

Innovative and continuously changing Ahlstrom-Munksjö – Key success factors in IT management

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Ahlstrom-Munksjö

History of Ahlstrom-Munksjö

Over 160 years of industrial leadership

1851

Antti Ahlström starts his business



1862

The first Munksjö paper mill is established in Jönköping by Johan Edvard Lundström och Lars Johan Hierta

1896

After Antti's death, his wife Eva Ahlström becomes one of the first female industrialists in Finland



1908

A. Ahlström Osakeyhtiö is established



1919

The first listing of Munksjö AB shares on the Stockholm Stock Exchange

1960's

Ahlström's internationalization starts through acquisition in Turin, Italy



1987-2000

Ahlström focuses on specialty papers and fiber solutions by divesting fine paper and paper machinery businesses and acquiring e.g. Sibille-Dalle and Dexter businesses

History of Ahlstrom-Munksjö

Constantly re-imagining fiber

2006

Ahlstrom Corporation listed on Nasdaq Helsinki



2001

Ahlström demerges into Ahlstrom Corporation, Ahlström Capital Oy and A. Ahlström Osakeyhtiö

2011

Munksjö purchases ArjoWiggins' decor, thin print and fine art paper, and abrasive backings businesses in France and Germany



2013

Ahlstrom's label and processing business merges with Munksjö

2017

Ahlstrom and Munksjö merge into Ahlstrom-Munksjö



2019-

We continue to imagine fiber in a sustainable manner



2019

Expera and Caieiras acquired to strengthen regional growth in North and South America



Global leader in sustainable and innovative fiber-based solutions

- Fibers are at the core of what we do and the common denominator for our products and solutions
- Natural fibers represent 95% 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

Key facts

- Global network of sales offices and 45 plants in 14 countries
- Approximately 8,000 employees, 48 nationalities
- More than 7,000 customers in over 100 countries
- Pro forma 2019 net sales of approximately EUR 3 billion
- Shares listed on Nasdaq Helsinki and Stockholm
- Head office in Helsinki, Finland

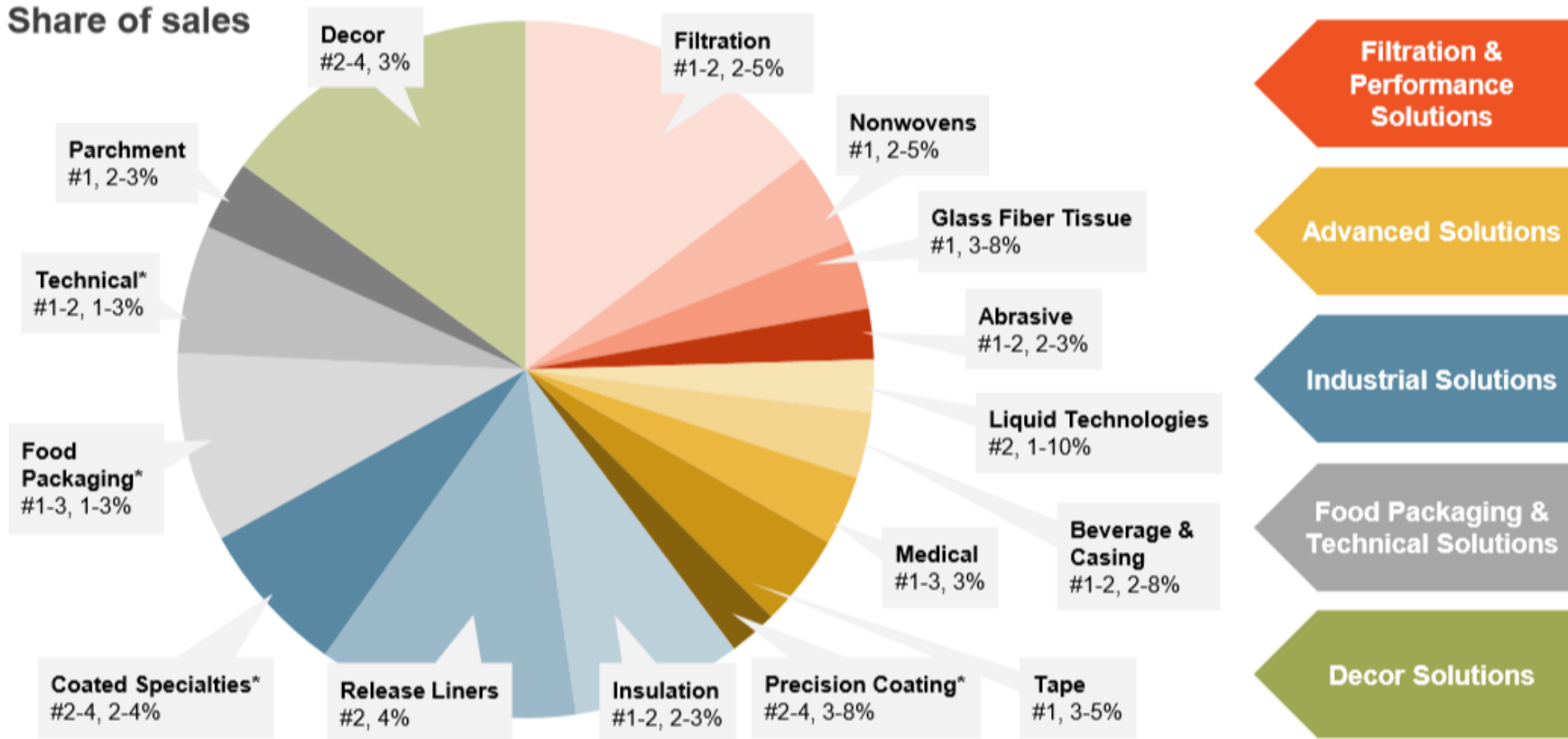
Key strengths

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



Leading positions in chosen growth segments

Share of sales



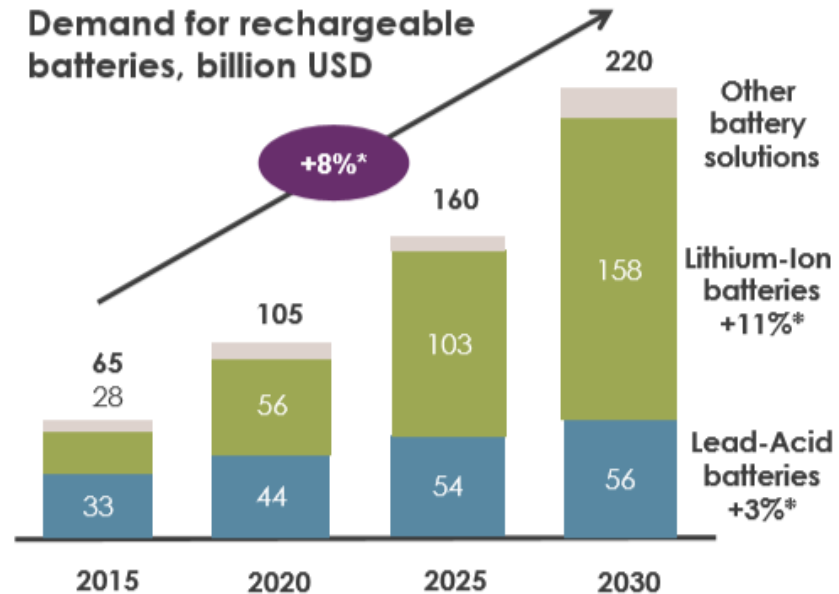
Market position in strategic segments
 % Market growth in percentage
 Figures are based on management estimates.



Entering the energy storage market – First product launch in Q3/2020

- Ahlstrom-Munksjö FortiCell® – a platform of fiber-based energy storage solutions
 - Complete range of fiber-based solutions for lead acid batteries as the first launch in Q3/2020
 - Further product launches to come
- Fiber-based materials play an essential role in the performance and development of advanced energy storage technologies. Materials are mainly used as separators in energy storage applications such as batteries.
- Electricity is the fastest growing source of energy and demand for energy storage is expected to grow significantly, driven by:
 - vehicle electrification
 - shift towards renewable energy
 - increasing demand of stationary applications
 - effective electricity supply chain management
- Demand for rechargeable batteries is estimated to double in the next 10 years
- Ahlstrom-Munksjö offers extensive expertise in cellulose, microglass and specialty nonwoven materials

Ahlstrom-Munksjö FortiCell®



* CAGR 2015-2030



MISSION

Sustainable and innovative fiber-based solutions

Strategy overview

VISION

Global leader in chosen growth segments

CORNERSTONES

Local accountability

Efficiency and agility

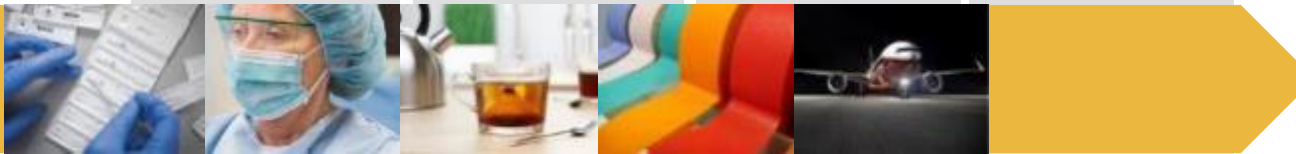
Customer value

Profitable growth

FILTRATION & PERFORMANCE



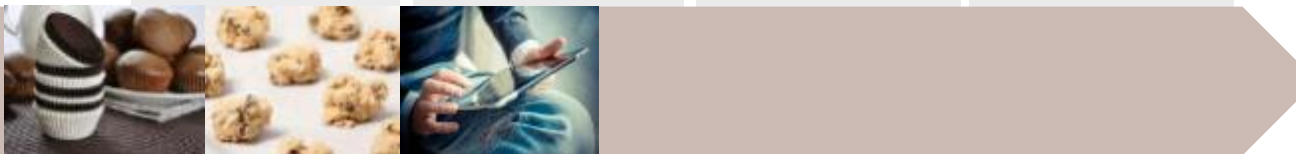
ADVANCED



INDUSTRIAL



FOOD PACKAGING & TECHNICAL



DECOR



VALUES

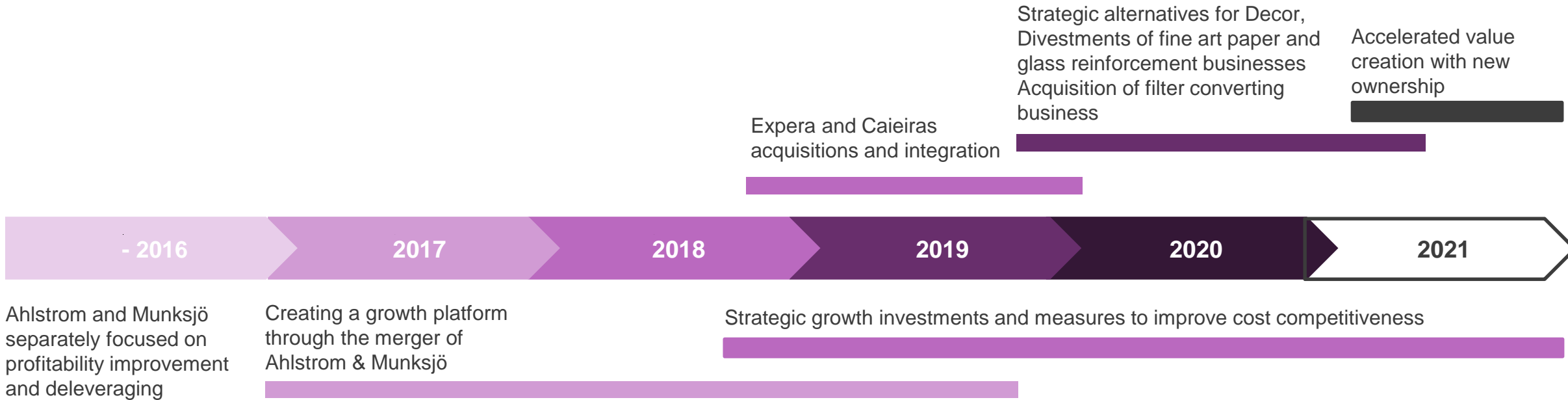
Long-term commitment | Teamwork | Passion to innovate and improve

FINANCIAL TARGETS

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



Strategic transformation progressing



	Munksjö 2015	Ahlstrom 2015	Expera 2017	Caieiras 2017	Ahlstrom-Munksjö 2019
Net sales	EUR 1.1bn	EUR 1.1bn	EUR 616m	EUR 76m	EUR 2.9bn
Comparable EBITDA	EUR 94m	EUR 105m	EUR 61m	EUR 12m	EUR 313m
Employees	2,900	3,300	1,870	350	8,100

Recommended tender offer for all Ahlstrom-Munksjö shares

Tender offer for Ahlstrom-Munksjö shares

On September 24, 2020, a consortium consisting of Ahlström Capital, funds managed or advised by Bain Capital as well as Viknum and Belgrano Inversiones made a public recommended cash tender offer for all shares in Ahlstrom-Munksjö. At the completion of the tender offer, Bain Capital is expected to indirectly own 55%, Ahlström Capital approximately 36% and Viknum approximately 9% of the shares in Ahlstrom-Munksjö.

BACKGROUND AND STRATEGIC RATIONALE

- The consortium believes that under private ownership Ahlstrom-Munksjö will be best placed to fulfil its potential from its diversified product portfolio, substantial technical know-how as well as its leading positions in attractive niches. However, the consortium recognises that the sector is becoming increasingly competitive.
- The consortium intends to invest significant time, resources and capital to support the company's strategy for long-term profitable growth, to maintain and further strengthen the company's existing market positions in its core areas, as well as to invest in new business opportunities. Under private ownership, the company would be ideally positioned to invest further and faster in initiatives to support organic growth as well as benefiting from additional expansionary capital expenditures and acquisitions to strengthen selected areas of the portfolio.
- The consortium believes that Ahlstrom-Munksjö, in a private setting, will more effectively manage all above mentioned initiatives as well as current market challenges as management can devote its full attention to business performance without the constraints imposed by its current balance sheet and the public market.
- The consortium is well-positioned to support the transformation of the company due to Bain Capital's considerable experience in the industry and distinctive approach to investments, working alongside management in the pursuit of long-term strategic goals, with the benefit of continuity from the families' prominent participation in the consortium. Together this unique group of investors is best equipped with the appropriate long-term investment horizon, expertise and capital required to realise Ahlstrom-Munksjö's potential.

Illustrative timeline



Ahlstrom-Munksjö IT – Transformation journey beside the company journey



IT having key role enabling majority of strategy elements

- Traceability solutions
- Enabling innovations
- Green IT

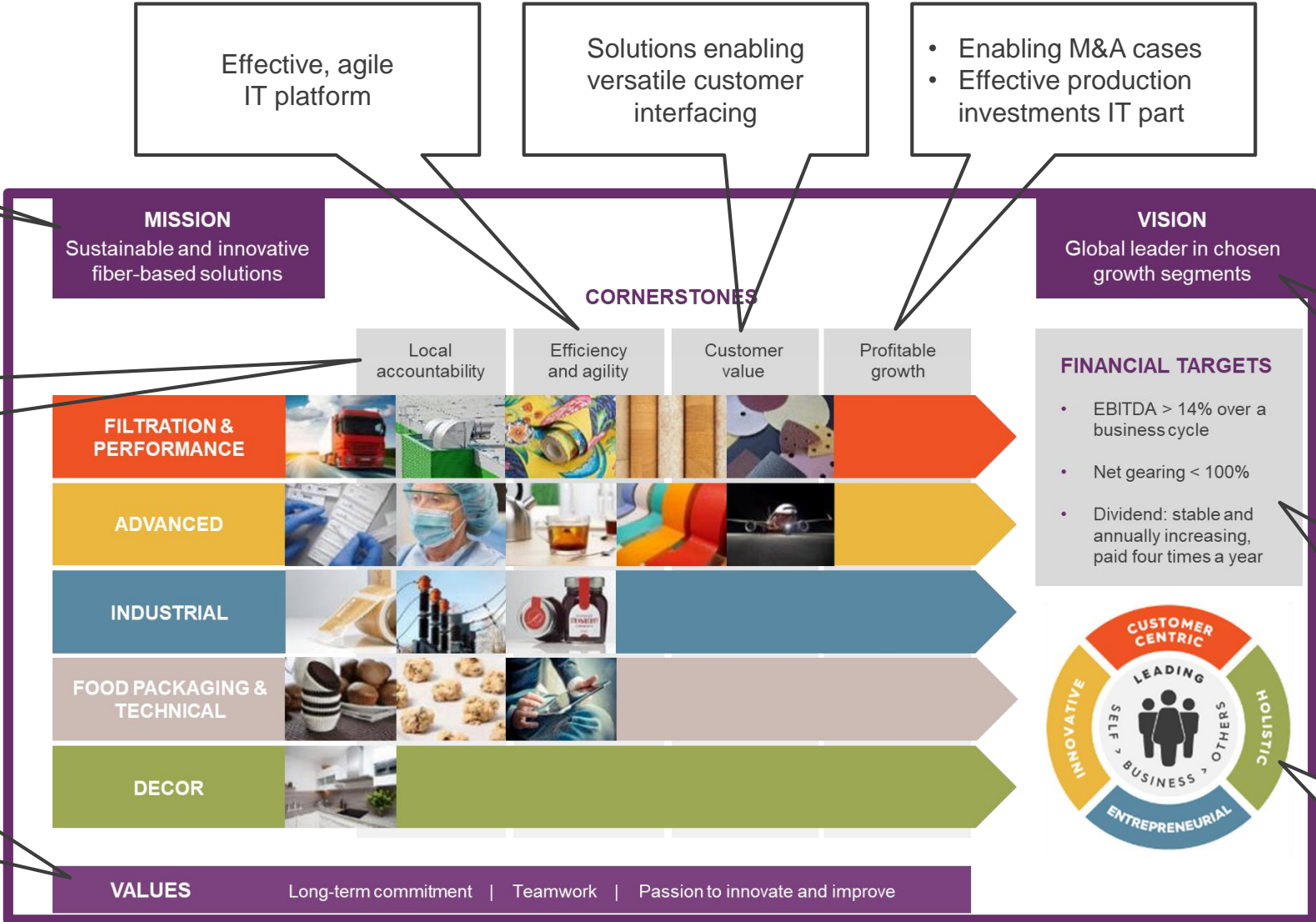
Effective, agile IT platform

Solutions enabling versatile customer interfacing

- Enabling M&A cases
- Effective production investments IT part

Supporting Ahlstrom-Munksjö operations in all 45 plants + other sites

Strong leadership development within IT – Together with partners



Deliver Program Stella

- Cost-effective, fit-for-purpose IT
- Optimizing IT capex
- Deliver EBIDTA improvement related IT projects

- Company collaboration
- Leadership support

Ahlstrom-Munksjö IT transformation journey 2014 – 2020

Tech Mahindra arrangement based on strong partnering setup & agreement

IT Management setup continuous development (based on ITIL standard)

2015
Ahlstrom IT transition to Tech Mahindra

2015
Transformation project

2016
OrderPlan and CarelMill transition to Tieto

2018
Munksjö IT transition to Tech Mahindra

2019/2020
Expera and Caieiras IT transition to Tech Mahindra



Ahlstrom-Munksjö IT journey – Main projects 2017 – 2020



IT Service Management development journey

Essential foundation for professional IT management



Ahlstrom-Munksjö IT vendor setup

Two main IT service delivery partners

From main partners budget Tech Mahindra ~ 85 % and TietoEVRY ~ 15 %

Tech Mahindra – Majority of the IT Services

- Application services
- Infrastructure services
- ServiceDesk
- Some other general IT services

Several 3rd party agreements transferred to Tech Mahindra to gain end-to-end service management

TietoEVRY

- OrderPlan (Order to Cash ERP)
- CarelMil (Manufacturing Execution System)
- CarelLab (Laboratory system)
- Business to Business messaging
- Few infrastructure services

Other main agreements

SAP ERP ECC agreement

Microsoft 365 agreements

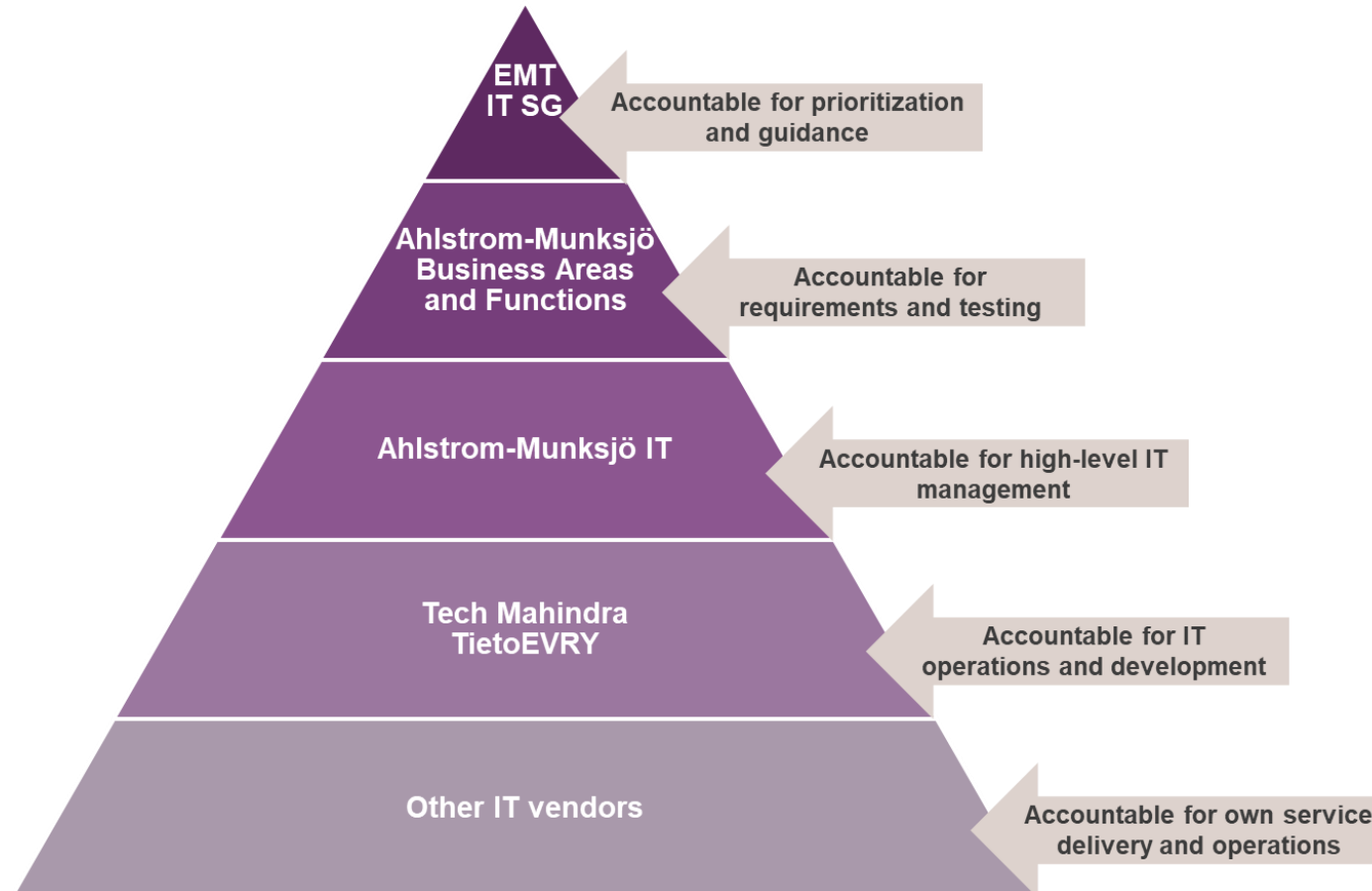
Other relatively significant vendors: Oracle, Basware, Salesforce, Nixu, SAP / SuccessFactors



Ahlstrom-Munksjö IT team accountabilities

Whole IT setup build based on end-to-end responsibilities between Ahlstrom-Munksjö IT and IT partners Tech Mahindra & TietoEVRY

Accountabilities within Ahlstrom-Munksjö and with partners & vendors



Key cornerstones in our IT management

IT vision statement

We are a proactive enabler who provides secured, value-added solutions and services to support Ahlstrom-Munksjö strategy fulfilment and provide value for business to achieve its objectives.



IT Service Promise

For Top management – Strategic level

Act as Strategic Partner

- We make our part to make the machines run
- We enable the different operating models
- We are fast to adapt the business changes
- Secure basic operations in effective way
- Implementation of IT vision

For Middle management – Tactical level

Act as Reliable Business Partner

- We ensure business continuity
- We enhance efficiency
- We listen to you
- We want to understand the business
- We want to understand & contribute to the business plans
- Together creating innovations

For End users – Operational level

Act as Reliable Service Provider

- We ensure continuity
- We are fast
- We are responsive
- Our service is available 24/7 in 11 languages
- We provide professional services
- We deliver what we promise
- We are delivering promised service levels



IT and Business Process Management key targets – Leading IT requires finding right balance between all these targets

Enable Ahlstrom-Munksjö strategy implementation

Drive aligned Business process management
with Business areas and Functions

Ensure reasonable and fit-for-purpose cost level (opex and capex)

Secure business continuity 24/7/365 in all countries

Provide services for end-users

Protect company security and minimize other IT
related risk

Ensure compliance with privacy regulations

Ensure compliance with external and internal auditor requirements

IT Vision

We are a proactive enabler which provides secured, value-added solutions and services to support Ahlstrom-Munksjö strategy fulfilment and provide value for business to achieve its objectives.



Strong IT Platform – Value for the company greater than the cost of IT

Strong IT platform enables Ahlstrom-Munksjö agility and development

Fulfills Ahlstrom-Munksjö strategy implementation needs

Enables all type of company internal restructuring

Enables flexible mergers, demergers & acquisitions

Enables IT costs optimization

Ensures compliance at all levels

Optimizes company risks & security issues

Ensures reliable business continuity & operations

Provides reliable foundation for unusual circumstances like pandemic cases

Agile own team adapting to company changes, partners offering required flexibility



Key cornerstones on Ahlstrom-Munksjö IT management philosophy

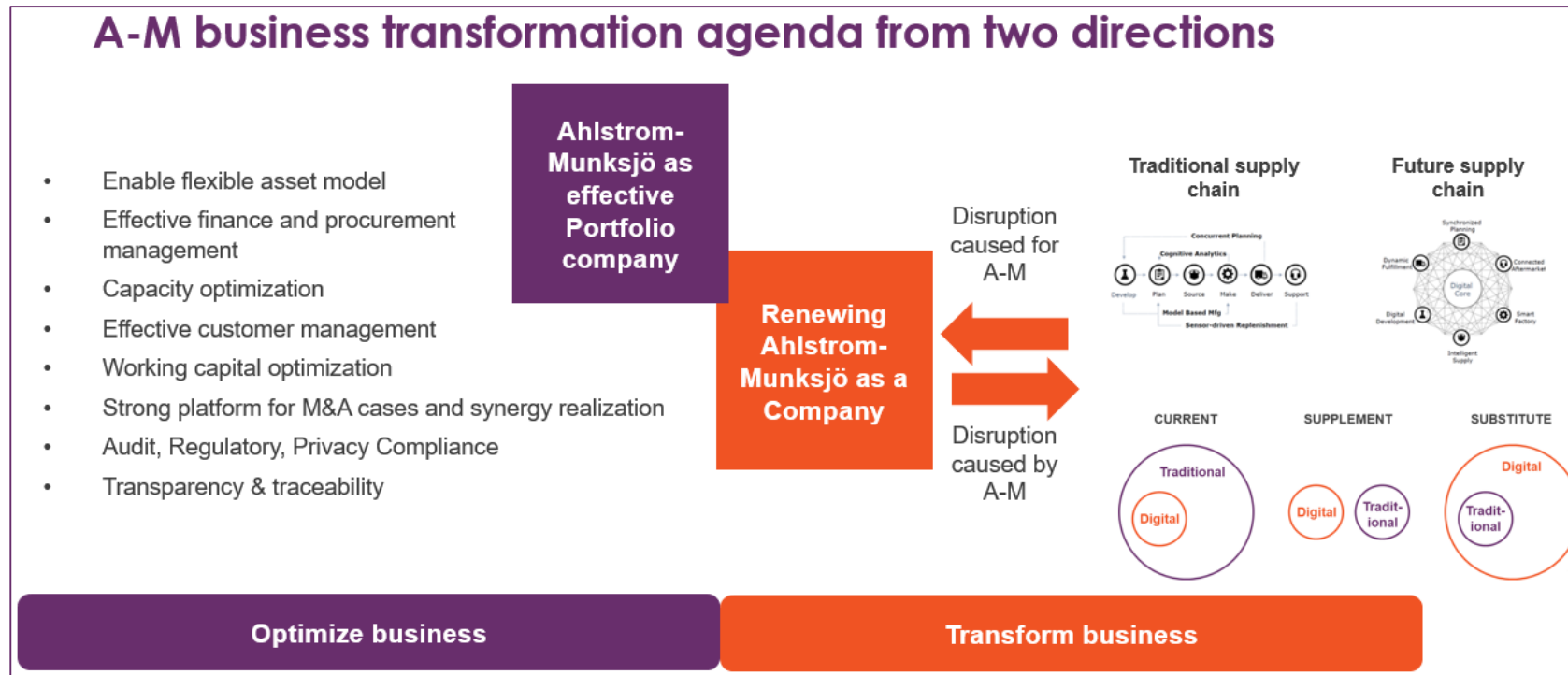
- Close relationship with top management
- Strong IT operating model, seamless end-to-end model with partners
- IT Platform approach – Increased value compared to direct IT costs
- Holistic understanding on IT targets impact and finding the balance between those
- Well-selected key priorities
- Strong governance, including effective participation from business areas and functions
- Professional, lean & agile own IT management organization
- Strong IT Business partner concept
- True partnership & joint effective leadership, not only outsourcing partners – with good agreements for Ahlstrom-Munksjö



Program Stella – Ahlstrom-Munksjö business platform renewal program



- **Business platform renewal** will renew business models, processes and ERP & MES systems
- Massive transformation program for the whole company – Will cover all operations and all locations
- Program Stella approval required strategic level discussions with Board and Executive Management Team – Showing how IT has been able to turn Ahlstrom-Munksjö strategic direction to business platform renewal program business case & targets



Thank you!

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