Interest received	0,0	3,4
Interest paid and other financial expenses	-3,7	-3,7
Income taxes paid	-0,1	0,0
<b>Cash flows from operating activities (A)</b>	<b>-5,7</b>	<b>-2,0</b>
<b>Investments</b>		
Investments in tangible and intangible assets	-19,8	0,0
Investments in other investments	0,0	-0,8
Change in long-term receivables	0,0	0,0
<b>Cash flows from investments (B)</b>	<b>-19,8</b>	<b>-0,8</b>
<b>Financing</b>		
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
<b>Cash flow from financing (C)</b>	<b>0,0</b>	<b>0,0</b>
<b>Increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>-25,4</b>	<b>-2,8</b>
Cash and cash equivalents at beginning of period	143,6	6,3
Cash and cash equivalents at end of period	118,2	3,5

31.8.2015

**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 Oy makes no representations or warranties as to their accuracy or correctness.