

30.11.2015

KOTKAMILLS GROUP OPERATING PROFIT FOR JANUARY-SEPTEMBER 2015 WAS EUR 5,7 MILLION

RESULT FOR JANUARY-SEPTEMBER 2015 (GROUP ACTIVE 25.3.2015-30.9.2015)

- Sales were EUR 134,8 million.
- EBITDA was EUR 6,7 million.
- Operating profit was EUR 5,7 million.
- Result before taxes was EUR -3,5 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 Oy (former Eagle Industries Oy) has been done at 31.3.2015.

RESULT FOR THE THIRD QUARTER OF 2015

- Sales were EUR 67,2 million (Q2/2015: 67,6).
- EBITDA was EUR 4,5 million (2,3).
- Operating profit was EUR 4,0 million (1,8).
- Result before taxes was EUR 0,7 million (-1,9).

EVENTS DURING THE THIRD QUARTER OF 2015

- The sales volumes of laminating base papers and sawn wood decreased compared to previous quarter due to annual maintenance shutdown in August.
- Magazine papers deliveries increased compared to the previous quarter due to 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 YEAR 2015

- The sales volumes and operating profit in the fourth quarter is expected to improve compared to the third quarter of 2015.
- 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.

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

EUR million	GROUP PARENT COMPANY	
	Q1-Q3	Q1-Q3
Net turnover	134,8	0,0
Variation in stocks of finished goods and in work in progress +/-	0,9	0,0
Work performed by the undertaking for its own purpose and capitalised	0,4	0,0
Other operating income	0,3	0,0
Raw materials and services	-88,3	0,0
Staff expenses	-19,1	0,0
Depreciation, amortisation and reduction in value	-1,0	0,0
Other operating expenses	-22,2	-0,5
	-129,1	-0,5
Operating profit (loss)	5,7	-0,5
Financial income and expenses	-9,2	-2,7
Profit (loss) before extraordinary items	-3,5	-3,2
Profit (loss) before appropriations and taxes	-3,5	-3,2
Income taxes	-0,3	0,0
Profit (loss) for the financial year	-3,8	-3,2

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

EUR million	GROUP	PARENT COMPANY
	30.9.2015	30.9.2015
ASSETS		
Non-current assets		
Intangible assets	1,3	0,0
Tangible assets	47,6	0,0
Investments	0,0	39,7
Non-current assets	48,9	39,7
Current assets		
Stocks	35,9	0,0
Long-term receivables	0,5	155,0
Short-term receivables	41,3	0,2
Cash in hand and at banks	116,1	6,0
Current assets	193,8	161,1
TOTAL ASSETS	242,8	200,8
EQUITY AND LIABILITIES		
Capital and reserves		
Subscribed capital	0,0	0,0
The invested unrestricted equity reserve	10,0	10,0
The translation difference	-1,0	0,0
Profit (loss) for the financial year	-3,6	-3,2
Capital and reserves	5,4	6,7
Provisions	0,7	0,0
Negative consolidation difference	1,5	0,0
Liabilities		
Long-term liabilities	191,0	191,0
Short-term liabilities	44,2	3,1
Liabilities	235,2	194,1
TOTAL EQUITY AND LIABILITES	242,8	200,8

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**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-Q3	Q1-Q3
Cash flows from operating activities		
Profit (loss) before extraordinary items	-3,5	-3,2
Adjustments for:		
Depreciation, amortisation and reduction in value	1,0	0,0
Other income and expenses not involving cash	1,4	0,0
Financial income and expenses	9,2	2,7
Working capital changes:		
Short-term interest-bearing receivables increase (-) / decrease (+)	-41,3	-0,2
Inventories increase (-) / decrease (+)	-35,9	0,0
Short-term interest-bearing liabilities increase (-) / decrease (+)	44,2	3,1
Cash flow from operations before financial items and taxes	-24,9	2,4
Interest received	0,0	5,6
Interest paid and other financial expenses	-9,2	-8,3
Income taxes paid	-0,3	0,0
Cash flows from operating activities (A)	-34,4	-0,3
Investments		
Investments in tangible and intangible assets	-50,0	0,0
Investments in other investments	0,0	-39,7
Change in long-term receivables	-0,5	-155,0
Cash flows from investments (B)	-50,5	-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)	116,1	6,0
Cash and cash equivalents at beginning of period	0,0	0,0
Cash and cash equivalents at end of period	116,1	6,0

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

	GROUP PARENT COMPANY	
EUR million	Q3	Q3
Net turnover	67,3	0,0
Variation in stocks of finished goods and in work in progress +/-	-1,2	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	-42,0	0,0
Staff expenses	-9,2	0,0
Depreciation, amortisation and reduction in value	-0,5	0,0
Other operating expenses	-10,7	-0,1
	-63,2	-0,1
Operating profit (loss)	4,0	-0,1
Financial income and expenses	-3,4	-0,3
Profit (loss) before extraordinary items	0,7	-0,4
Profit (loss) before appropriations and taxes	0,7	-0,4
Income taxes	-0,1	0,0
Profit (loss) for the financial year	0,5	-0,4

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

EUR million	GROUP	PARENT COMPANY
	Q3	Q3
Cash flows from operating activities		
Profit (loss) before extraordinary items	0,7	-0,4
Adjustments for:		
Depreciation, amortisation and reduction in value	0,5	0,0
Other income and expenses not involving cash	-0,7	0,0
Financial income and expenses	3,4	0,3
Working capital changes:		
Short-term interest-bearing receivables increase (-) / decrease (+)	5,4	3,2
Inventories increase (-) / decrease (+)	1,5	0,0
Short-term interest-bearing liabilities increase (-) / decrease (+)	3,0	-1,2
Cash flow from operations before financial items and taxes	13,7	1,9
Interest received	0,0	2,2
Interest paid and other financial expenses	-3,4	-2,5
Income taxes paid	-0,1	0,0
Cash flows from operating activities (A)	10,2	1,6
Investments		
Investments in tangible and intangible assets	-13,3	0,0
Investments in other investments	0,0	-0,1
Change in long-term receivables	0,0	0,0
Cash flows from investments (B)	-13,2	-0,1
Financing		
Paid-up capital	0,0	0,0
Proceeds from long-term borrowings	0,0	0,0
Investment in the invested unrestricted equity reserve	1,0	1,0
Cash flow from financing (C)	1,0	1,0
Increase / decrease in cash and cash equivalents (A+B+C)	-2,0	2,4
Cash and cash equivalents at beginning of period	118,2	3,5
Cash and cash equivalents at end of period	116,1	6,0

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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.