

Kotkamills Group Oyj: OPTIMIZATION OF GROUP STRUCTURE

Published: 5.7.2017 10.00 (GMT+03:00)

Kotkamills Group Oyj

STOCK EXCHANGE RELEASE

5 July 2017, at 9:00 am (CET + 1)

The Kotkamills group is continuously seeking to optimize and develop existing operations to improve the liquidity, performance and profitability of the group. As part of such efforts, Kotkamills Group Oyj's ("Kotkamills Group") wholly owned subsidiary Kotkamills Oy ("Kotkamills") intends to transfer three of its existing business lines, namely the Imprex®, Absorbex® and Wood business lines, into wholly owned subsidiaries of Kotkamills (the "Reorganisation"). Kotkamills' fourth existing business line, Consumer Boards, producing bleached CTMP base high-quality Nordic Folding Boxboard and recyclable barrier board products, will remain in Kotkamills Oy.

The Imprex® business line is producing resin-treated core material for high-pressure laminates used in various decorative and industrial applications as well as phenolic resin treated products designed for overlaying of wood-based panels to be used mainly in concrete shuttering and in the transport and construction industries. The Absorbex® business line is producing saturated base kraft paper used as raw material in high pressure laminates and phenolic overlaying films, which in turn are used in the construction, surface cladding and furniture industries. The Wood business line is producing high-quality spruce products for demanding joinery and construction purposes.

The purpose of the Reorganisation is to optimize the group structure, increase efficiency and transparency and optimize the performance, profitability and development of each business line. In the Reorganisation, materially all assets and liabilities of the business lines to be transferred will be transferred to the relevant subsidiaries (intended to be named Kotkamills Absorbex Oy, Kotkamills Imprex Oy and Kotkamills Wood Oy), including buildings and machines, current assets, receivables, working capital and intellectual property rights. The Reorganisation is primarily intended to be implemented by way of a contribution in kind against shares in the relevant subsidiary. The employees of the Imprex®, Absorbex® and Wood business lines will transfer along with the relevant business line and the Reorganisation will not affect the rights and obligations of the employees.

The Reorganisation is intended to be implemented (in one or several phases) during the second half of 2017.

Under the terms and conditions of Kotkamills Group's EUR 105,000,000 Senior Secured Callable Bonds 2015/2020 (ISIN: FI4000148705), the Reorganisation constitutes a permitted transfer between Kotkamills group companies. To the extent the assets transferred are currently covered by the Transaction Security (as defined in the terms and conditions of the bonds), the existing security arrangements will remain in place or the receiving subsidiaries will grant appropriate security over the assets as required under the terms and conditions of the bonds.

Kotkamills Group Oyj
Board of Directors

For additional information, please contact:

CFO Petri Hirvonen, tel.+358 40 571 0834, petri.hirvonen@kotkamills.com

DISTRIBUTION:

Nasdaq Helsinki Ltd

Key media

www.kotkamills.com

Kotkamills Group in brief

Kotkamills is a responsible partner that delivers renewable products and performance to its customers' processes via product innovations created from wood, a renewable raw material. The key brands of the company include Absorbex® and Imprex®, both innovative laminating paper products for the laminate, plywood and construction industries. Moreover, Kotkamills offers ecological, technically sound and visually attractive wood products for demanding joinery and construction. In summer 2016, Kotkamills started up a new board machine producing AEGLE(TM) Folding Boxboard and ISLA(TM) Food Service Boards, including the capability to add barriers on-machine. All Consumer Boards material solutions are fully recyclable and repulpable.

Kotkamills has two production sites in Finland, located in Kotka and Imatra. The majority shareholder of Kotkamills is MB Funds, a Finnish private equity firm.

www.kotkamills.com

Disclaimer

The information contained in this release shall not constitute an offer to sell or the solicitation of an offer to buy securities of Kotkamills Group Oyj in any jurisdiction.