

Ahlstrom Corporation



Road show in Stockholm

Sept. 7, 2010

Part I

Ahlstrom as an investment

Ahlstrom in brief

- A leading supplier of high performance nonwovens and specialty papers
- 5,800 employees in over 20 countries on six continents
- Business areas
 - Building and Energy
 - Filtration
 - Food and Medical
 - Home and Personal
 - Label and Processing
- Listed on the NASDAQ OMX Helsinki since 2006
- Net sales EUR 1.6 billion in 2009



Business areas as of July 1, 2010

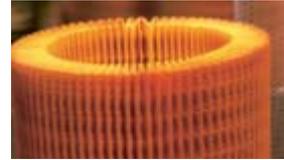
Building and Energy

Wind turbine blades, floorings, wall coverings, boat hulls, building panels, fabric care



Filtration

Automotive and transportation filtration, food and beverage filtration, water filtration, air filters, laboratory filtration



Food and Medical

Medical gowns, drapes and face masks, teabags, fibrous meat casings, baking papers



Home and Personal

Wipes for baby care, personal care and home care, industrial wipes

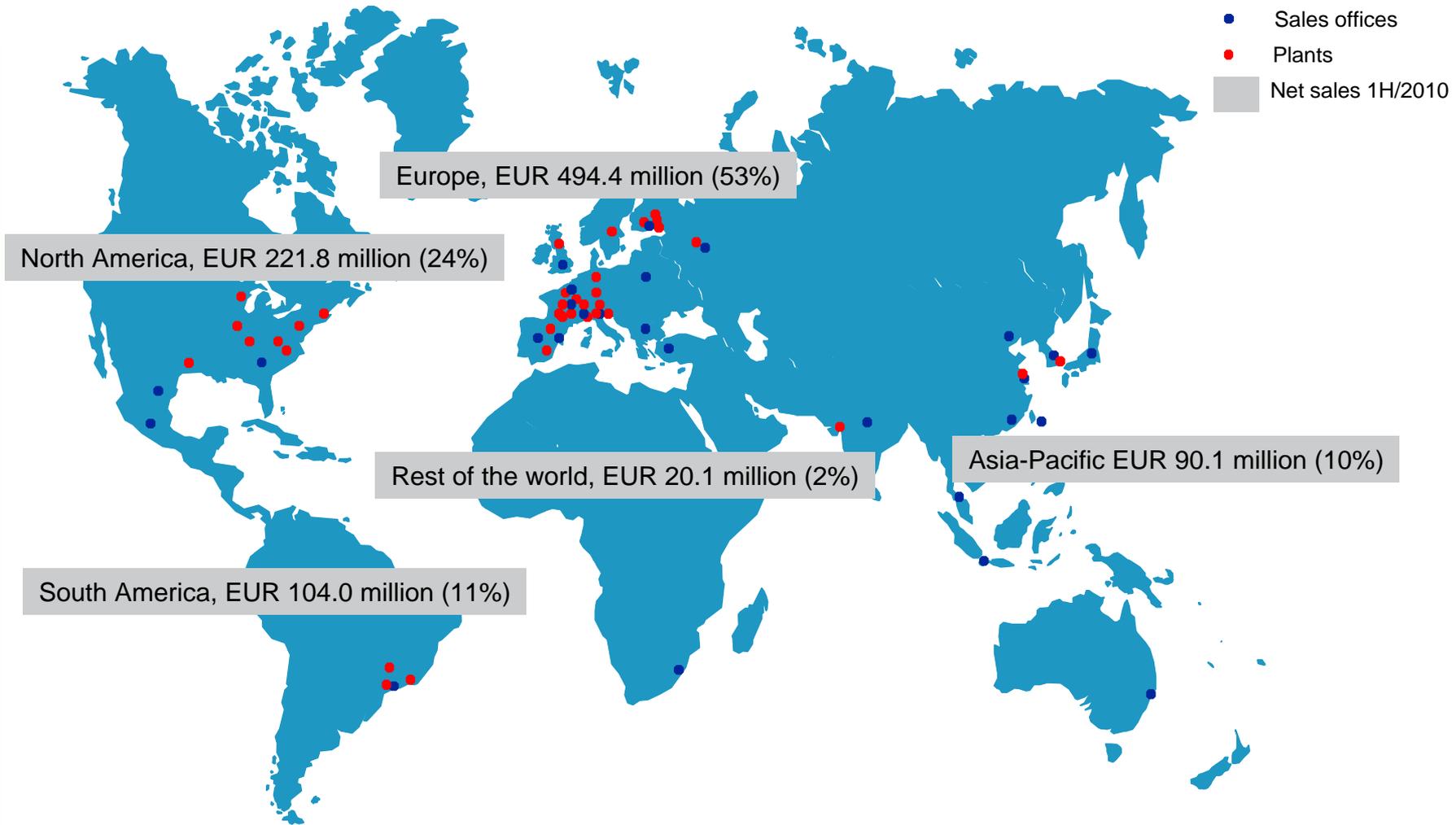


Label and Processing

Self-adhesive labels, wet-glue labels and metalized labels for beverages, food and non-food packaging, pharmaceuticals and cosmetics, poster papers, repositionable notes, furniture foils, gaskets, heat shields, abrasive papers, sound absorption materials



Global manufacturing presence & markets



Leading supplier of fiber-based materials

Business area:

Market position*

Building and Energy

1-3**

Filtration

1**

Food and Medical

1-3

Home and Personal

1

Label and Processing

1-3**

Investments

Since the IPO in 2006, about EUR 500 million has been invested into organic growth and acquisitions

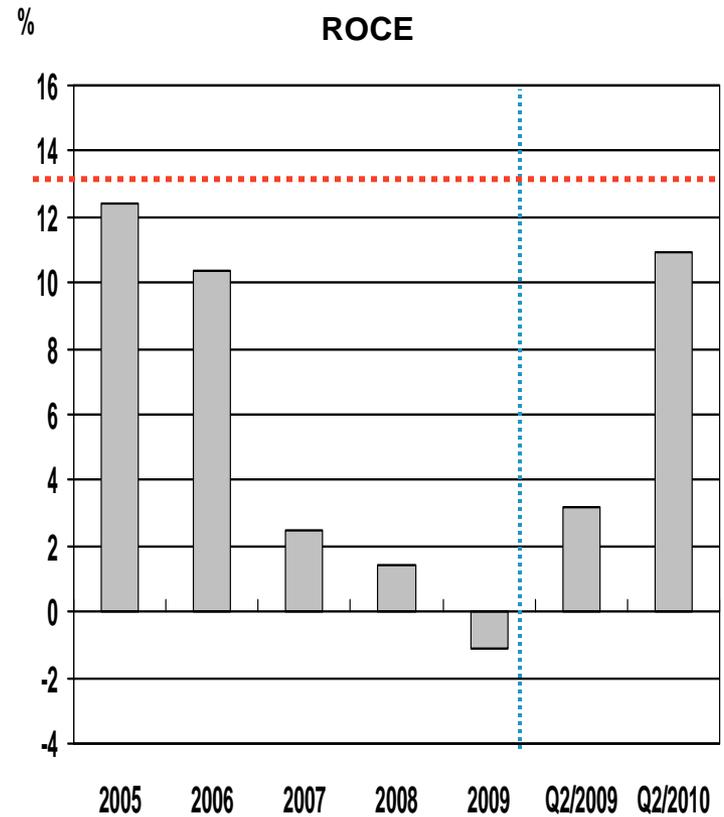
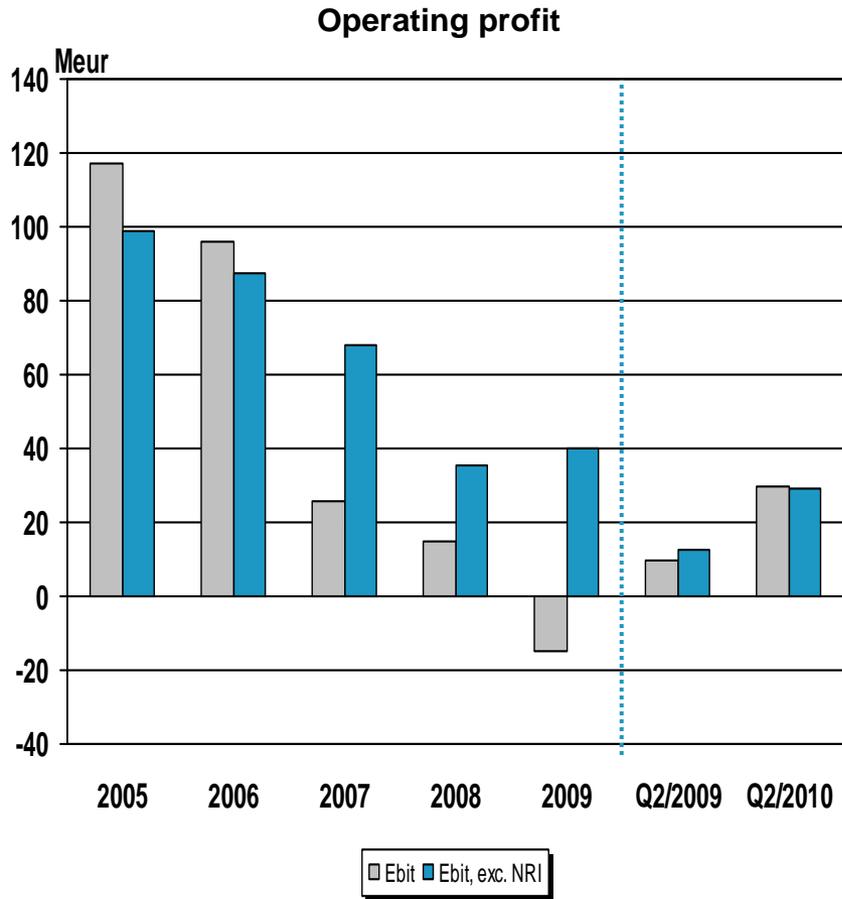
- Q1/2007 Green Bay, WI, USA
 - New line for wipes
- Q1/2007 Bishopville, SC, USA
 - Expansion, speciality reinforcements
- Q2/2007 La Gere, France
 - Revamp of release base papers line
- Q1/2008 Brignoud, France
 - New industrial nonwovens line
- Q2/2008 Tver, Russia
 - New glassfiber tissue plant
- Q3/2008 Wuxi, China
 - New dust filtration line
- Q3/2008 Bethune, SC, USA
 - New dust filtration line
- Q3/2008 Chirnside, UK
 - New plant for tea bag materials
- Q4/2008 Paulinia, Brazil
 - New wipes plant
- Q2/2009 Turin, Italy
 - Revamp of wall coverings line
- Q1/2010 Mundra, India
 - New medical nonwovens plant

M&A track record

- Sept. 2010 Shandong Puri, China* EUR 22.5 million
 - Automotive filtration
- Aug. 2008 Jacarei, Brazil EUR 110 million
 - Coated and uncoated papers, labels and flexible packaging
 - Started as JV with Votorantim Celulose e Papel in 2007, Ahlstrom acquired remaining 40% stake in 2008
- Feb. 2008 West Carrollton, USA EUR 9.8 million
 - Vegetable parchment
- May 2007 Fiberweb, USA, Spain, Italy EUR 65 million
 - Nonwovens for wipes
- May 2007 Fabriano, Italy EUR 7 million
 - Microglass filter material
- April 2007 Orlandi, Italy EUR 60 million
 - Nonwovens for wipes
- Jan. 2006 HRS Textiles Inc., USA EUR 17 million
 - Air and liquid filtration

* The acquisition is expected to be completed by the end of Sept., 2010

EBIT & ROCE

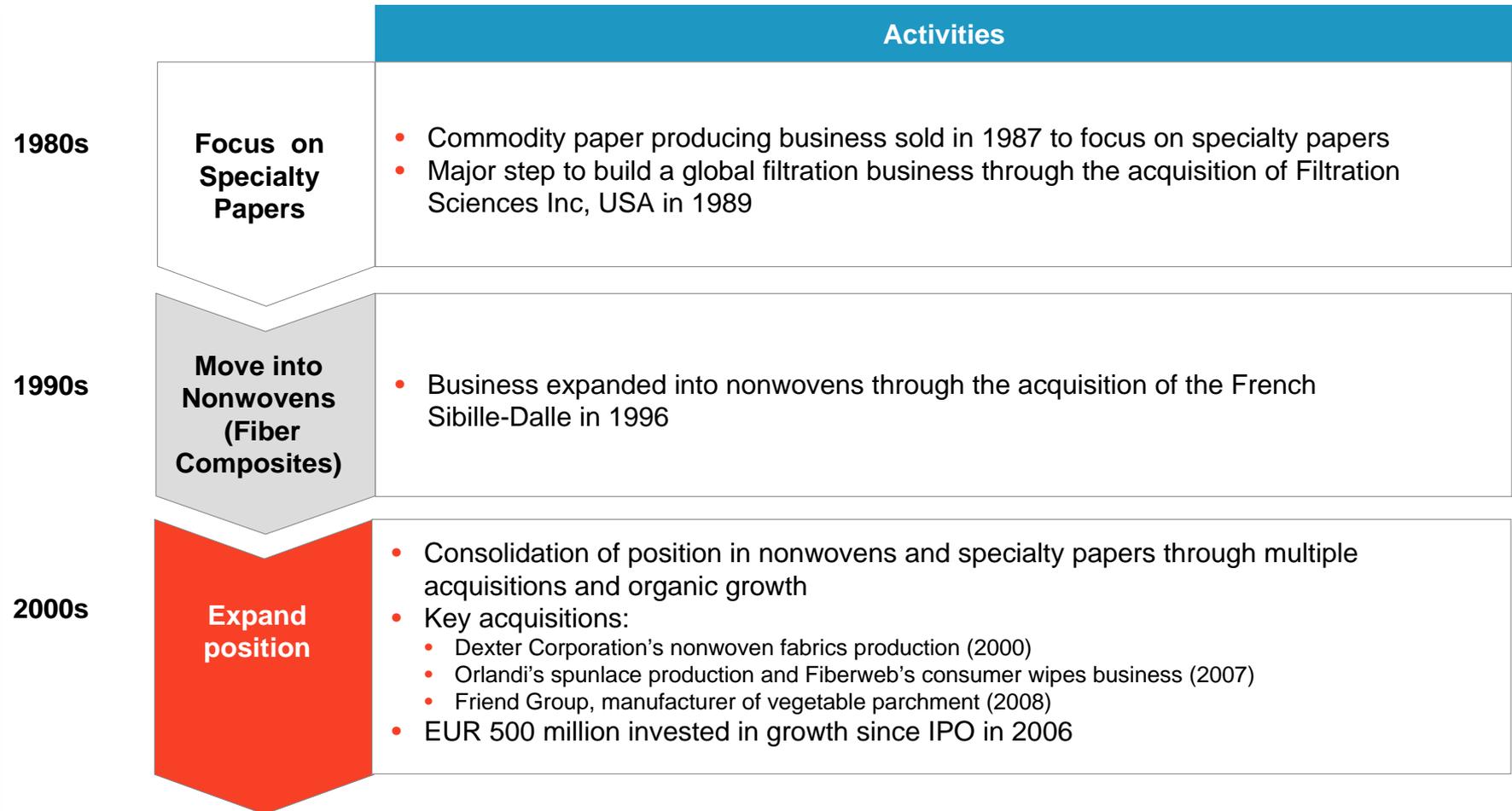


Target: Minimum 13%

Part II

Revised strategy and new operating model

From paper-making business to nonwovens and specialty papers company



Key strategic challenges for Ahlstrom

Focus on profitable growth in high-potential areas

- Higher growth rates
- Better margins
- Stronger competitive position

Business portfolio complexity

- Customer industries
- Products and applications
- Technologies
- Organization and business management

Improve operational execution

- Operational excellence
- Innovation processes
- Sales and marketing
- Supply chain management

Ahlstrom's near-term strategic roadmap



New focused business portfolio to support profitable growth

Value-added businesses

Crepe papers
Food nonwovens
Glassfiber tissue
Industrial nonwovens
Liquid filtration
Medical nonwovens
Specialty reinforcements
Transportation filtration
Vegetable parchment

Operational excellence businesses

Abrasive base papers
Air filtration
Coated specialties
Industrial papers
Label papers
Pre-impregnated décor papers
Release base papers
Sealing & Shielding papers
Wallpaper & Poster papers
Wipes

Grow and expand

– be different

- Offer value-added products at competitive prices
- Innovate for product performance and improved conversion process
- Organic growth and possibly small acquisitions
- In terms of geographical areas, growth will focus on Asia

Support growth

– be efficient

- Offer price competitive products
- Innovate for cost improvement

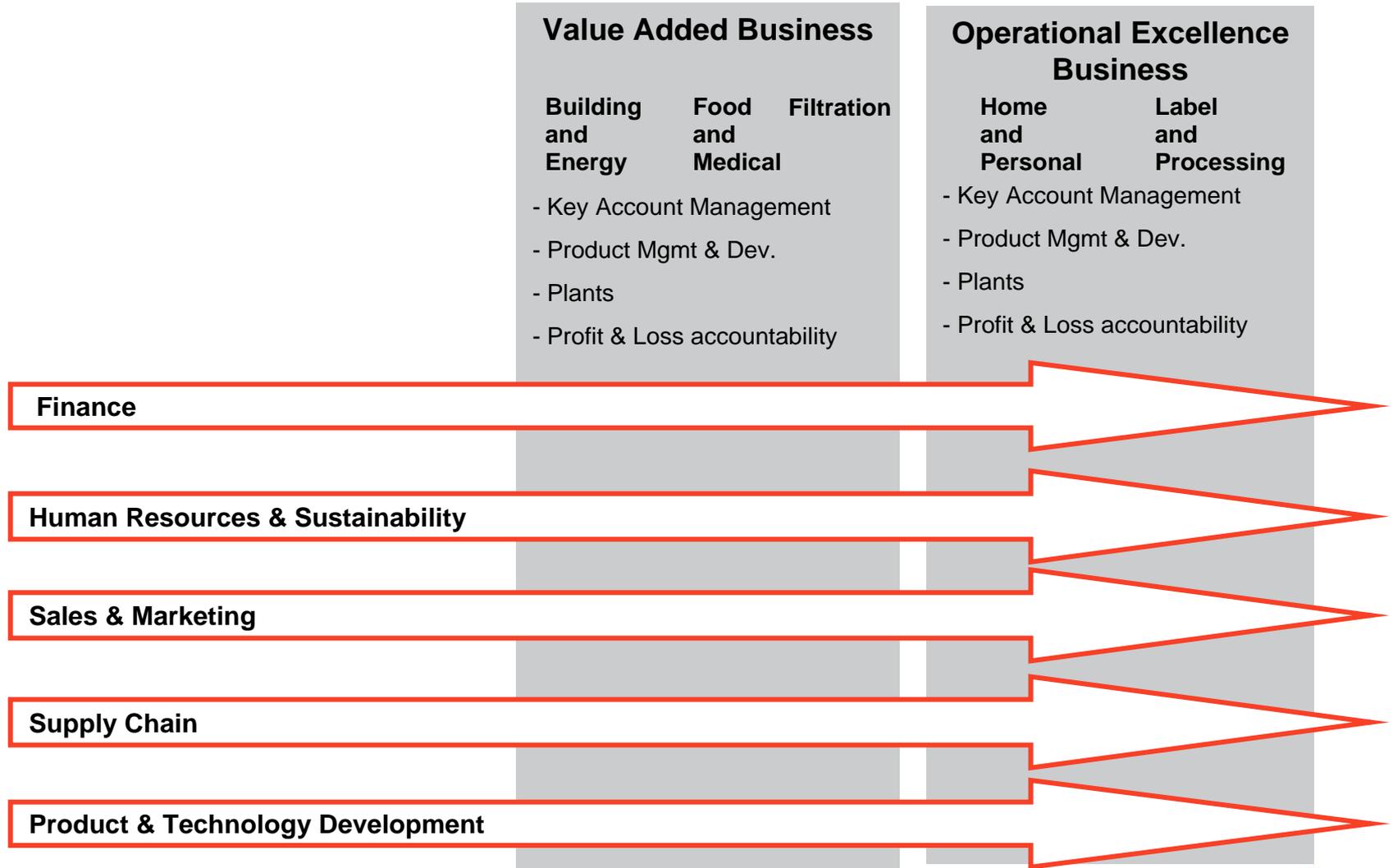
Operating model as of July 1, 2010

- The new model is based on the new strategy of two business clusters – Value Added and Operational Excellence
- Objectives:
 - Improve financial performance and efficiency
 - Support stronger focus towards customer orientation
 - Build One Ahlstrom: common processes and way of working, leadership and corporate culture
 - Improve utilization of key competencies and best practices

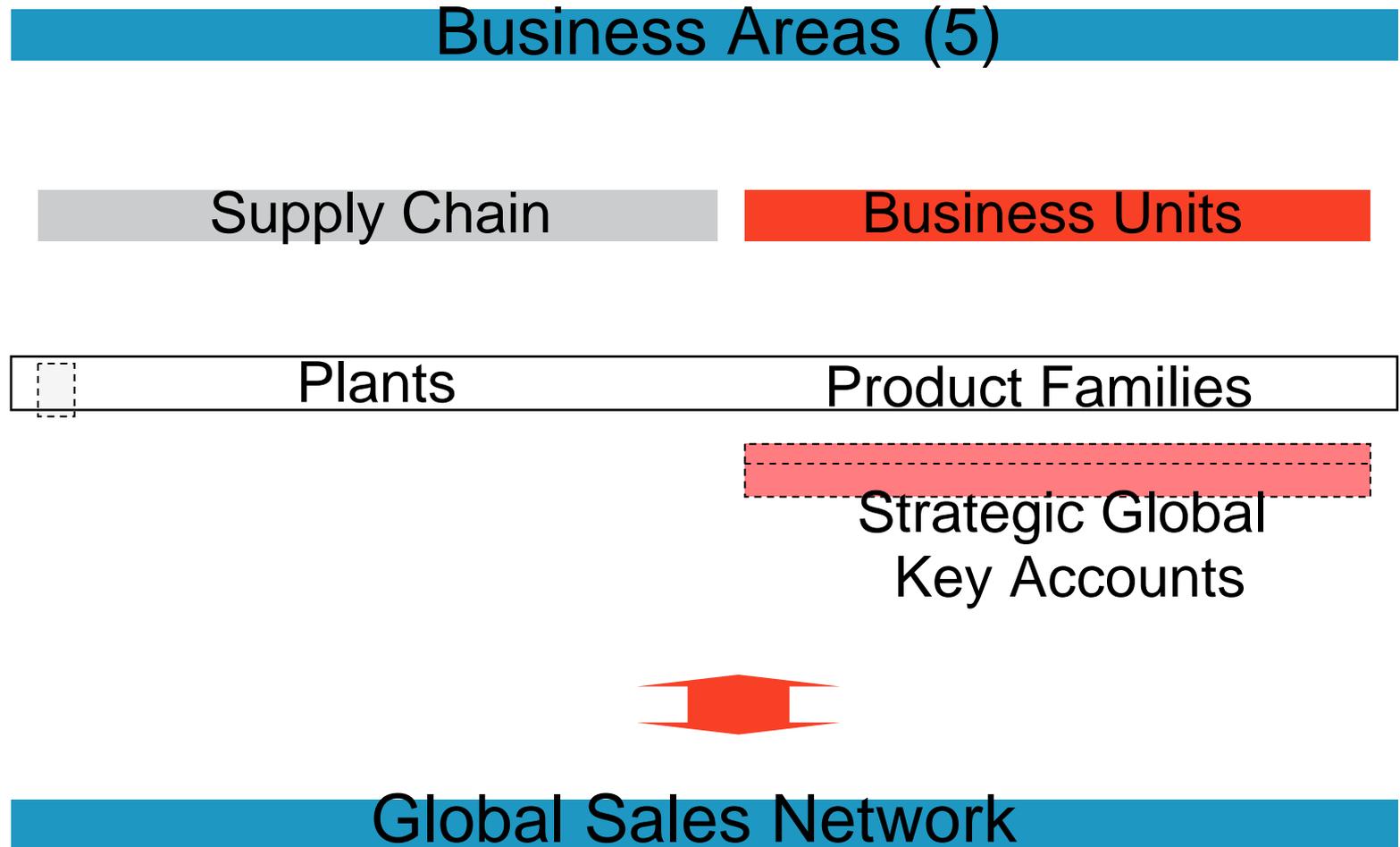
Key changes

- From six to five Business Areas, current Product Line structure (18 product lines) discontinued
- More transparency in external reporting: Fiber Composites and Specialty Papers segments discontinued, segment reporting according to new Business Areas
- Clearer responsibilities and processes in Account Management
- Common processes in key global functions: Sales & Marketing, Finance, Supply Chain, HR, Product & Technology Development
- Some changes in Executive Management Team

Operating model flow



Structure according to new operating model

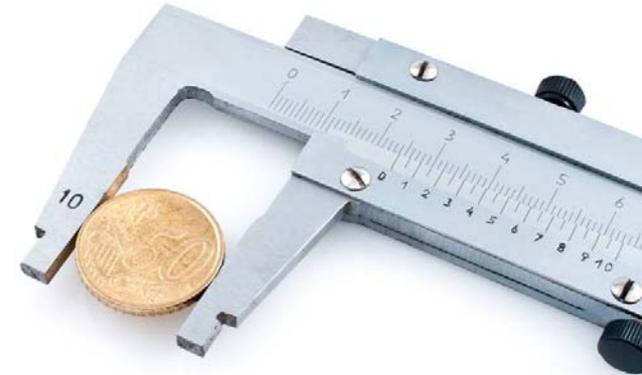


Part III

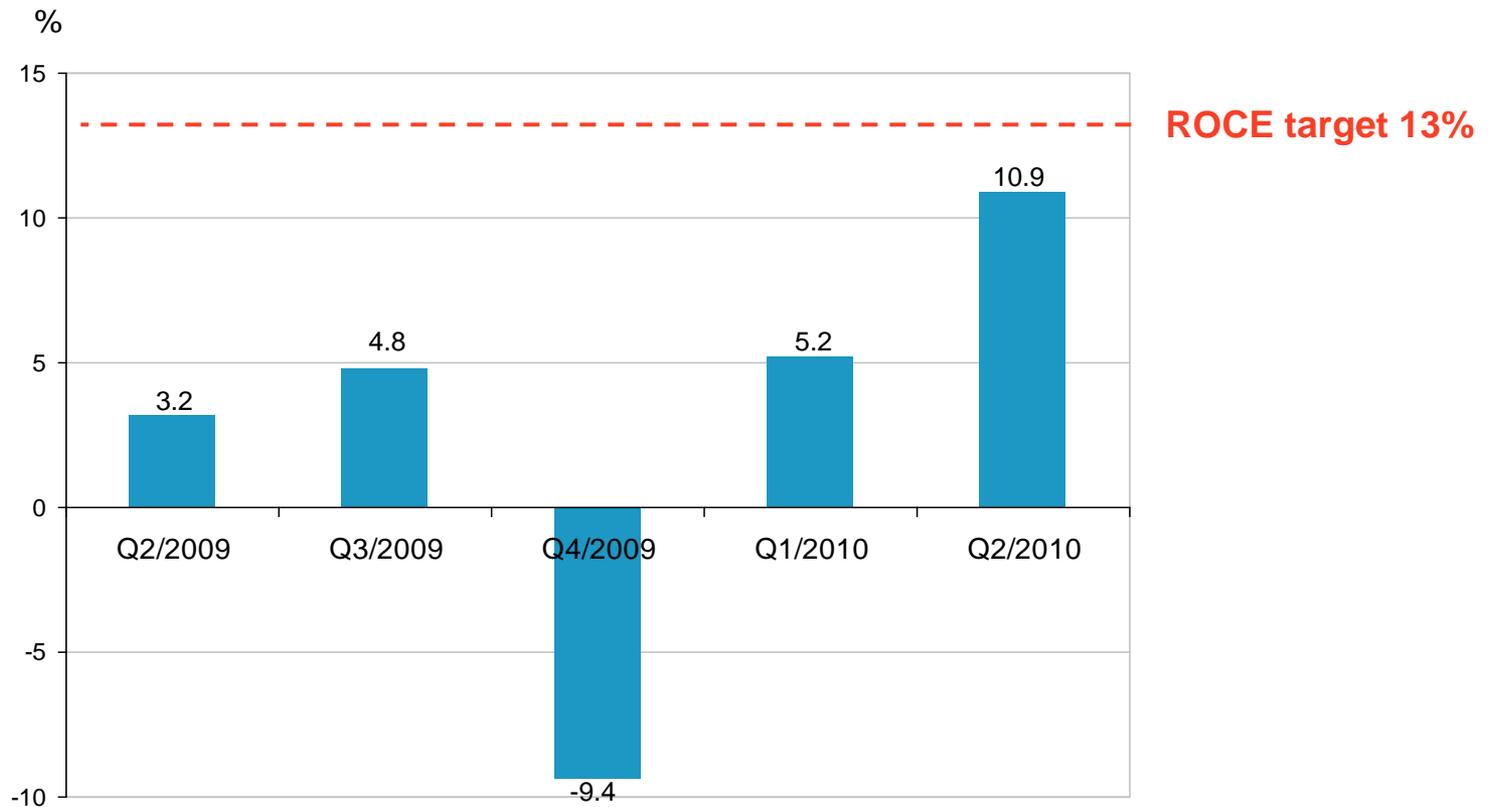
Interim report January-June 2010 and outlook

Highlights of April-June 2010

- Net sales reached Q2/2008 levels
- Profitability continued to improve
- Strong cash flow
- Organization and operating model were revised to support updated strategy
- Capacity utilization rates of the projects included in the EUR 500 million investment program of 2007 & 2008 have improved due to increased demand, however, they still remain below target levels



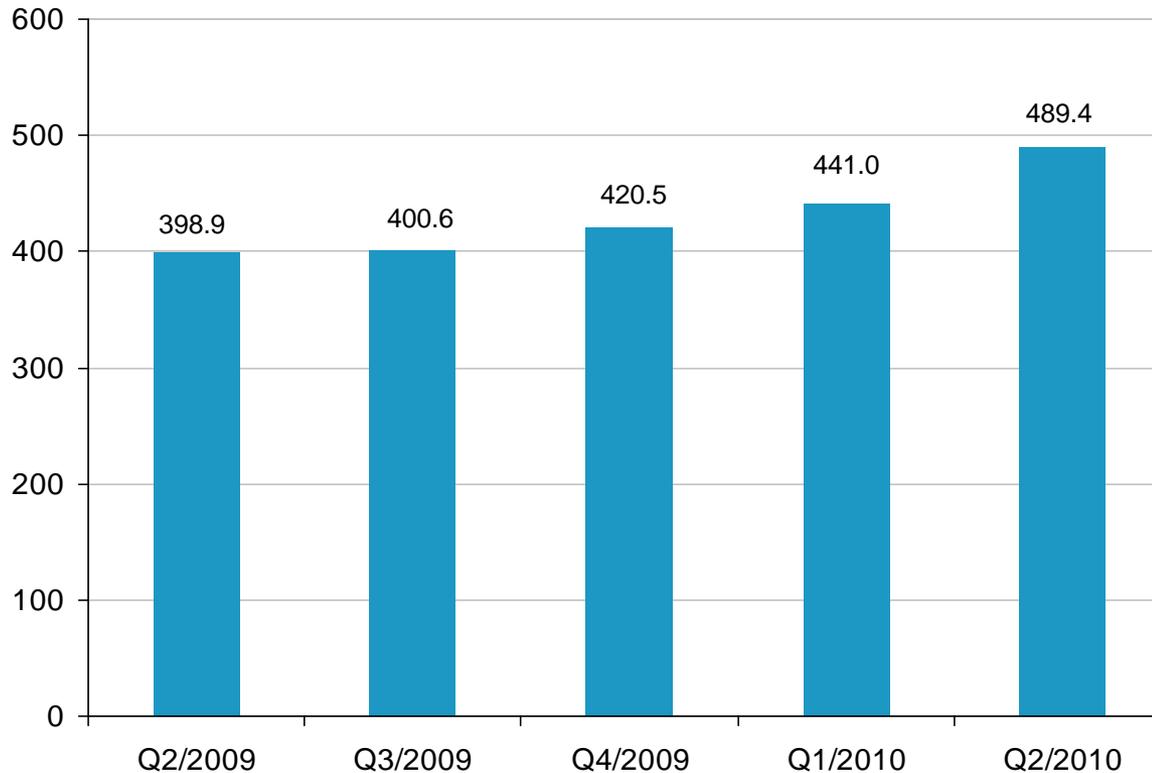
Return on capital employed doubled in H1/2010



- ROCE is one of the most important strategy success indicators

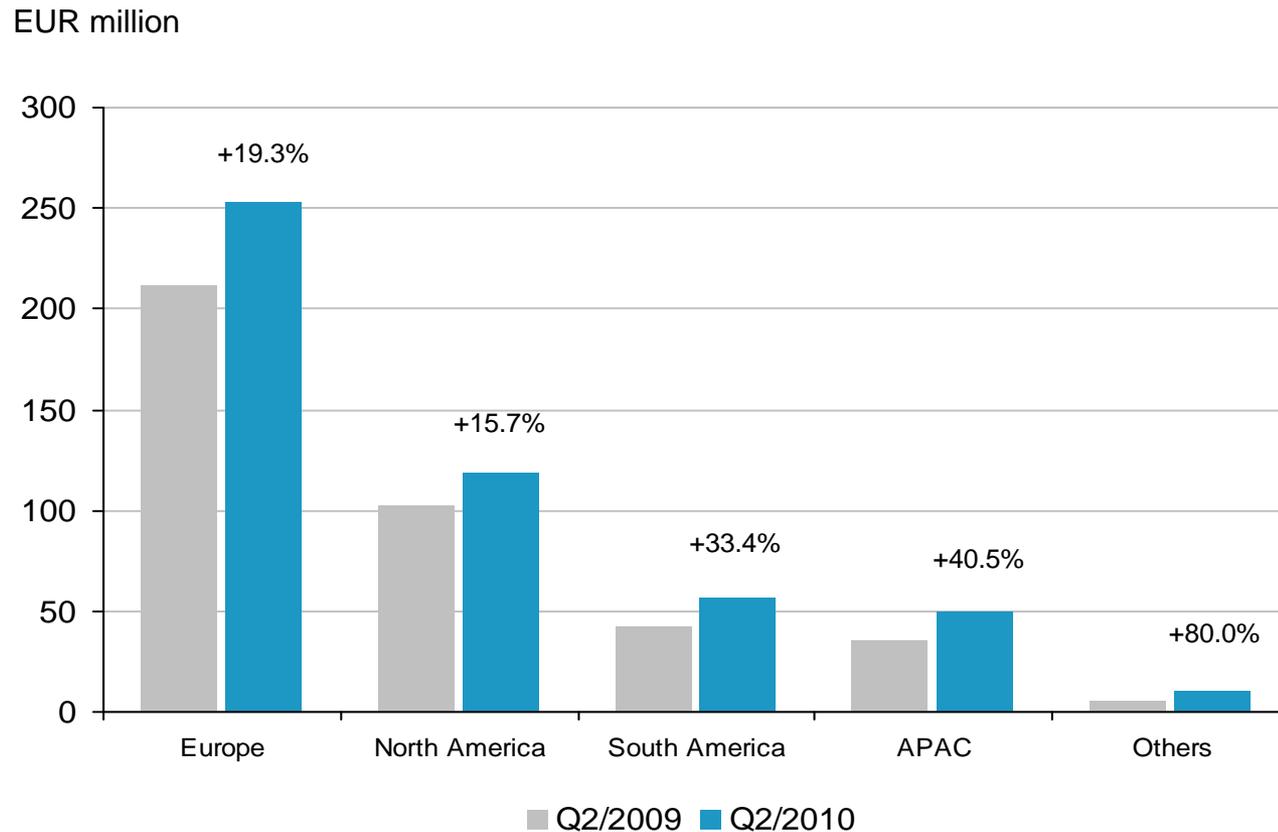
Net sales Q2/2009–Q2/2010

EUR million



- Net sales rose by 22.7% from Q2/2009 – half of growth attributable to higher sales volumes, rest to price increases
- Net sales reached Q2/2008 levels

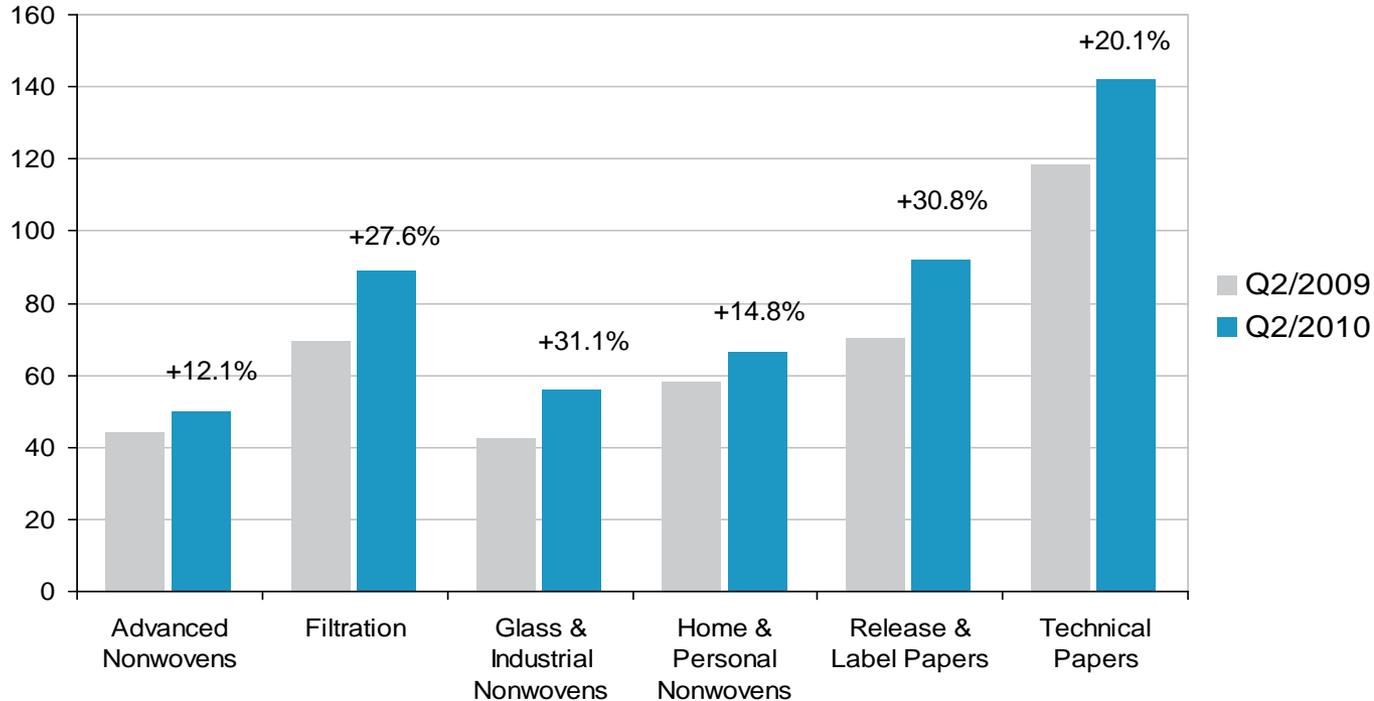
Net sales by region



- Fastest sales growth in Asia and South America
- Stronger USD together with higher volumes and prices boosted euro-denominated sales in North America

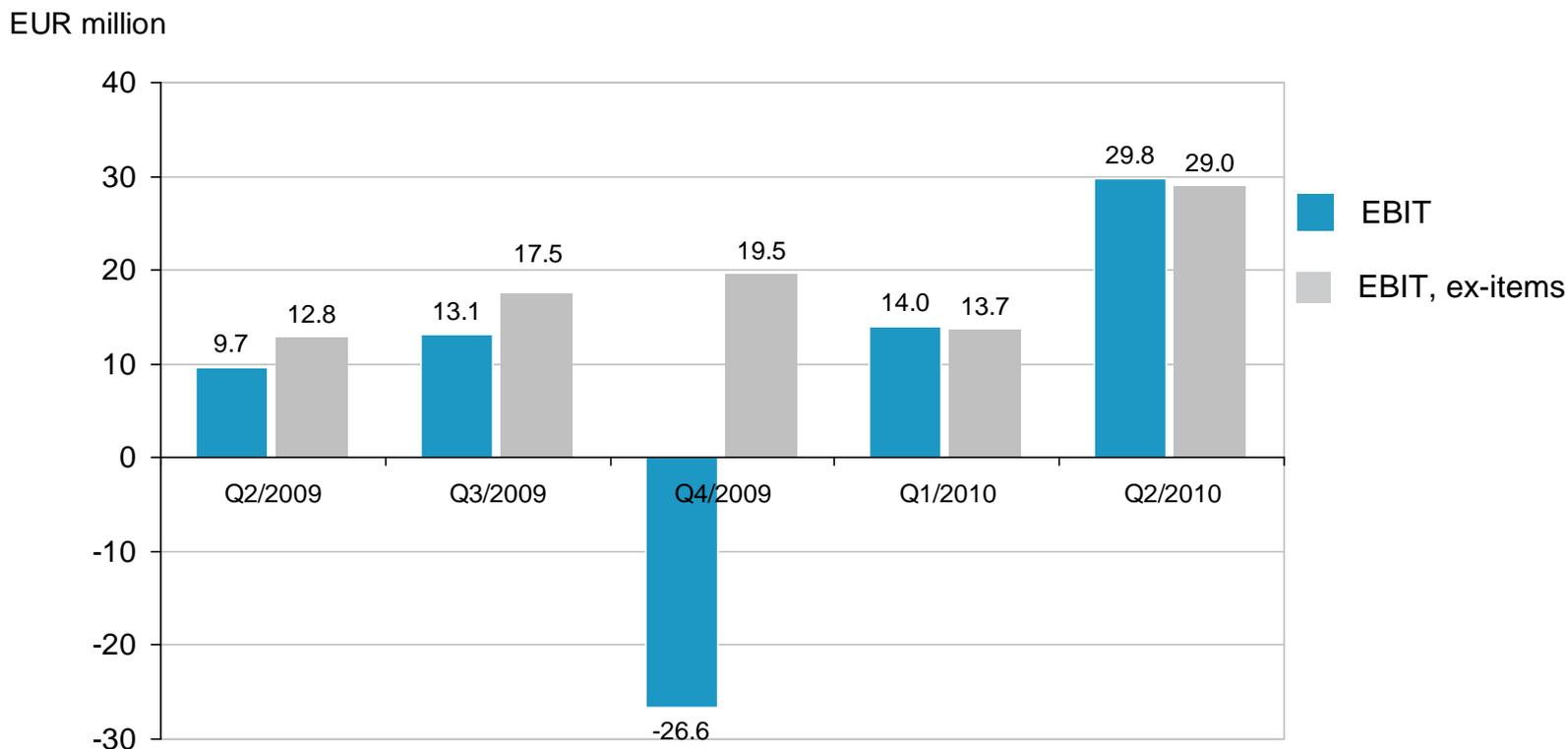
Net sales by business area in Q2/2010

EUR million



- Net sales at Glass & Industrial Nonwovens were lifted by increased demand for building materials, especially flooring and wallcover
- Filtration benefited from strong improvement in demand for filtration materials in Europe and South America
- Sales at Specialty Papers were boosted by the economic recovery through higher volumes and prices due to rising pulp prices
- Favorable currency fluctuations affected sales at Advanced Nonwovens
- Home & Personal Nonwovens sales were lifted by recovered demand and currency fluctuations

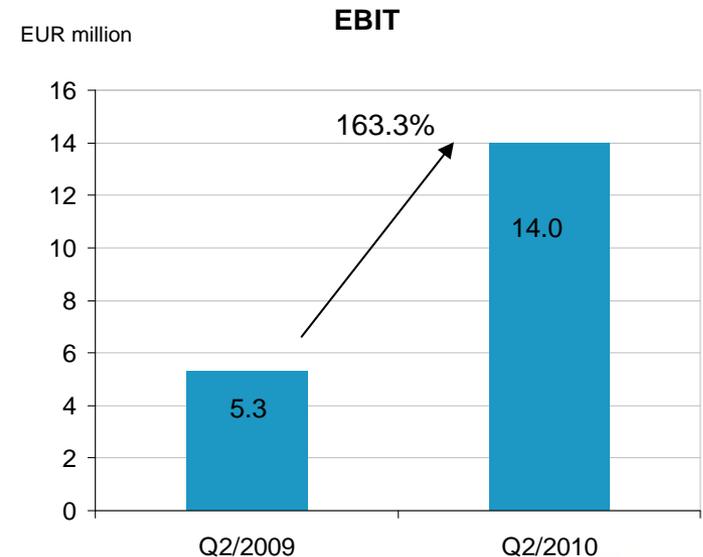
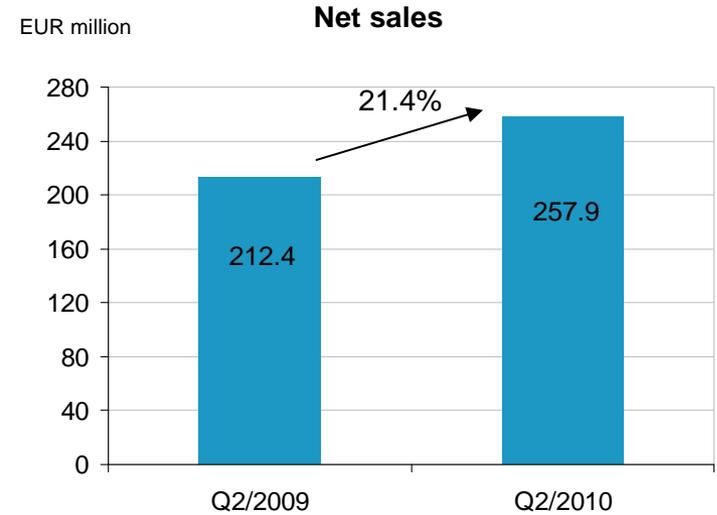
Operating profit/loss Q2/2009–Q2/2010



- EBIT clearly improved from Q2/2009 – increased sales volumes and streamlining measures started in 2009
- Q2/2010 includes EUR 4.2 million in gains from selling CO2 emission rights

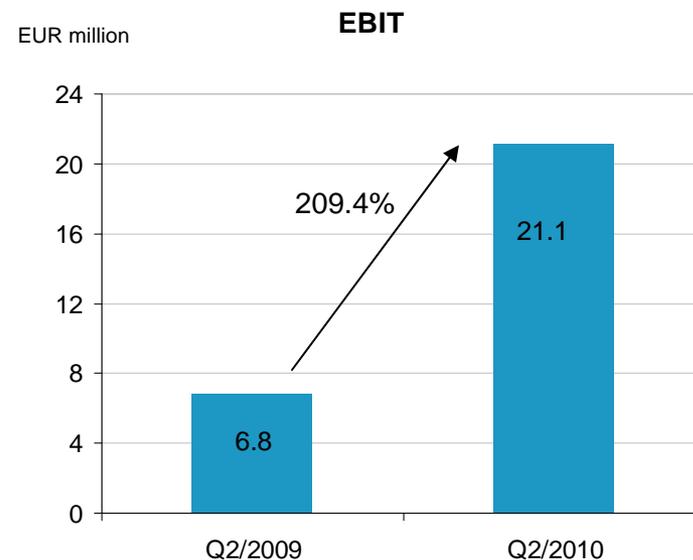
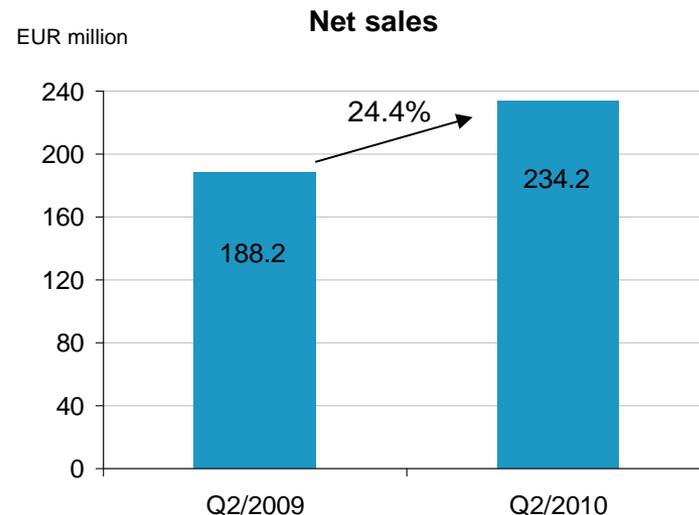
Fiber Composites segment in Q2/2010

- Economic recovery boosted demand for filtration materials used by transportation industry and building materials, especially wallcover and flooring
- Demand for food packaging and teabag materials, as well as for nonwovens used in medical applications, continued steady, currency fluctuations lifted sales in euros
- In wiping fabrics, sales were lifted by recovered demand and currency fluctuations
- Wind energy and marine industries continued to show signs of recovery

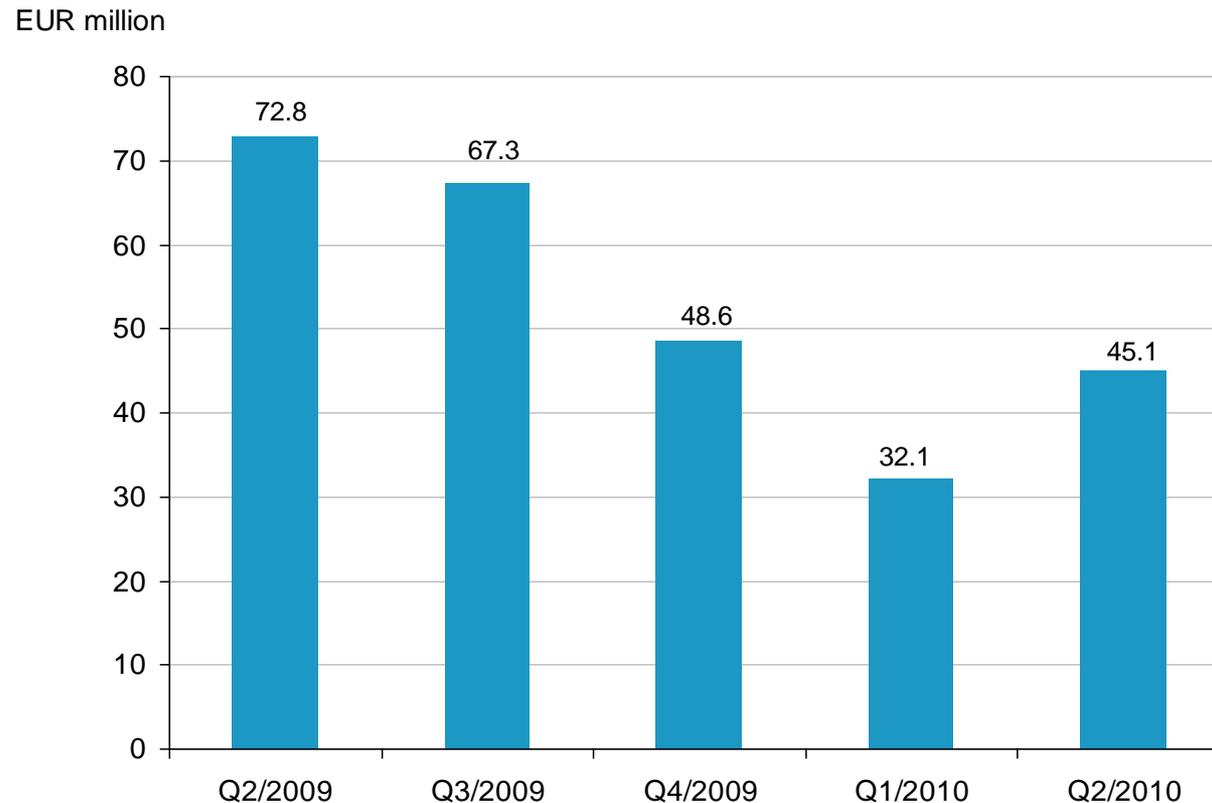


Specialty Papers segment in Q2/2010

- Specialty Papers' sales increased by almost a quarter and demand for Release and Label papers surpassed pre-recession levels
- Demand for Technical Papers continued to increase, supported by the strong market and low inventories
- Successful sourcing of pulp, while higher raw material costs have been passed onto prices for most part

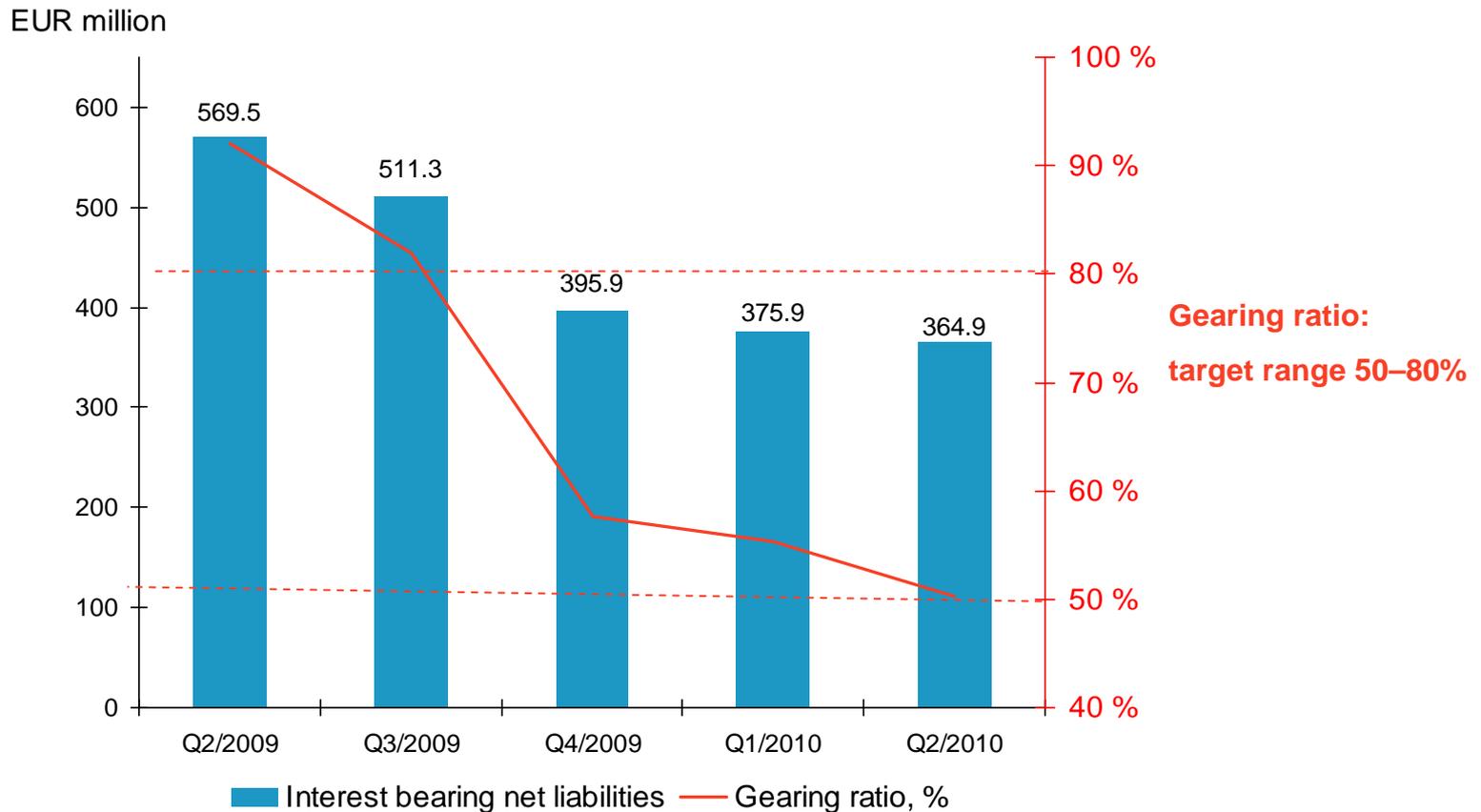


Net cash from operating activities Q2/2009–Q2/2010



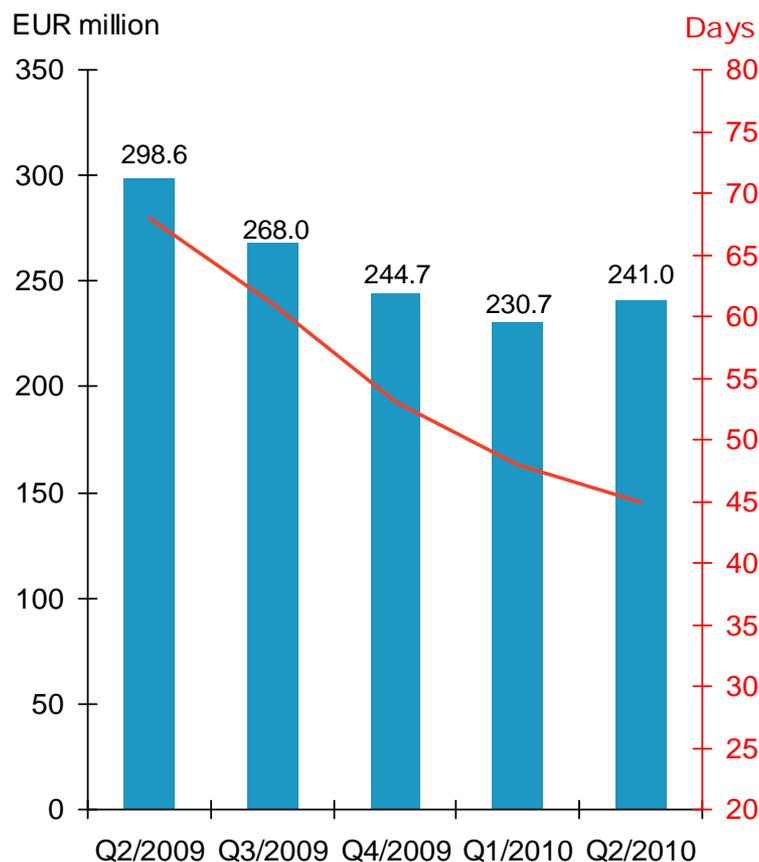
- Strong cash flow continued
- Operative net working capital and profitability improved, while higher financial items had negative effect

Gearing in target range



- Net debt and gearing ratio significantly reduced compared to Q2/2009
- Gearing ratio on June 30, 2010 was 50.3%

Strong development of working capital

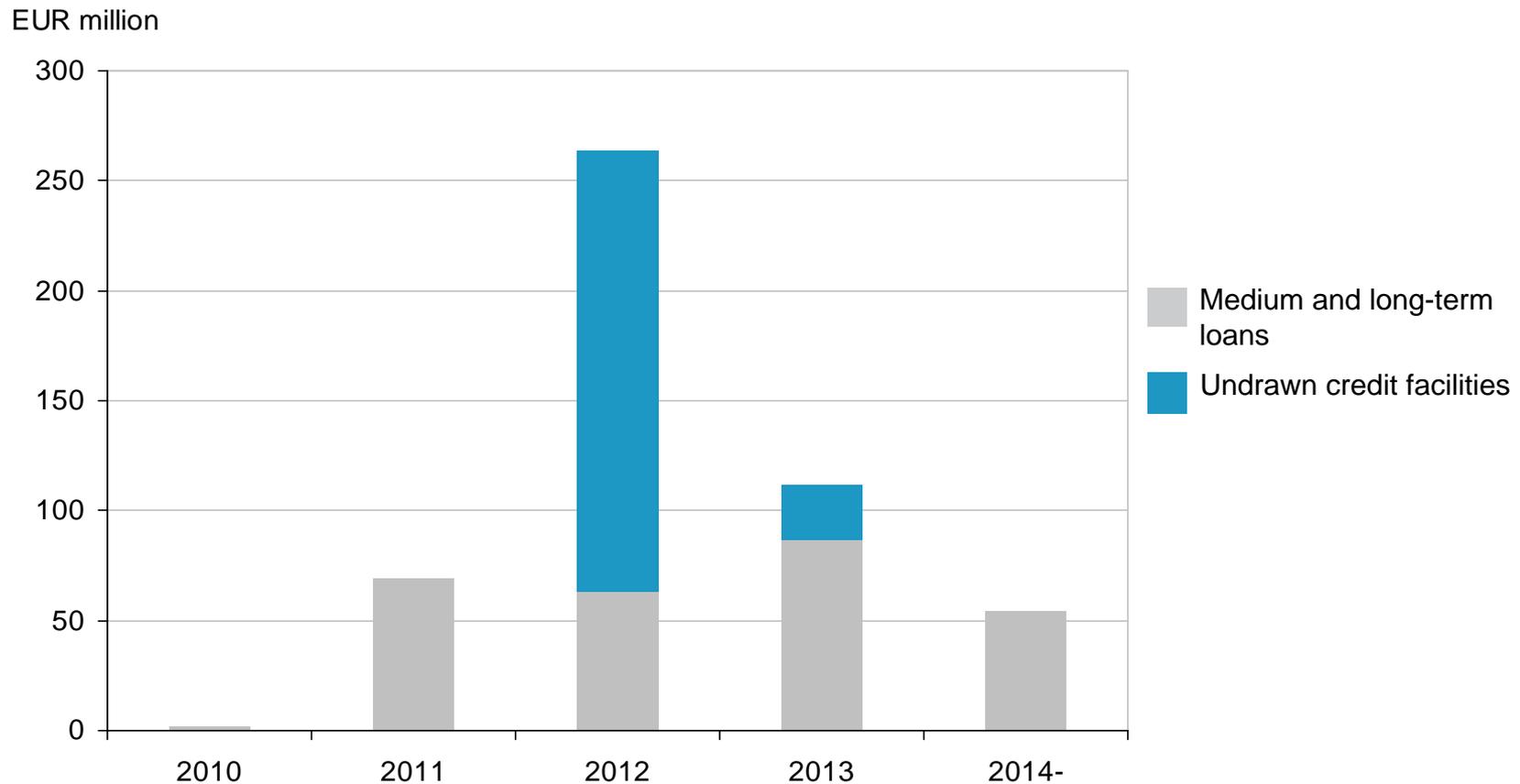


■ Operative working capital — Turnover rate in days

*Operative working capital = Accounts receivables + inventories – accounts payable

- Target to decrease working capital by EUR 100 million in two years
- Project in the final phase
- Working capital was reduced by EUR 108 million and turnover improved by 31 days from the end of 2008
=> turnover on June 30, 2010 was 45 days

Maturity profile of medium/long-term credit facilities



- Total liquidity, including cash, unused committed credit facilities, and the cash pool overdraft limits totaled EUR 319.0 million at the end of June
- Ahlstrom had available uncommitted credit facilities totaling EUR 159.3 million

Income statement

EUR million	Q2/2010	Q2/2009
Net sales	489.4	398.9
Cost of goods sold	-416.3	-349.4
Gross profit	73.1	49.5
Sales and general admin. expenses	-48.7	-41.7
Other income and expenses	5.4	1.9
EBIT	29.8	9.7
Net financial expenses	-6.9	-4.8
Share of profit from associated companies	-0.4	-0.3
Profit before taxes	22.5	4.7
Tax income (+) / Income taxes (-)	-7.4	-2.2
Profit for the period	15.1	2.5
ROCE, %	10.9	3.2



Up 22.7% on mainly higher sales volumes and increased prices



Increased sales volumes and pulp prices



2009 temporary layoffs, 2010 higher incentive accruals



Includes a gain from selling CO2 emission rights

Balance sheet

EUR million	30.6.2010	31.3.2010
Non-current assets	1 055.4	1 030.7
Inventories	203.3	181.3
Trade and other receivables	354.1	332.2
Other current assets	2.4	3.6
Cash	20.0	27.2
Assets	1 635.2	1 575.0
Equity	725.6	679.3
Provisions	13.3	15.6
Interest-bearing debt	385.0	403.1
Employee benefit obligations	80.3	78.9
Trade and other payables	390.2	366.1
Other liabilities	40.9	32.2
Total equity and liabilities	1 635.2	1 575.0
Gearing ratio, %	50.3	55.3



Increased sales volumes, higher prices, improved net working capital turnover



Positive cash flow on improved profitability



Increased sales volumes, higher raw material costs and longer payment terms



Balance sheet further strengthened

Cash flow

EUR million	Q2/2010	Q2/2009
EBITDA	56.4	35.7
Cash flow adjustments	-1.7	-0.7
Change in net working capital	12.6	30.6
Financial items	-20.5	4.3
Taxes paid	-1.7	2.9
Net cash from operating activities	45.1	72.8
Investing activities	-6.1	-22.0
Cash flow after investing activities	39.1	50.8
Repurchase of own shares	-	-
Payment of dividends	-25.6	-21.0
Drawdowns and repayments	-21.5	-14.2
Net cash from financing activities	-47.1	-35.2
Change in cash	-8.1	15.6

 **Additional working capital unleashed**
 **Loan portfolio currency swap (EUR/USD) effect**

 **Level of maintenance investments**

Management's near-term agenda

- Implementation of new organization and operating model
 - Development of global key accounts and sales processes
 - Strengthening and harmonization of corporate culture
- Project to reduce production waste
 - Target to cut production waste by 15 percent, equivalent to savings of about EUR 20 million annually
- Active assessment of growth strategy in Asia continues
- Continuous development and improvement of operations



Outlook for 2010

- Net sales in 2010 is expected to be above 2008 level
 - Sales prices are and will be increased to cover rising raw material costs
 - Higher sales volumes
- EBIT, excluding non-recurring items, in 2010 is expected to increase from 2009
 - Improved sales, more efficient cost structure, continuous streamlining efforts





Thank You!