

AHLSTROM

Ahlstrom Corporation

Interim report January-March 2012

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Agenda

- January-March 2012
- Business area review
- Cash flow and balance sheet
- Income statement and balance sheet analysis
- Future prospects

January-March 2012 in brief

- Financial performance improved from the end of 2011, but was still below Q1/2011
- Market environment remained challenging, although it was somewhat better than earlier anticipated
- Net sales and volumes below comparison period
- New product launches:
Metalized poster papers, new release papers, embossable wallcoverings

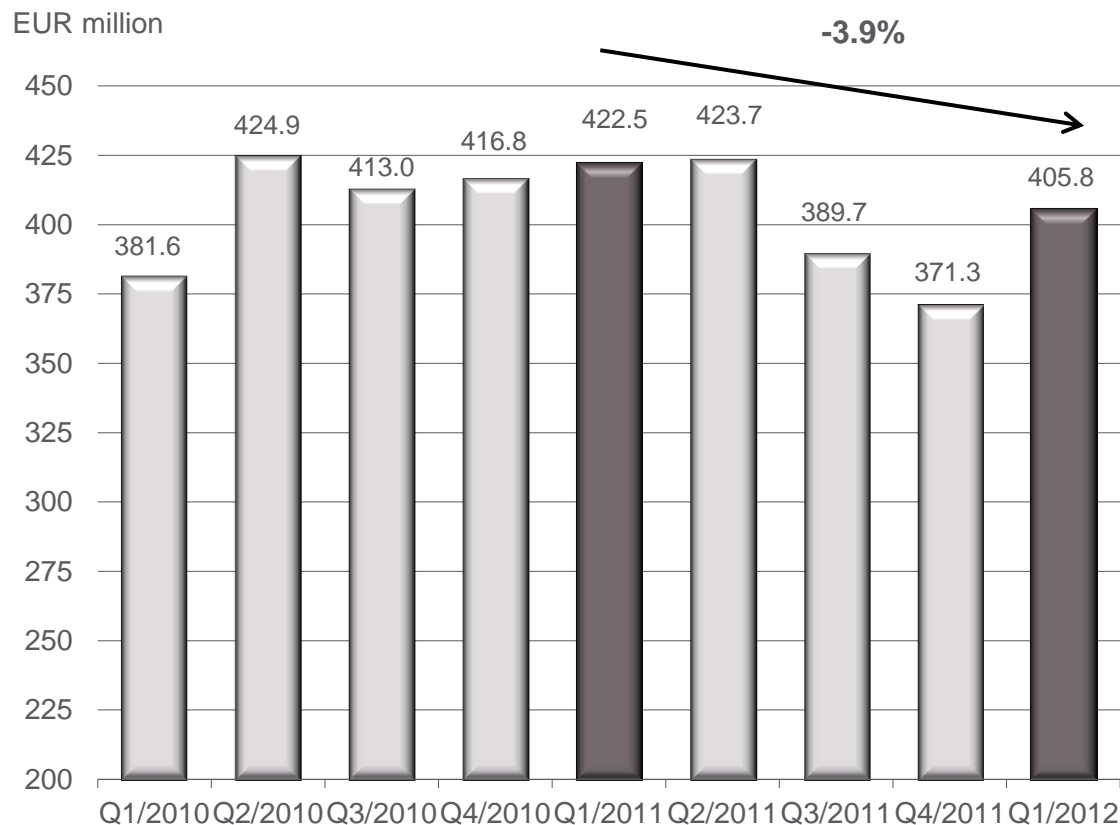


January-March 2012 key figures

EUR million	Q1/2012	Q1/2011	Change, %	2011
Net sales	405.8	422.5	-3.9	1,607.2
Operating profit excl. NRI	17.4	19.7	-11.8	49.7
% of net sales	4.3	4.7		3.1
Gearing*	38.3	48.4		38.2
ROCE, %	7.4	9.2		2.0

*Including discontinued operations

Quarterly net sales development



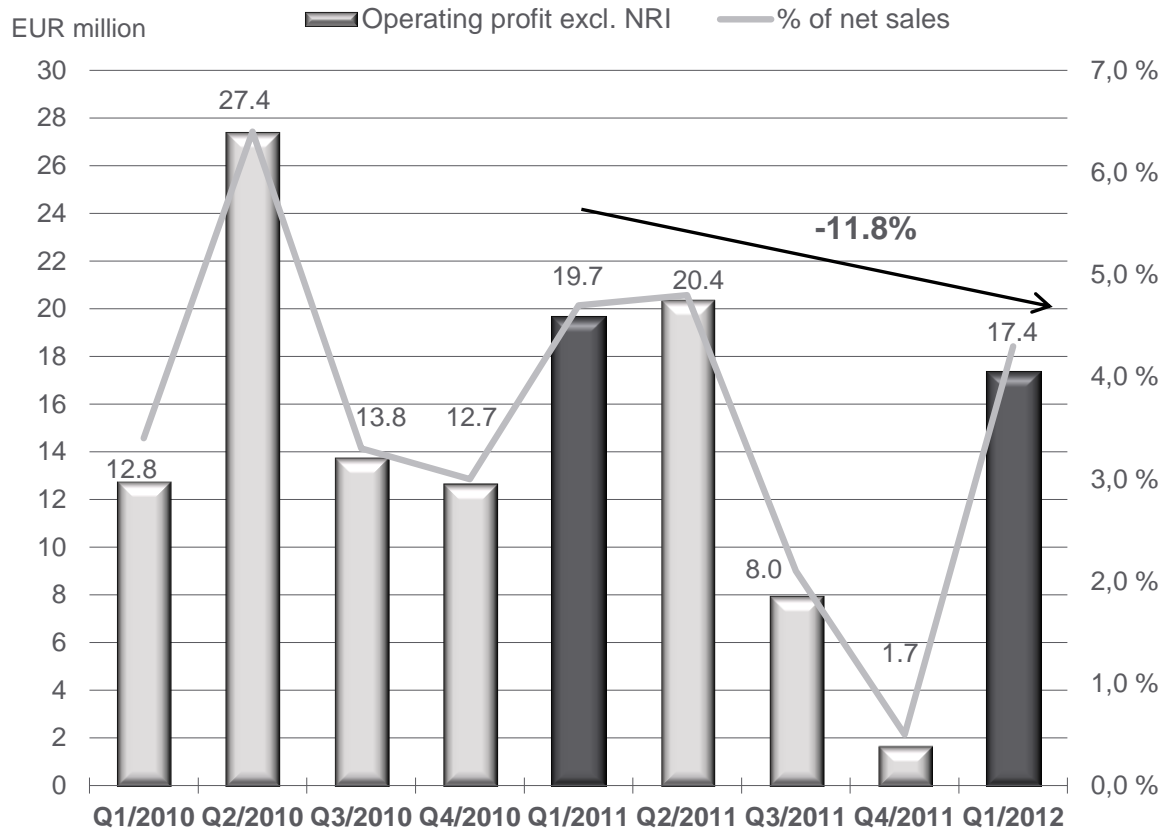
Highlights

- Higher selling prices and improved product mix
- Currency effect

Lowlights

- Lower sales volumes
- Asset closures

Quarterly operating profit development



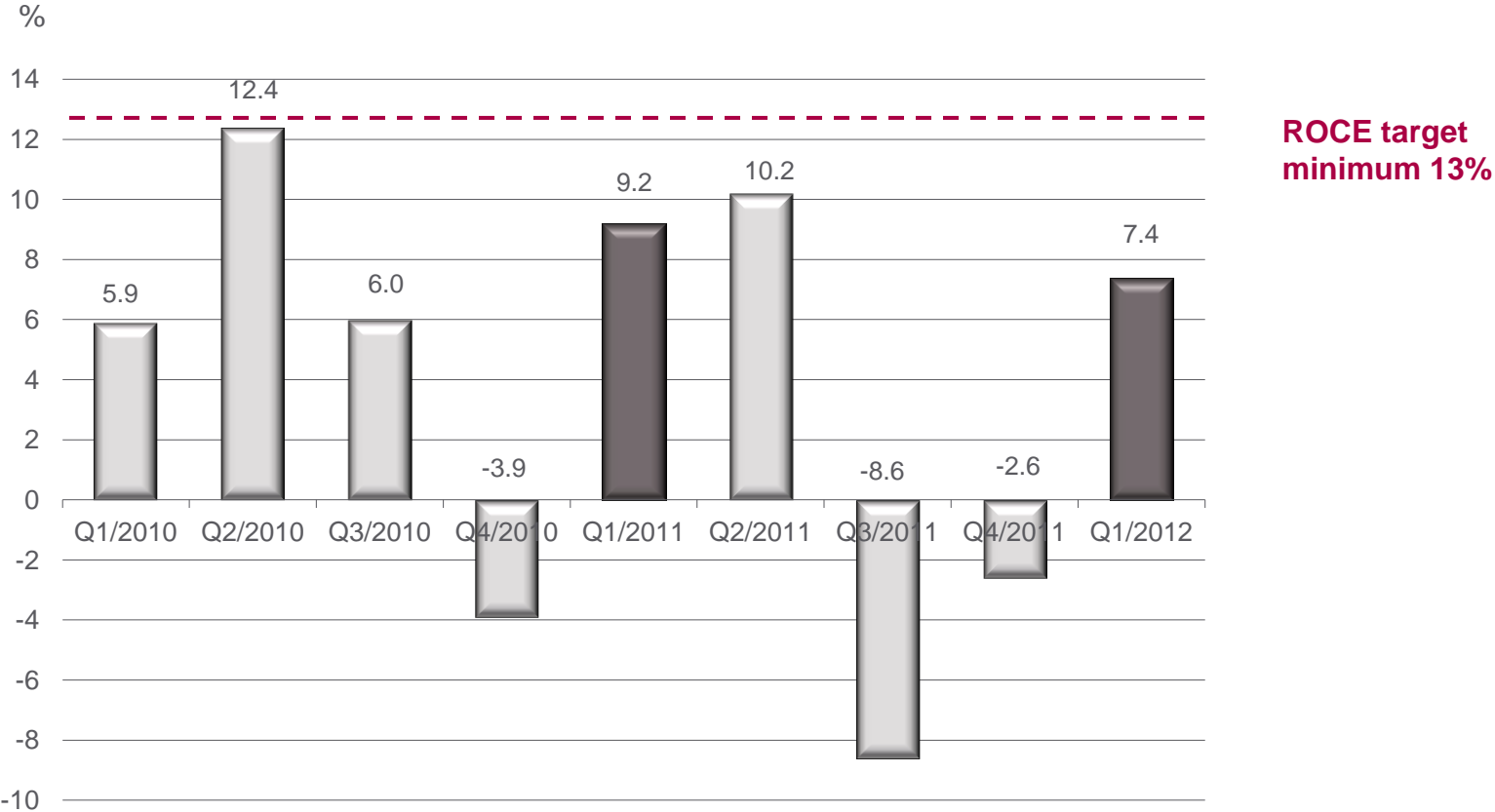
Highlights

- Profit improvement program
- Efficiency gains in supply chain
- Improved product mix
- Lower raw material costs

Lowlights

- Lower sales volumes
- Higher energy costs
- Higher specialty pulp prices

Return on capital employed



Business area review



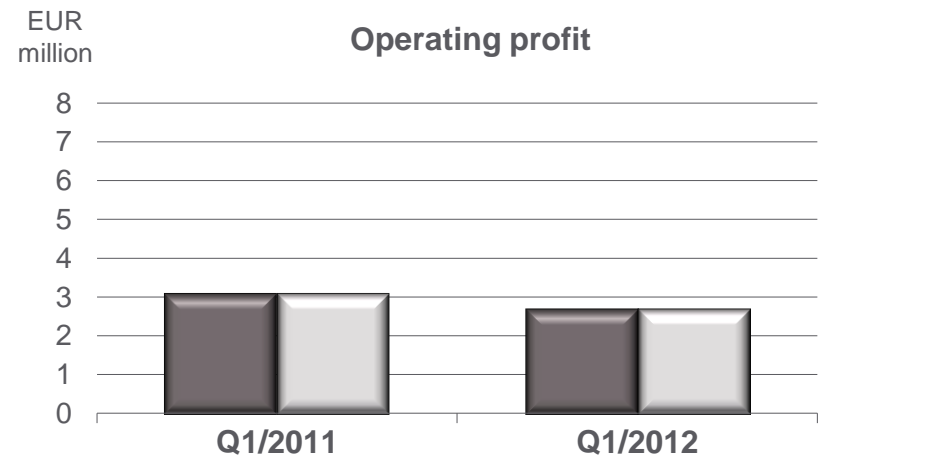
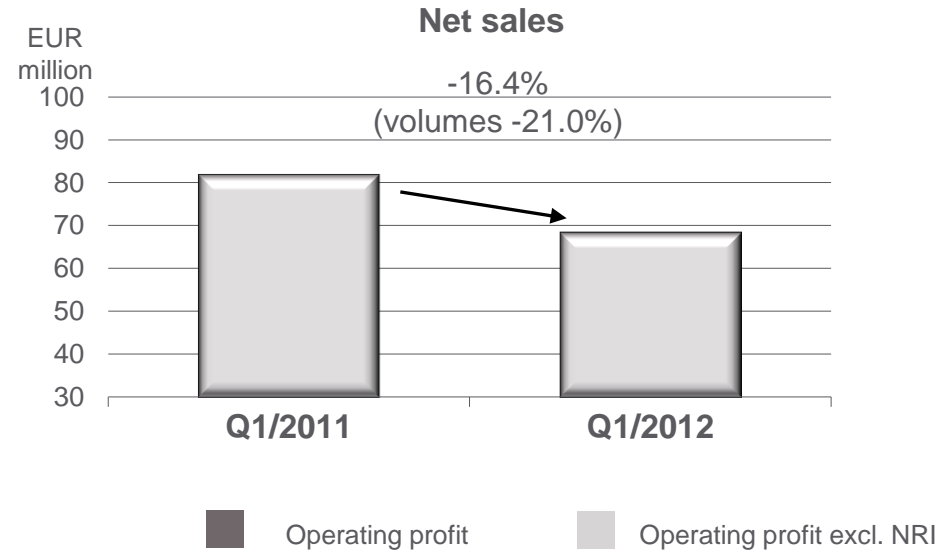
Building and Energy

Highlights

- Demand for flooring materials picked up
- Wallpaper and wallcoverings market in Europe
- Profit improvement program, increased production efficiency

Lowlights

- Volume decline due to asset closures
- Wallcovering materials market in China
- Wind energy markets



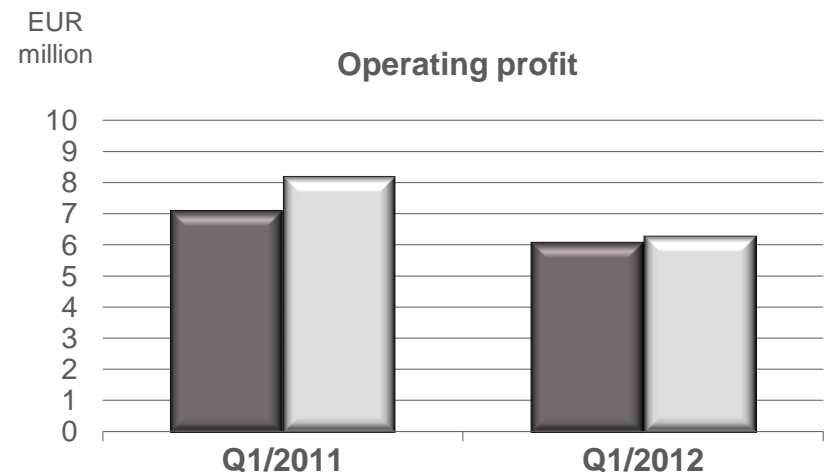
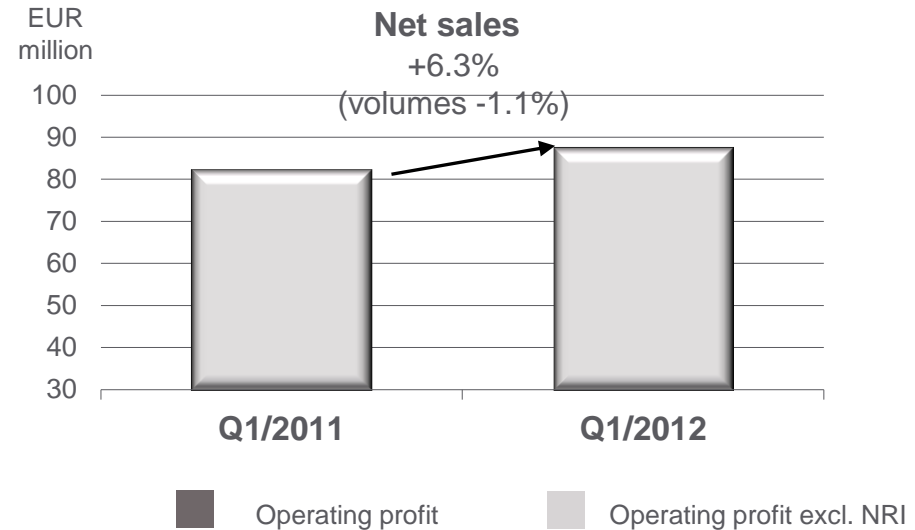
Filtration

Highlights

- Higher selling prices and currency effect
- Transportation filtration market in North America
- Advanced Filtration e.g. gas turbine and water applications demand
- Improved product mix

Lowlights

- Demand in Europe
- Increased energy and specialty pulps costs



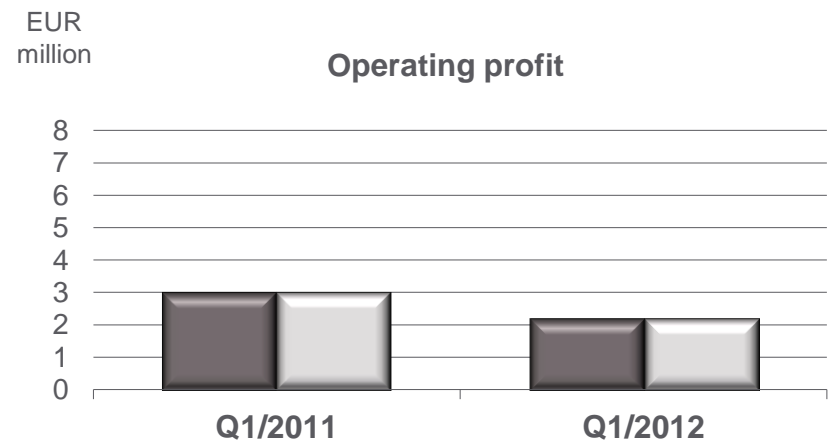
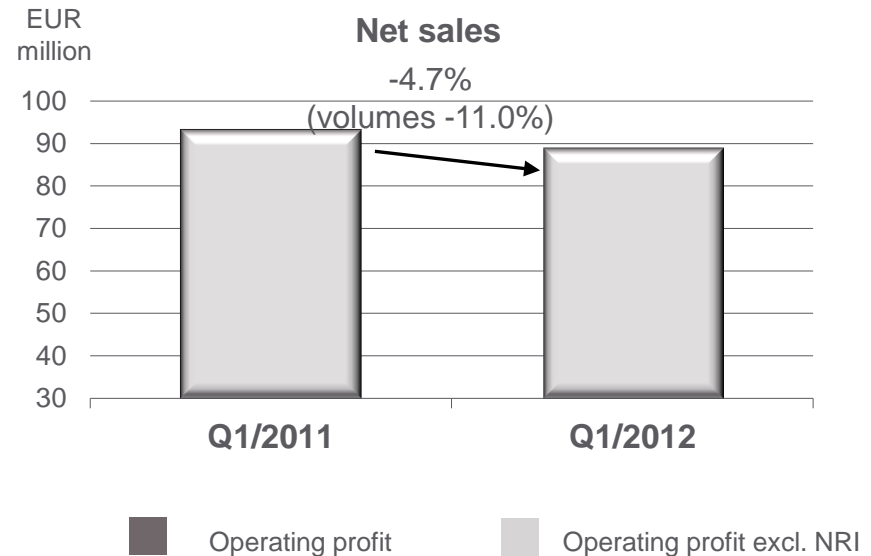
Food and Medical

Highlights

- Demand for medical products
- Higher selling prices
- Successful product trials at Chirnside and Mundra

Lowlights

- Demand for tape and food packaging materials
- Increased market related downtime
- Commercialization of the Mundra plant and the Chirnside teabag line



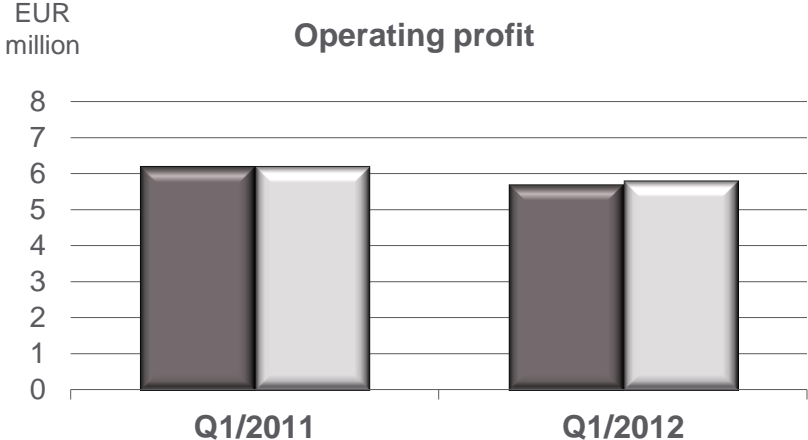
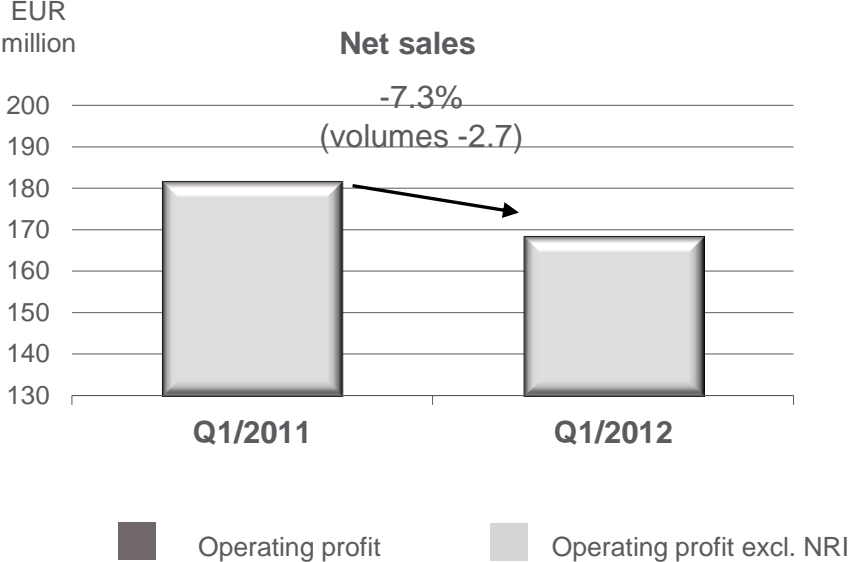
Label and Processing

Highlights

- Profit improvement program
- Lower raw material costs
- Sales in Asia
- Responsiveness to market conditions

Lowlights

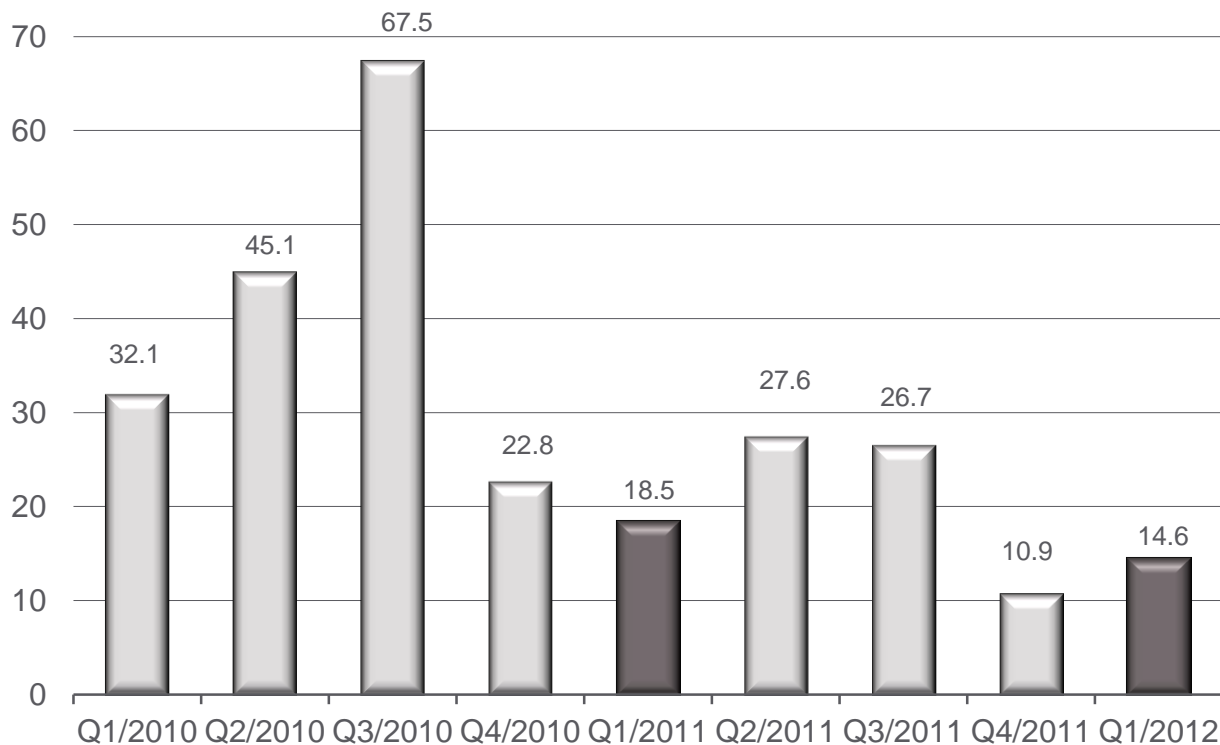
- Lower sales volumes in Europe
- Lower selling prices
- Higher energy costs in Brazil



Cash flow and debt development

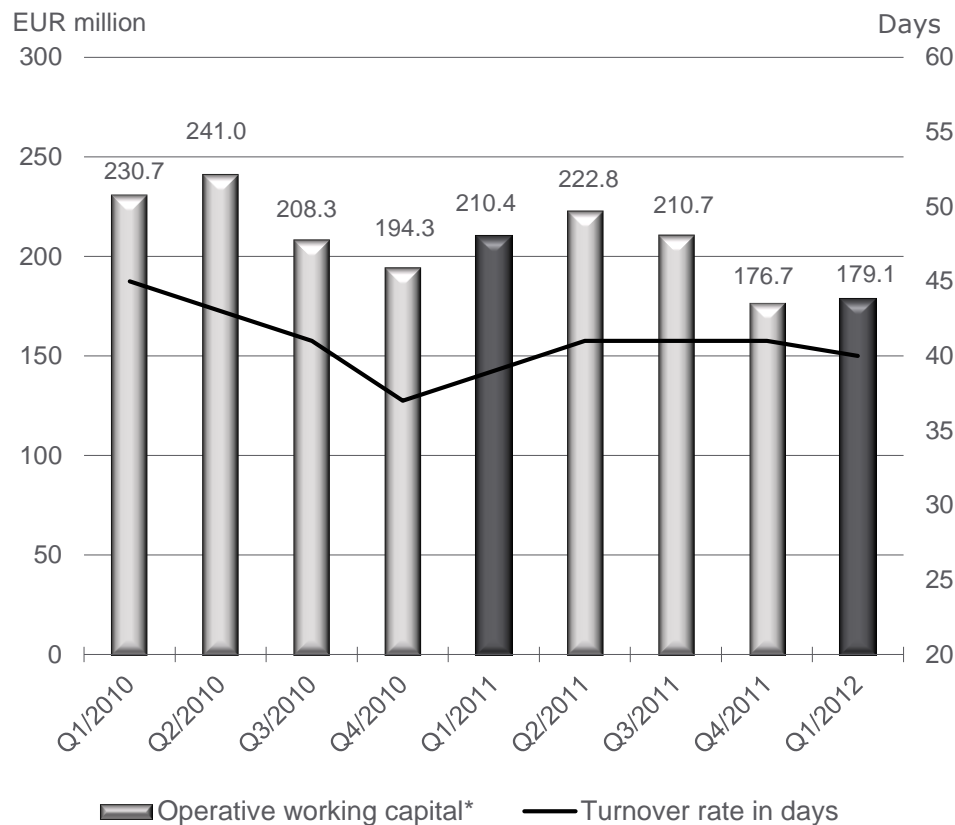


Quarterly net cash from operating activities (including discontinued operations)



- Quarterly cash flow stabilized after the completion of the operative working capital project in 2009-2010

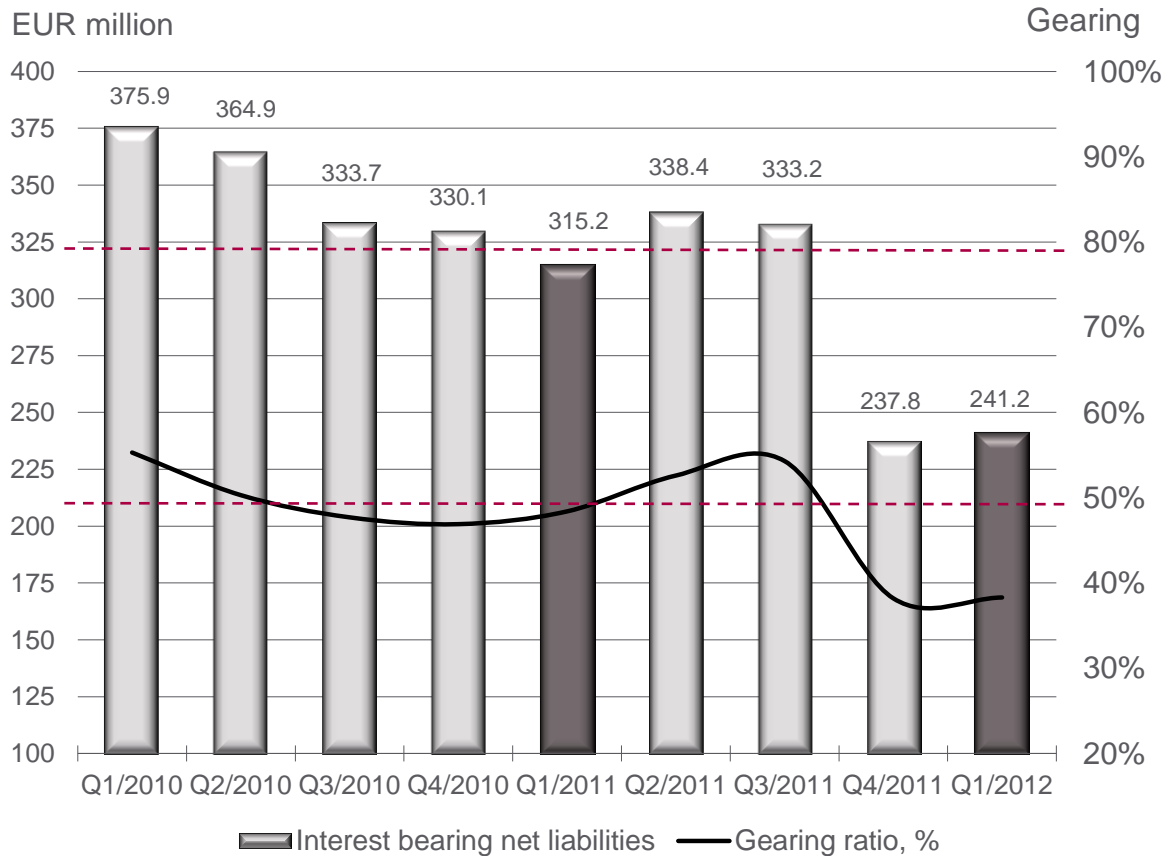
Development of operative working capital (including discontinued operations)



- Operative working capital in line with the end of 2011
- Turnover rate was 40 days on March 31, 2012

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

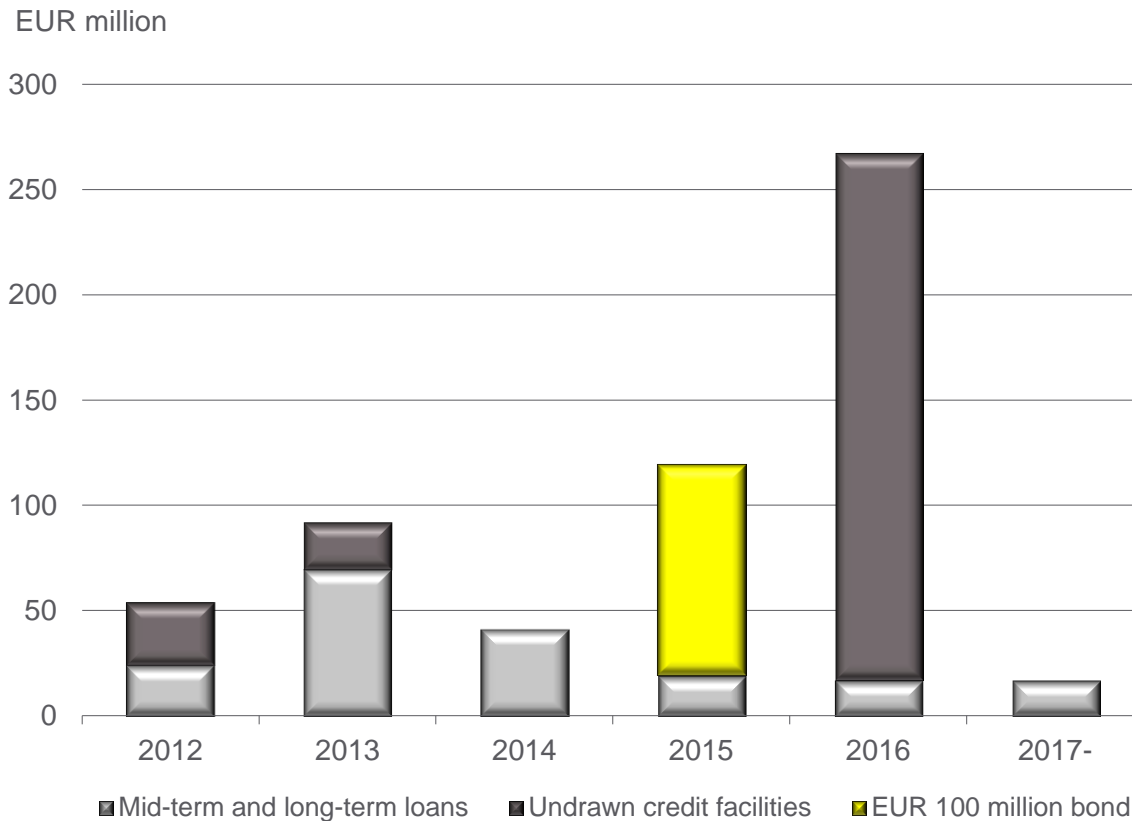
Gearing ratio (including discontinued operations)



**Gearing ratio:
target range 50–80%**

- Net debt clearly below Q1/2011 due to the divestment of Home and Personal
 - Ahlstrom still to receive the remaining EUR 25 million from the divestment after the transfer of the Brazilian operation
- Gearing ratio on March 31, 2012 was 38.3%

Maturity profile of medium/long-term credit facilities



- Total liquidity, including cash and unused committed credit facilities was EUR 390.7 million at the end of Q1/2012.
- In addition, Ahlstrom had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 170.8 million available.

Income statement and balance sheet

The background of the slide features a close-up, artistic shot of a blue and white textured material, possibly a fabric or a piece of paper, with a prominent circular cutout. The material is draped and folded, creating soft shadows and highlights. The background behind the material is a blurred, natural landscape with rolling hills under a clear sky, transitioning from a light blue at the top to a darker green at the bottom.

Income statement

	Q1/2012	Q1/2011	
EUR million			
Net sales	405.8	422.5	▶ Lower sales volumes
Cost of goods sold	-347.3	-364.9	
Gross profit	58.5	57.6	
Sales, administrative and research & development expenses	-42.5	-38.9	
Other income and expenses	1.0	0.8	
Operating profit / loss	17.0	19.5	▶ Profit improvement program, lower raw material costs
Net financial expenses	-4.6	-5.2	
Share of profit / loss of associated companies	0.0	-0.0	
Profit before taxes	12.4	14.3	
Income taxes	-4.6	-5.9	
Profit for the period from continuing operations	7.8	8.3	
Profit for the period from discontinued operations	0.1	1.3	▶ Brazilian operations of Home and Personal only
Profit for the period	7.9	9.6	

Balance sheet

	March 31, 2012	Dec. 31, 2011	
EUR million			
Total non-current assets	853.9	865.0	
Inventories	185.7	185.8	
Trade and other receivables	265.3	241.4	
Other short-term receivables	1.4	2.4	
Cash and cash equivalents	87.8	94.0	
Assets classified as held for sale	29.0	42.3	▶ Brazilian operation of Home and Personal
Total assets	1,423.2	1,430.8	
Total equity	628.9	622.7	▶ Incl. EUR 80 million hybrid bond
Provisions	22.0	24.9	
Interest bearing loans and borrowings	329.4	332.2	
Employee benefit obligations	75.0	73.3	
Trade and other payables	326.0	328.8	
Others	39.6	39.1	
Liabilities classified as held for sale	2.3	9.8	▶ Brazilian operation of Home and Personal
	1,423.2	1,430.8	
Total equity and liabilities			
Gearing ratio*	38.3	38.2	

*Including discontinued operations

Statement of cash flows

(including discontinued operations)

	Q1/2012	Q1/2011	
EUR million			
EBITDA	35.8	46.0	
Adjustments	-3.1	-1.5	
Changes in net working capital	-12.4	-32.4	
Financial items	-4.2	7.1	▶ Effect from currency swaps
Income taxes paid	-1.5	-0.7	
Net cash from operating activities	14.6	18.5	
Investments	-21.4	-7.5	▶ Filtration capacity increase in Turin, crepe paper JV in China
Other investing activities	2.2	2.0	
Net cash from investing activities	-19.1	-5.5	
Net cash after investing activities	-4.6	13.1	
Dividends paid and others		-0.3	
Changes in loans and other financing activities	-1.1	-11.9	
Net cash from financing activities	-1.1	-12.2	
Net change in cash and cash equivalents	-5.7	0.8	

Future prospects



High priority programs

Initiatives we have to succeed in to reach our strategic goals

Strategy

Growth
Technology base
Global presence

Winning in Asia

Anticipating and delivering
on customer expectations

Growing
through differentiation

Implementing
high performance culture

Achieving
efficient supply chain

High priority programs and key initiatives

Winning in Asia



We will significantly increase our business in Asia in terms of sales and people

Anticipating and delivering
On customer expectations



We will enhance customer loyalty through understanding and meeting customer needs and offering world-class service to our customers

Growing
through differentiation



We will create a culture and way of working where people take responsibility, learn, live up to our values and reach their targets

Implementing
high Performance culture



We will increase the efficiency and performance of supply chain in terms of quality, cost and customer service

Achieving
efficient Supply chain



We will drive growth through unique products and advanced technology

Outlook for 2012 remains unchanged

- Net sales from continuing operations are expected to be EUR 1,575-1,735 million
- Operating profit excluding non-recurring items from continuing operations is expected to be EUR 60-80 million
- Investments excluding acquisitions are estimated to amount to approximately EUR 100 million



Stay ahead™

Thank you

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