

# Ahlstrom Group 2006 financial results

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## Financial highlights 2006

	2006	2005
<b>Net sales</b> , EUR million	1,599.1	1,552.6
<b>Operating profit</b> , EUR million	96.1	117.2
<b>Operating profit excl. non-recurring items</b> , EUR million	87.3	99.0
<b>Profit before taxes</b> , EUR million	81.2	100.7
<b>Profit before taxes excl. non-recurring items</b> , EUR million	72.5	82.5
<b>Profit for the period</b> , EUR million	57.6	62.6
<b>Return on capital employed (ROCE)</b> , %	10.4 %	12.4 %
<b>ROCE excl. non recurring items</b> , %	9.5 %	10.5 %
<b>Earnings per share (EPS)</b> , EUR	1.31	1.71
<b>Cash earnings per share (CEPS)</b> , EUR	2.72	3.48
<b>Average number of shares</b> , 1000s	43,802	36,418

- Comparable net sales grew by 4.6%\*
- ROCE below financial target at 10.4% impacted by raw material cycle
- Board to propose dividend of EUR 1.00 per share

\*Figures are adjusted for the divestment of Kauttua PM1

Please note: Share related indicators are not fully comparable due to the dilution effect of the issue of new shares in March, 2006

## Financial highlights Q4 2006

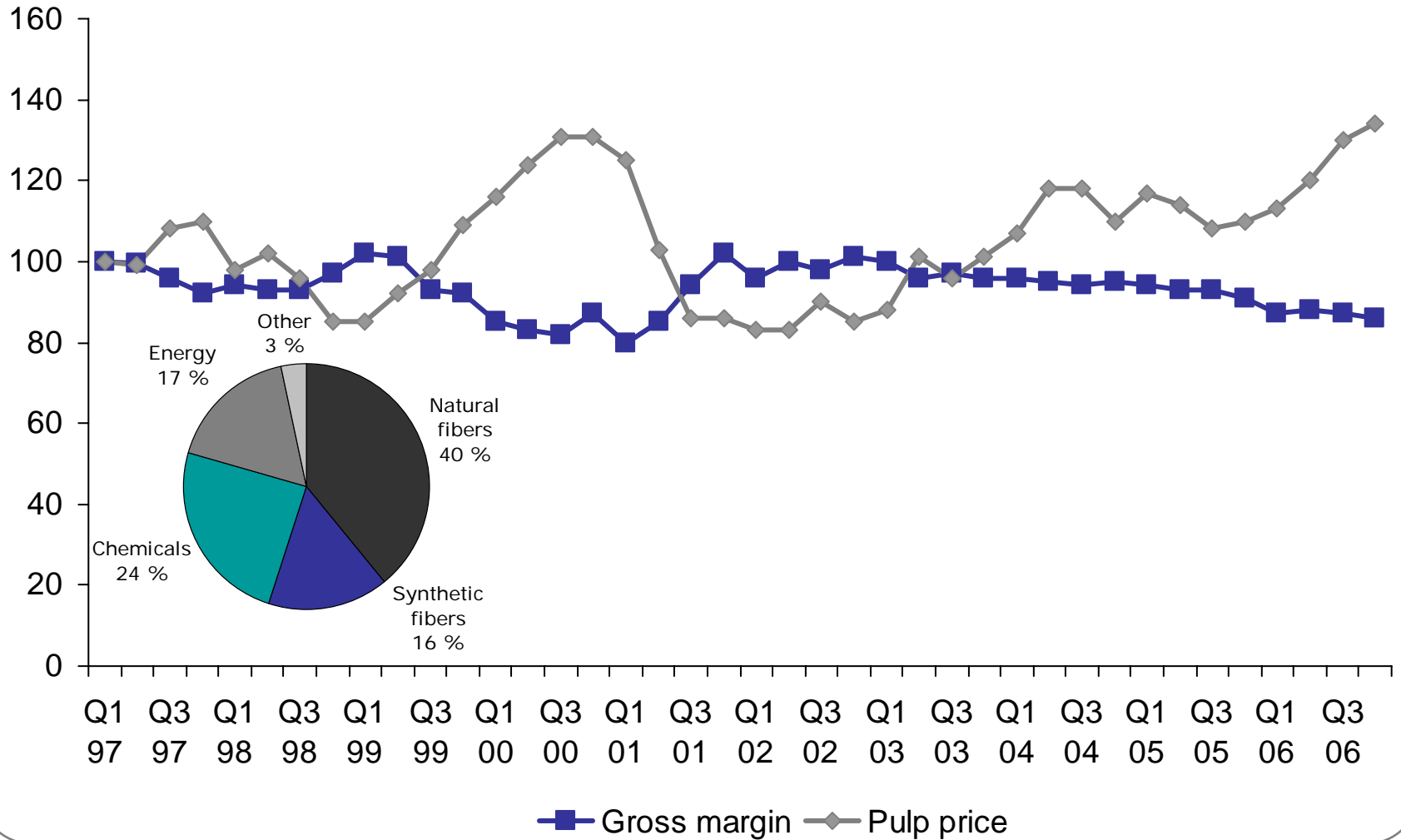
	Q4 2006	Q4 2005
<b>Net sales</b> , EUR million	389.0	383.6
<b>Operating profit</b> , EUR million	12.3	24.5
<b>Operating profit excl. non-recurring items</b> , EUR million	14.1	22.0
<b>Profit before taxes</b> , EUR million	9.4	19.1
<b>Profit before taxes excl. non-recurring items</b> , EUR million	11.3	16.6
<b>Profit for the period</b> , EUR million	8.8	11.9
<b>Return on capital employed (ROCE)</b> , %	5.3	10.1
<b>ROCE excl. non recurring items</b> , %	6.1	9.1
<b>Earnings per share (EPS)</b> , EUR	0.18	0.32
<b>Cash earnings per share (CEPS)</b> , EUR	0.54	0.84
<b>Average number of shares</b> , 1000s	45,602	36,418
<b>Gearing ratio</b> , %	20.3 %	57.7 %

- Comparable net sales grew by 3.9%\*
- High raw material and energy costs continued to pressure margins

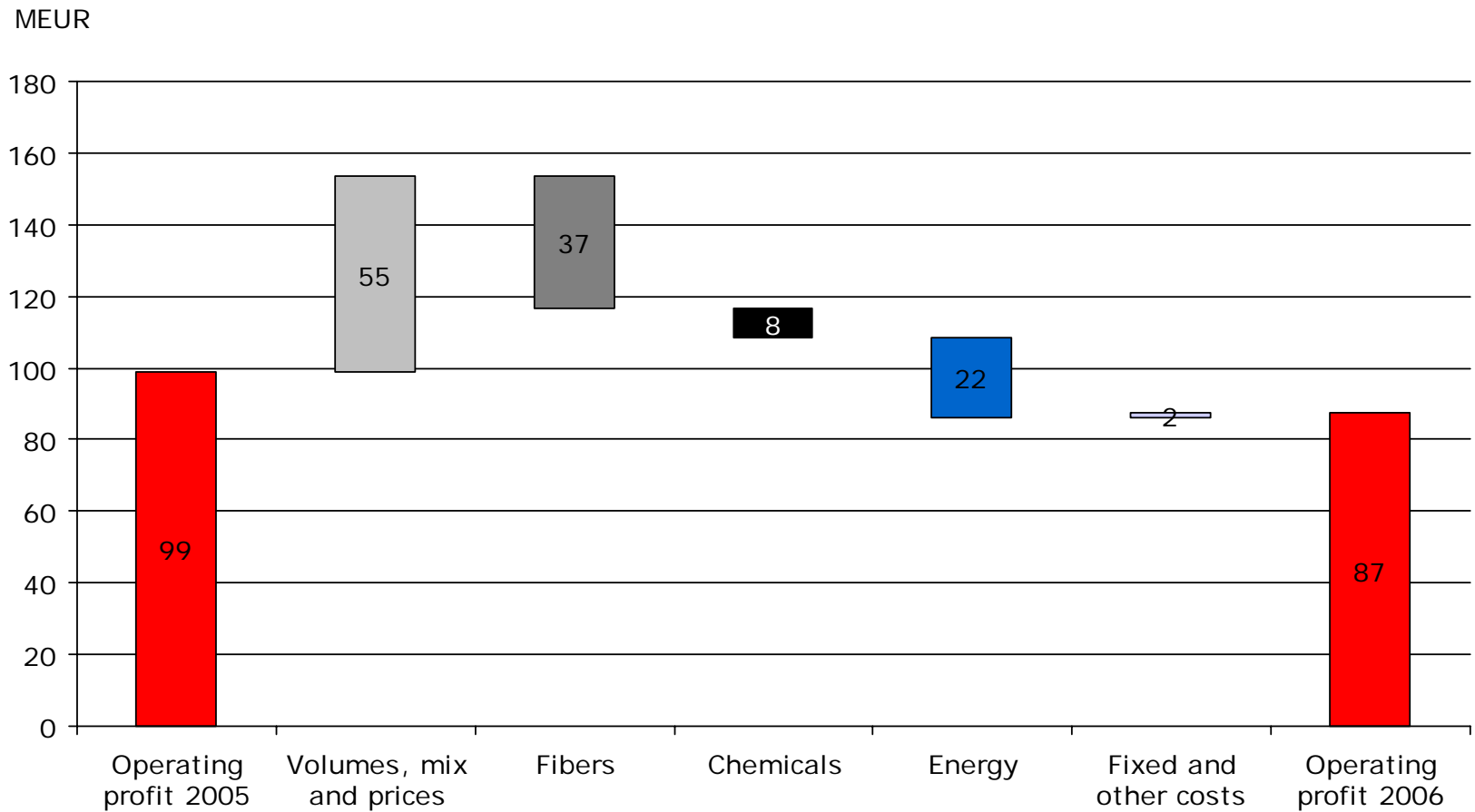
\*Figures are adjusted for the divestment of Kauttua PM1 and currency effects

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# Stable gross margin in 2006



# Operating profit change 2006 vs. 2005



# Implementation of growth strategy in 2006

- **Several large investments started**
  - HRS Textile acquisition, USA, Q1
  - Capacity expansion in release liners, Italy, Q1
  - Glassfiber reinforcements capacity expansion, Finland, Q4
  - New wiping fabrics line US, Q4

# Implementation of growth strategy in 2006 continued

- **Growth investments announced on four continents totaling EUR 100 million**
  - Wiping fabrics line, Brazil
  - Needlepunch dust filtration line, China
  - Food nonwovens and industrial nonwovens lines, Europe
  - Specialty glassfiber reinforcement plant in the US
  - Glassfiber plant, Russia

# Implementation of business strategy in 2006

- **Expansion of global sales network**
  - New sales offices in Vietnam, Turkey, Mexico and Malesia
- **Divestment of non-core assets totaling EUR 52.5 million**
  - Shareholding in Sonoco-Alcore JV
  - Property in Germany
- **Streamlining of corporate structure**
  - Restructuring in Label & Packaging and Technical Papers Business Area
    - Nümbrecht plant closed
    - Write down of Chantraine plant
  - Converting of liquid filtration in USA moved to South Carolina, Q1 07



## Measures taken to improve bottom line

Income statement, MEUR	2006	2005	2006	2005	
<b>Net sales</b>	<b>1,599.1</b>	<b>1,552.6</b>			
<b>Operating profit</b>	<b>96.1</b>	<b>117.2</b>	<b>87.3</b>	<b>99.0</b>	<b>excl. non recurring</b>
Share of profit of associated companies	0.0	0.4			
Net financial expenses	-14.9	-16.8			
<b>Profit before taxes</b>	<b>81.2</b>	<b>100.7</b>	<b>72.5</b>	<b>82.5</b>	<b>excl. non recurring</b>
Income taxes	-23.6	-38.1			
<b>Profit for the period</b>	<b>57.6</b>	<b>62.6</b>			
Basic earnings per share, EUR	1.31	1.71			
Average number of shares, 1000's	43,802	36,418			
Diluted earnings per share, EUR	1.29	1.67			
ROCE %	10.4	12.4	9.5	10.5	excl. non recurring

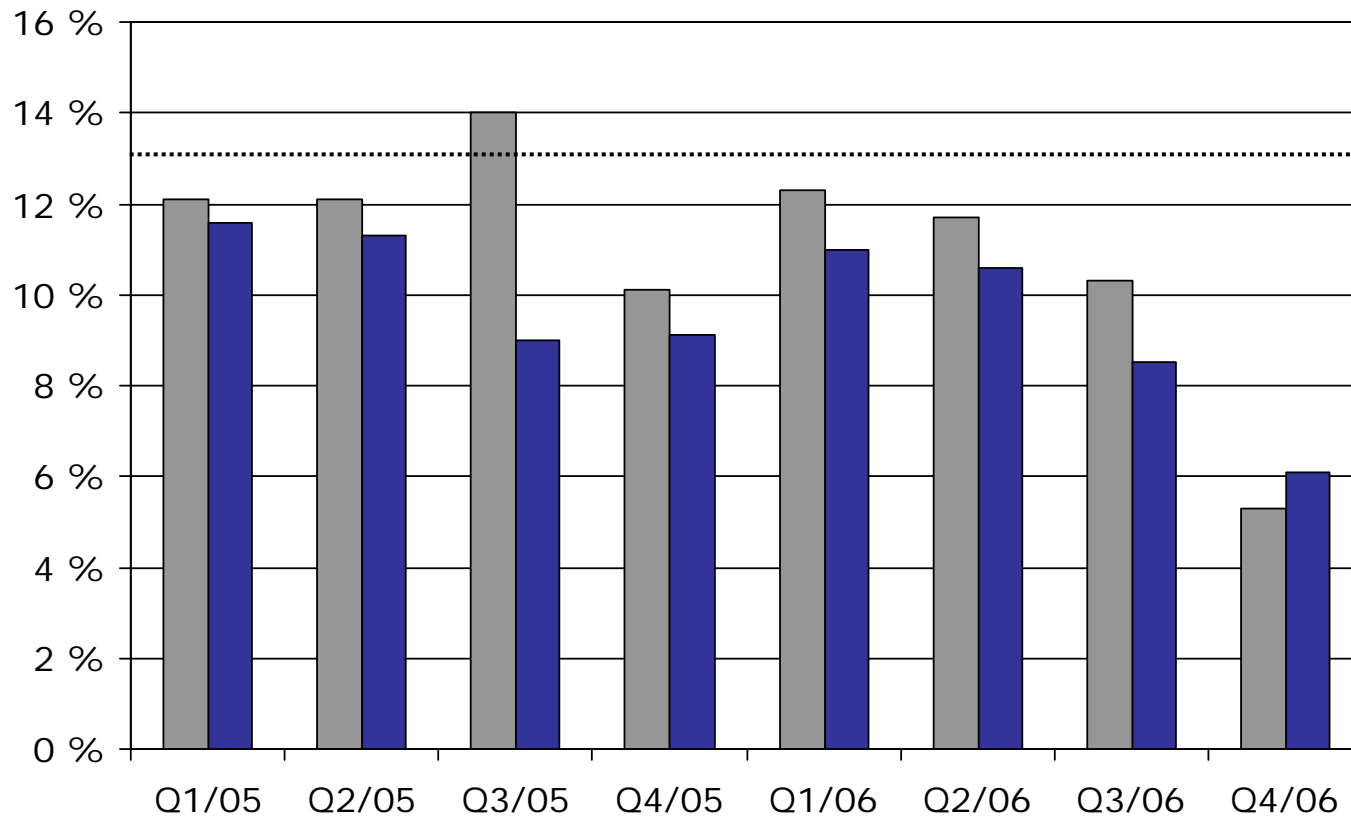
## Strong cash flow..

<b>Cash flow, MEUR</b>	<b>2006</b>	<b>2005</b>
Cash from operations	167.2	179.6
Change in working capital	-14.6	-15.2
Financial items	-3.7	-28.4
Income taxes	-29.6	-9.4
<b>Net cash from operating activities</b>	<b>119.2</b>	<b>126.6</b>
Capex incl. acquisitions	-124.3	-66.2
Sale of assets	45.3	55.4
<b>Cash flow before financing activities</b>	<b>40.2</b>	<b>115.8</b>
Share issue	195.1	0.0
Dividends paid	-65.3	-62.8
Other financing activities	-165.8	-57.1
<b>Net change in cash and cash equivalents</b>	<b>4.3</b>	<b>-4.1</b>
Cash earnings per share, EUR	2.72	3.48

## ...and lean balance sheet

<b>Balance sheet, MEUR</b>	<b>2006</b>	<b>2005</b>
Property, plant and equipment	601.7	577.4
Other non current assets	165.8	191.6
Investments in associated companies	12.9	49.4
Inventories	214.4	212.6
Trade and other receivables	341.7	320.2
Cash and cash equivalents	20.1	16.0
<b>Total assets</b>	<b>1,356.6</b>	<b>1,367.2</b>
Equity	766.6	590.5
Interest-bearing loans and borrowings	180.4	356.6
Non-current liabilities	143.5	143.2
Current liabilities	266.2	276.9
<b>Total equity and liabilities</b>	<b>1,356.6</b>	<b>1,367.2</b>
Gearing %	20.3	57.7

# Return on capital employed (ROCE), %



■ Excl. non-recurring items

**Target: Minimum 13%**

ROCE %

ROCE % excl. non-recurring items

**2006**

10.4

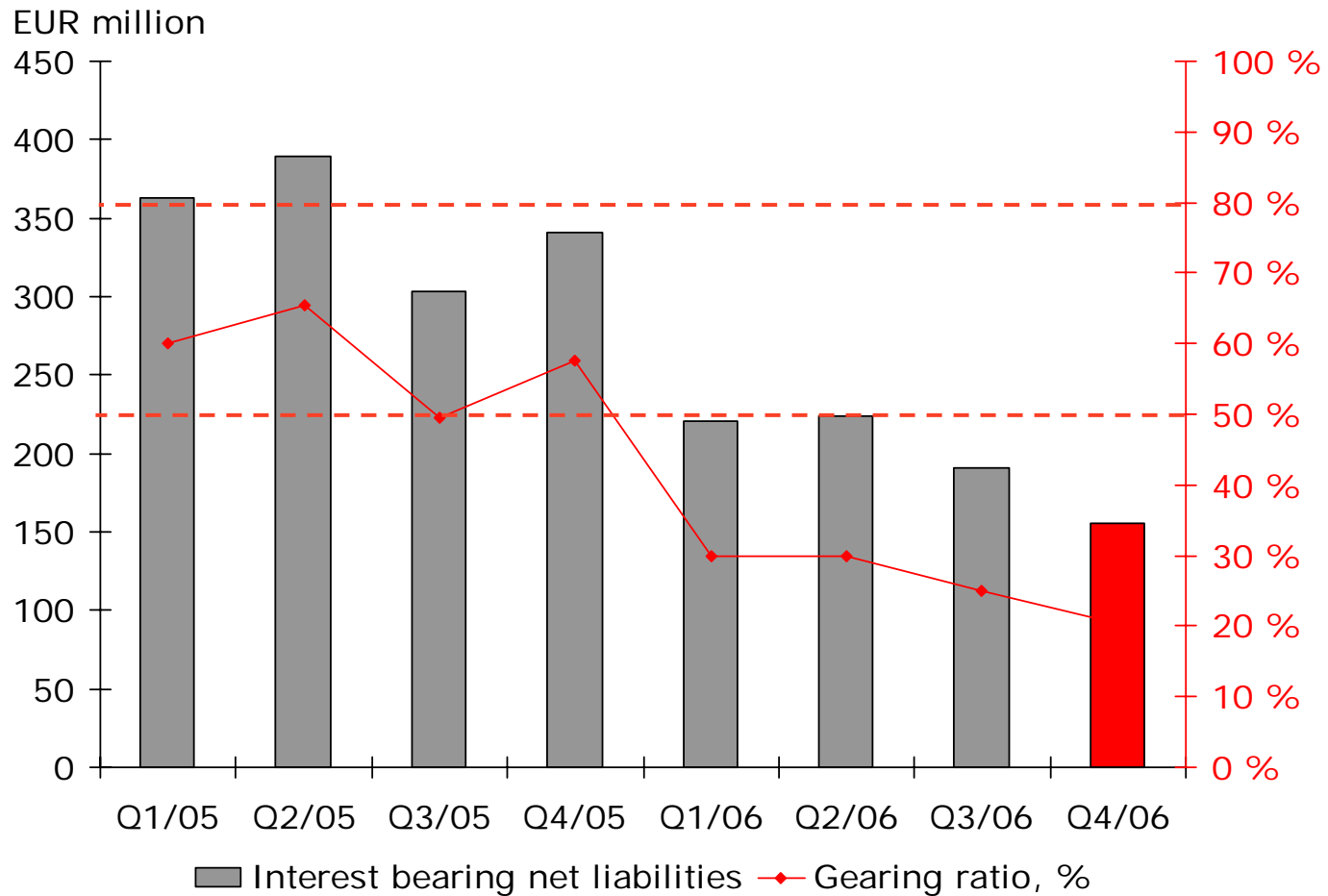
**2005**

12.4

9.5

10.5

# Interest-bearing net liabilities and gearing ratio



## Dividend proposal 1.00 EUR per share

- Dividend proposal: EUR 1.00 per share
- Total dividend payment: approx. EUR 46 million
- Pay out ratio: 76%
- Dividend yield: 4.6% (at share price of EUR 21.60)
- Record date: 4 April 2007
- Dividend payment date: 13 April 2007

## FiberComposites segment - Highlights 2006

	2006	2005	2004
<b>Net sales</b> , EUR million	808.2	742.3	663.9
<b>Operating profit excl. non-recurring items</b> , EUR million	54.1	62.7	47.1
<b>Operating profit excl. non-recurring items</b> , %	6.7	8.4	7.1
<b>Return on Net Assets excl. non-recurring items (RONA)</b> , %	8.9	10.8	9.2

- Annual net sales growth of 10.3% and volume growth of 6.8% since 2004
- 2006 sales growth driven by Filtration and Glass Nonwovens business area
- Operating profit was impacted by continued increase of raw material prices
- Investments of EUR 100 million announced, mainly outside of Europe
- Demand expected to remain solid except for HVAC impacted by weak North American housing markets
- After review period two acquisitions were announced totaling approx. EUR 70 million in net sales

## Specialty Papers segment - Highlights 2006

	2006	2005*	2004*
<b>Net sales</b> , EUR million	794.0	790.1	761.2
<b>Operating profit excl. non-recurring items</b> , EUR million	36.4	43.9	37.5
<b>Operating profit excl. non-recurring items</b> , %	4.6	5.6	4.9
<b>Return on Net Assets excl. non-recurring items (RONA)</b> , %	11.8	14.8	12.1

- Comparable annual net sales growth of 2.1%\* and volume growth of 2.7%\* since 2004
- Largest production line speed-up in January 2006
- High raw material prices impacted the segment profitability
- In addition to the Turin investment standstill, the fire in La Gère plant and restructuring measures impacted profitability
- Stable demand expected to continue but temporary excess supply in release liners might impact profitability
- Release liner expansion in France, EUR 30 million, to start-up in Q2 2007

\* Excluding Kauttua PM1



# Outlook H1 2007

- Solid demand expected in Europe, Asia and South America
- Low visibility currently in the US
- Pulp price expected to remain at high level
- Decline in oil and energy costs expected to gradually lower costs for synthetic fibers and energy
- Sales price increases and cost reductions key to offset high raw material costs
- Long term tax rate expected to be at 33-35%
- Global growth initiatives to continue in 2007

This presentation contains certain forward-looking statements that reflect the present views of the company's management. Due to the nature of these statements, they contain uncertainties and risks and are subject to changes in the general economic situation and in the company's business.

## Global growth initiatives to continue in 2007

Investment	Business area	Start-up	MEUR
Darlington, USA, specialty glassfiber reinforcement plant	Glass Nonwovens	Q1/2007	10
La Gère, France, release liner capacity expansion	Label & Packaging	Q2/2007	30
Wuxi, China, needlepunch line for dust filtration	Filtration	Q3/2007	4
Tver, Russia, glassfiber tissue plant	Glass Nonwovens	Q4/2007	38
Brignoud, France, needlepunch line for industrial nonwovens	Nonwovens	Q4/2007	6
Louveira, Brazil, spunlace line for wipes	Nonwovens	Q1/2008	17
Texas, USA, air filter media line	Filtration	Q1/2008	5
Chirnside, UK, spunmelt line for infusion materials	Nonwovens	Q4/2008	27

- Capex 2007 excl. acquisitions estimated to be at 2006 level at approximately EUR 120 million

# Acquisitions announced in 2007

## **Orlandi's spunlace nonwoven business**

- A leading wiping fabrics producer in Europe
- Acquisition price EUR 60 million, EPS enhancing from 2007
- Net sales of approximately EUR 65 million including investment in 2007
- Market growth of spunlace fabrics market 7% annually

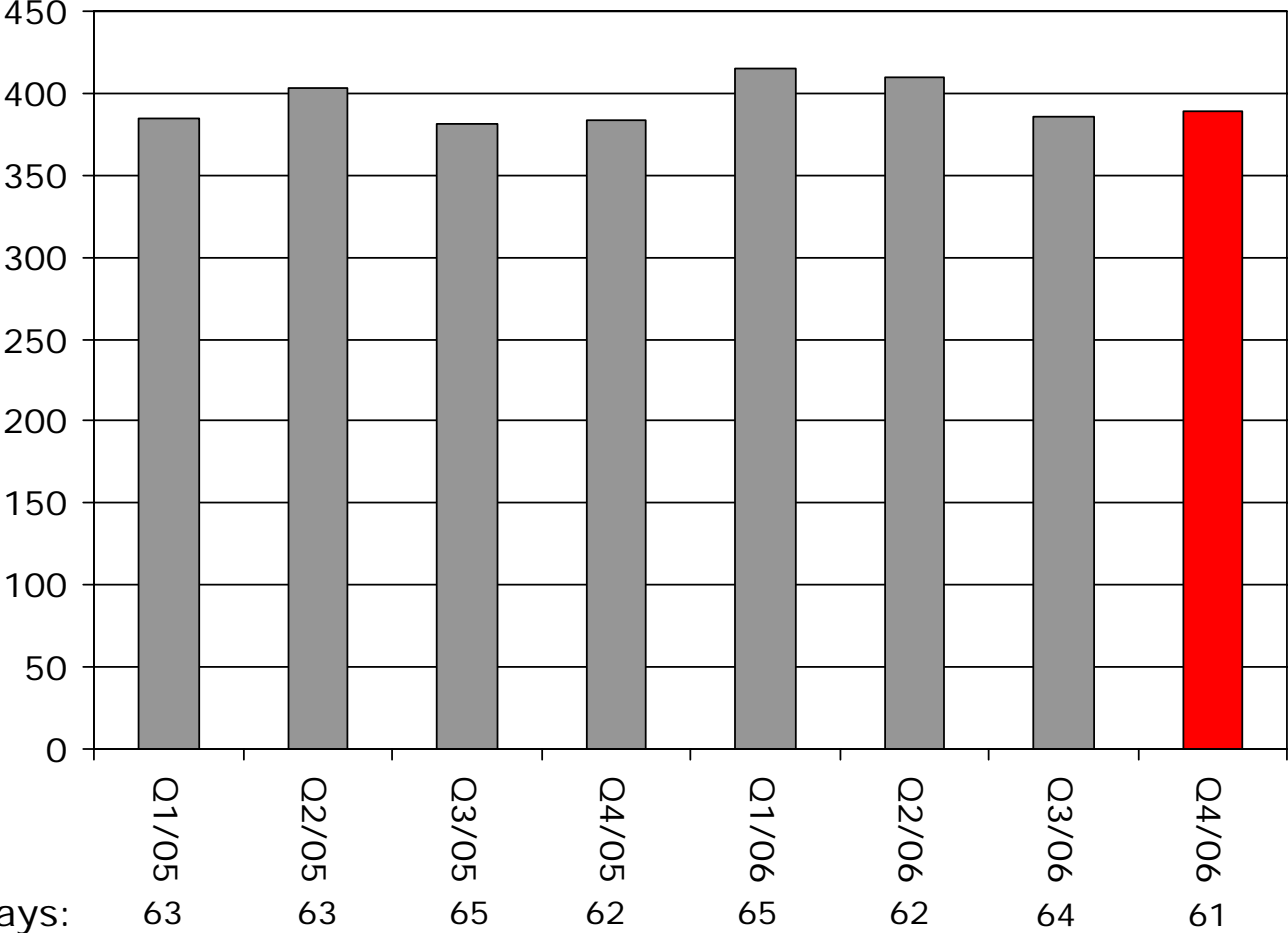
## **Fabriano Filter Media SpA, manufacturer of micro glass filter media**

- Gives access to high efficiency air filtration market
- Acquisition price EUR 7 million
- Net sales of approximately EUR 7 million
- Market growth of microglass filter media 5 % annually

# Appendix

# Net sales, EUR million

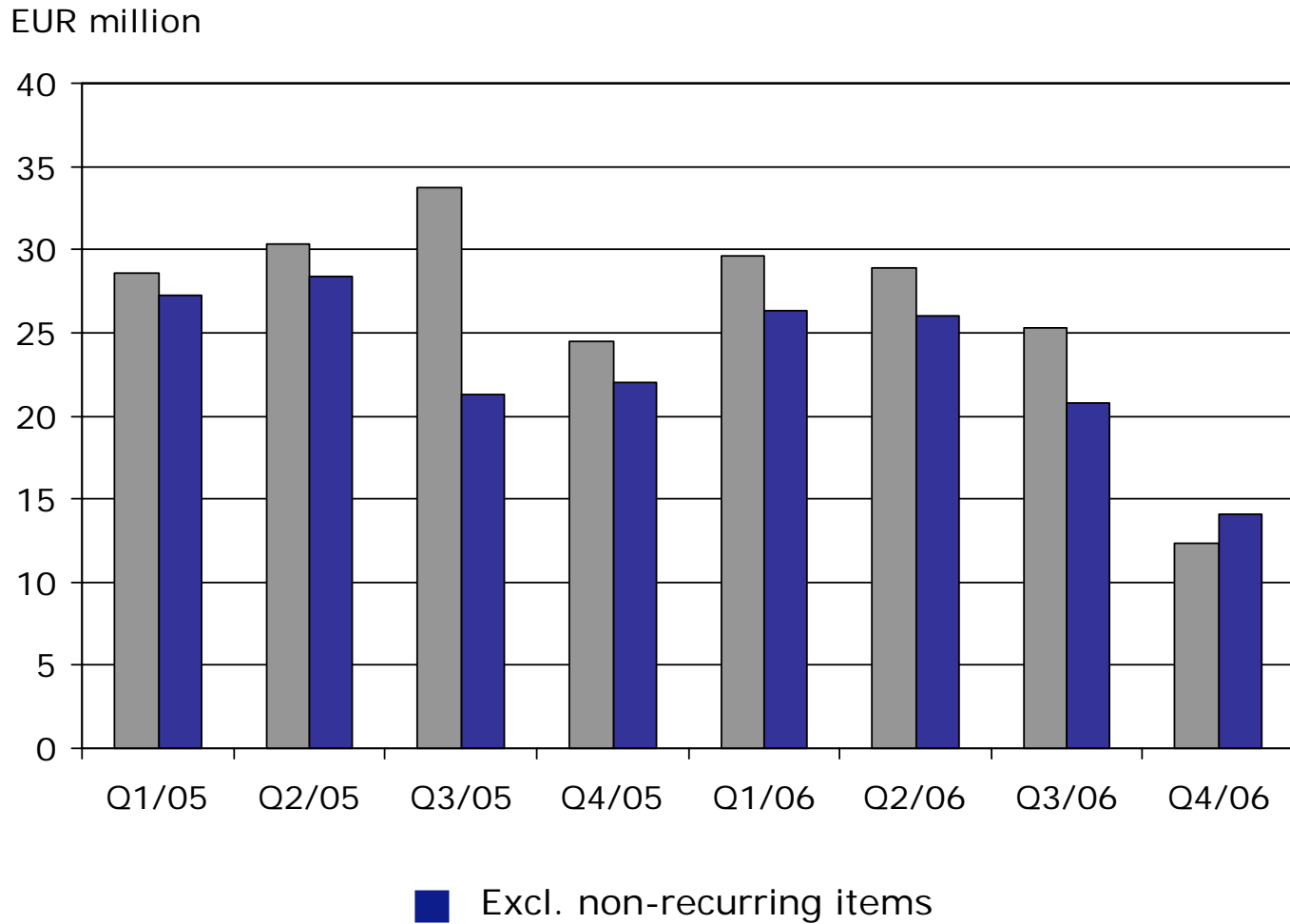
EUR million



Invoicing days:

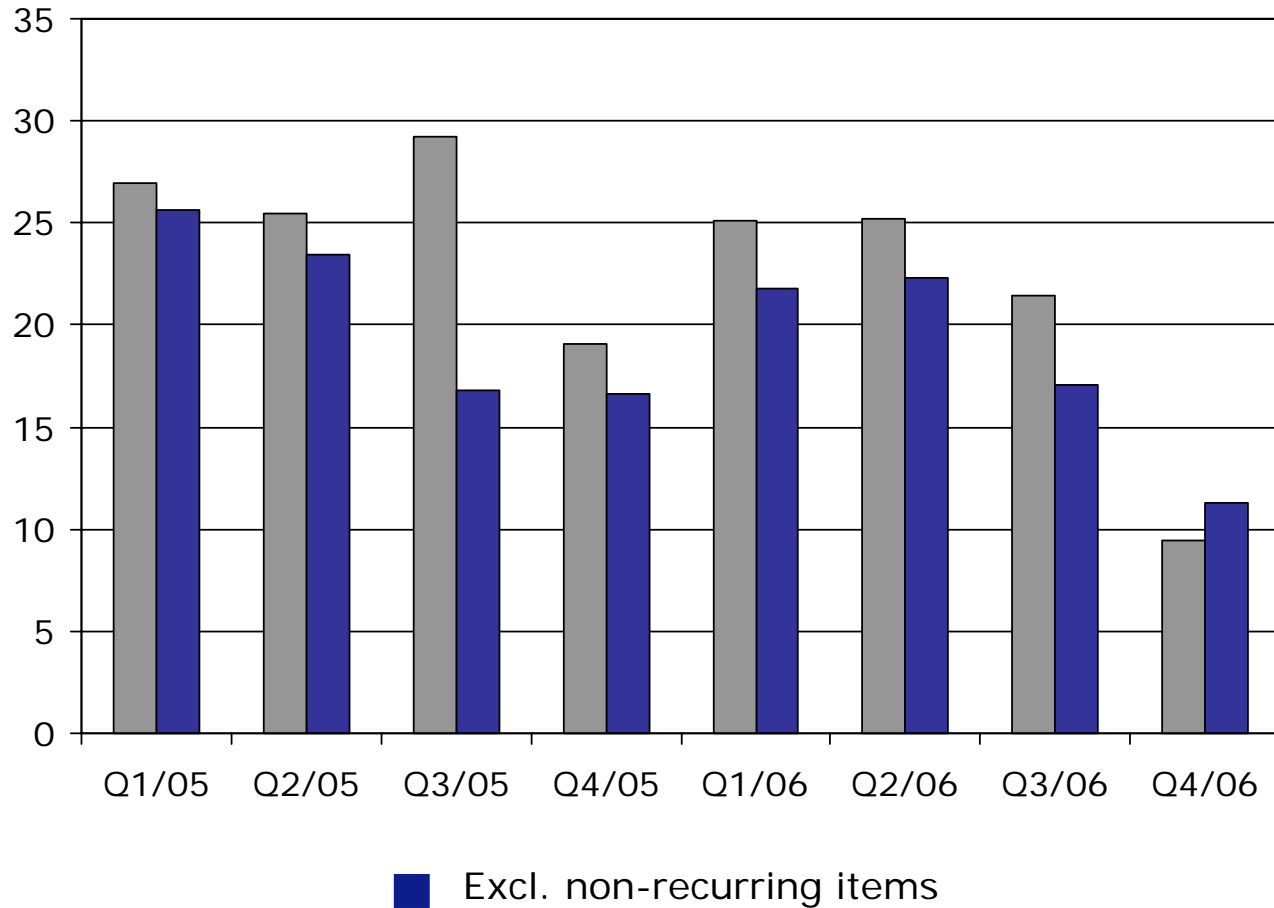


# Operating profit, EUR million

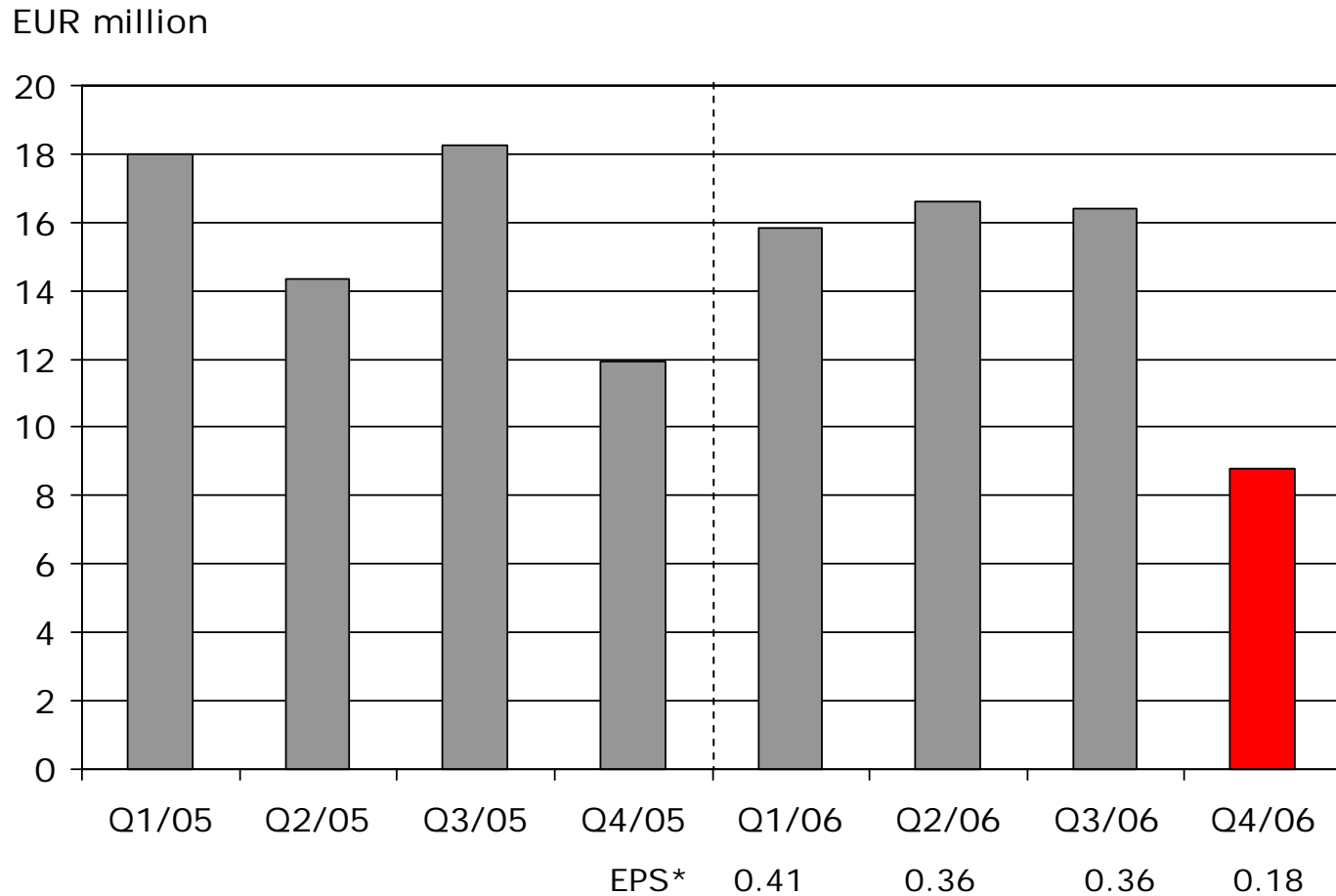


# Profit before taxes, EUR million

EUR million



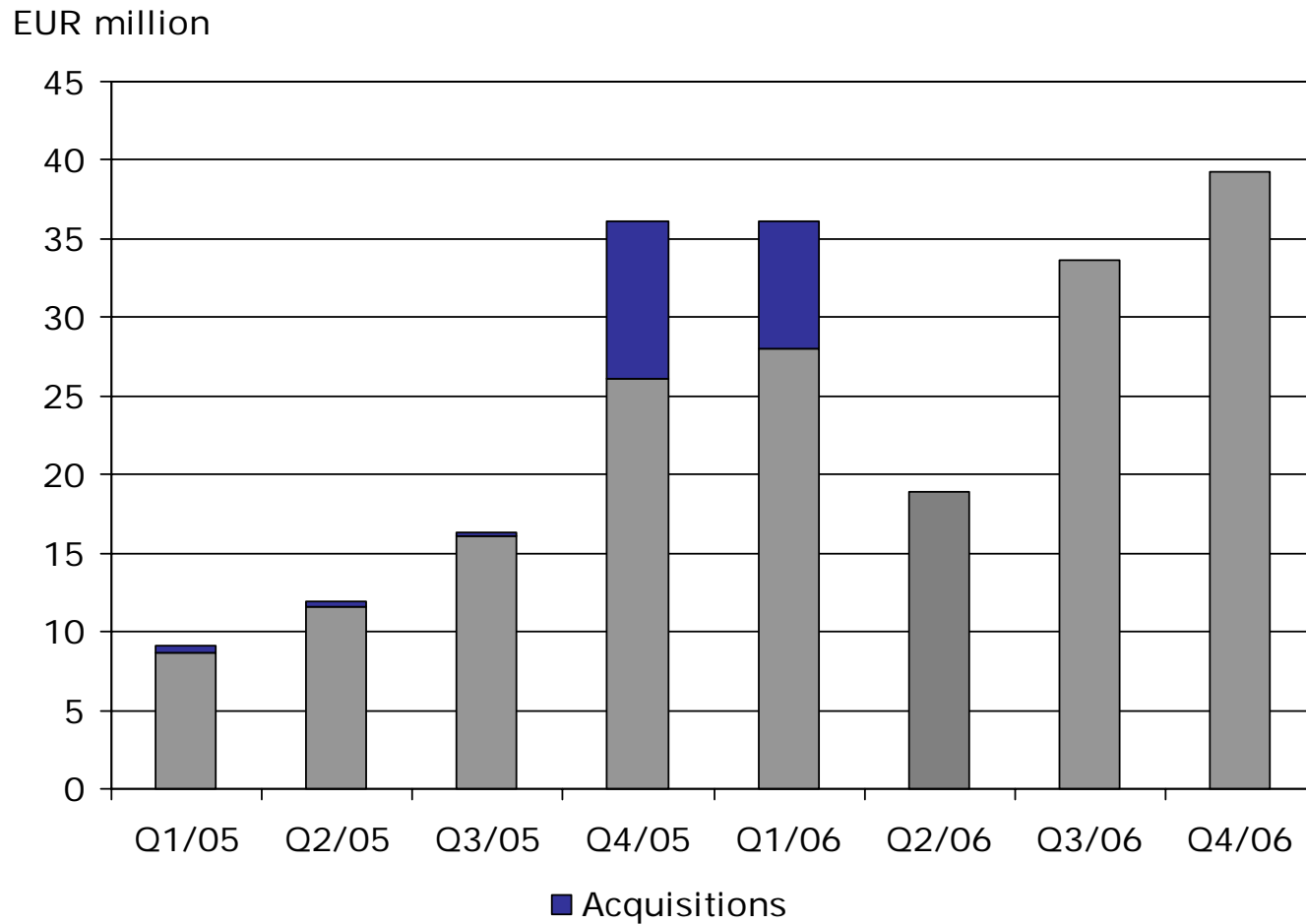
# Profit for the period, EUR million



\* Share related indicators are not fully comparable due to the dilution effect of the issue of new shares in March, 2006



# Investments, EUR million



## Non-recurring items 2006

	2006
<b>Non-recurring gains</b>	<b>MEUR</b>
Exit of Sonoco-Alcore	6.7
Sale of property in Germany	7.5
Other sales of shareholdings	1.3
<b>Total gains</b>	<b>15.5</b>
<b>Non-recurring costs</b>	
Asset impairment in Label & Packaging and restructuring of Filtration business area	-3.2
Restructuring of Technical Paper business area	-3.5
<b>Total costs</b>	<b>-6.7</b>
<b>Net non-recurring gains</b>	<b>8.8</b>